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Interim Financial Report 2019

Raiffeisen Landesbank Oberösterreich

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Interim Financial Report 2019

Contents

We are developing efficient future strategies for the sustainable success of our customers

In the first six months of 2019, the global economy slowed down, although Austria continued to record positive growth compared with other countries in the European Union. Even in this weakened environment, Raiffeisenlandesbank Oberösterreich and the entire Raiffeisen Banking Group Upper Austria supported companies with their know-how and experience, with tailor-made financing solutions and also with equity capital in order to optimally exploit their business potential at both national and international level. This is reflected not least in the increased financing volume, with loans and advances to customers in the Raiffeisenlandesbank Oberösterreich Group increasing by EUR 808 million or 3.6 per cent to EUR 23.2 billion in the first six months of 2019. Intensive personal advice and support are also a top priority for private individuals, whom we have closely supported as a strong partner in their projects also in the first half of 2019. In total, Raiffeisenlandesbank Oberösterreich was able to grow its operational customer business once again in the first half of 2019 and to increase total Group assets by 4.4 per cent to EUR 43.8 billion compared to year-end 2018.

We continue to have a stable Tier 1 capital base

For us, short-term success is not what counts. We are committed to sustainable development, which benefits us as a bank and, at the same time, our customers. In this sense, our Tier 1 capital represents a valuable and central basis going forward in our efforts as a stable bank partner to support customers with their plans and projects. The Common Equity Tier 1 capital ratio (CET 1 ratio) in the Group (group of credit institutions) remained at a high level of 14.2 per cent at mid-year 2019. This is extremely encouraging in view of the increased financing volume. The slight decline in the core capital ratio compared with 2018 is due on the one hand to the significant growth in risk-weighted assets. On the other hand, due to regulatory requirements, profits generated in the first half of the year are not eligible for inclusion but will only take effect in the 2019 annual financial statements.

Stable operating performance

The Raiffeisenlandesbank Oberösterreich Group achieved a satisfactory result with pre-tax profit for the period of EUR 132.7 million (EUR –64.1 million compared to the same period in the previous year) and an operating profit of EUR 131.6 million (EUR –76.9 million compared to the first half of 2018). The fact that net profit for the period was lower than in the first half of 2018 is mainly due to valuation effects on companies accounted for using the equity method, which are included in the 2019 half-year financial statements in accordance with the international accounting rules under IFRS. With a result of EUR 46.5 million, a decline of EUR 54.2 million was recorded in the first half of 2019. This was mainly due to the depreciation of the Raiffeisenbank International (RBI) Group in the amount of EUR 68.1 million. This write-down was necessary despite the RBI Group's good earnings figures, as RBI's company valuation did not increase to the same extent as its carrying amount.

Loan loss allowances

The active risk policy of Raiffeisenlandesbank Oberösterreich also had an effect on the interim result for 2019. Loan loss allowances continued to decline and there were net reversals of EUR 7.9 million in the first half of 2019.

Total comprehensive income for the period almost doubled

The stable operating performance and financial market-related effects (in particular price increases for bonds carried at fair value through other comprehensive income) had a positive effect on the total result for the period, which amounted to EUR 201.1 million for the first half of 2019. (First half of 2018: EUR 106.7 million).

Focus on digitisation

In order to secure our strong market position, we are constantly working on improving our internal processes, our know-how and the activities we set in the market. Particular focus will be placed on digitisation and the opportunities it brings. Customers' requirements and needs are becoming more differentiated, while at the same time the linkages and the possibilities associated with these are increasing. As the strong Raiffeisen Banking Group Upper Austria, and as the most significant local financial services provider in the federal state, we see ourselves as a pioneer that is setting the benchmarks of the future in this major change process. We see all of these developments as opportunities and we want to provide our customers with the best options for setting their banking transactions via all available channels.

Transformation process from a position of strength

But in order to survive in this digitalised and at the same time globalised environment, it is no longer sufficient to develop modern and innovative products. Digitalisation and, last but not least, the ever-increasing scope of regulatory requirements pose banks with the challenge of far-reaching changes. We must therefore continue to develop structurally and organisationally as a company. We do this on the basis of numerous internal projects and initiatives with which future-oriented strategies are planned and efficiently implemented. These interim results show that Raiffeisenlandesbank Oberösterreich is taking this transformation process from a position of strength and can therefore continue to support companies, institutions and private customers comprehensively in their projects in the future.

Heinrich Schaller
Chief Executive Officer of Raiffeisenlandesbank Oberösterreich

Interim Management Report 2019 of the Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Group

1. Report on business development and the economic situation

1.1. Economic background

The global economy passed its peak in mid-2018. Sentiment and employment growth in the service sector are still relatively robust. However, the downturn in the manufacturing sector, which began at the beginning of 2018, continues. The latter reflects the reluctance of companies and consumers to make longer-term purchases or investments due to increased uncertainty. This weakness is also evident in world trade, which is particularly intensive in capital goods and durable consumer goods: In mid-July 2019, the International Monetary Fund (IMF) revised its forecast for world trade growth in 2019 downwards by 0.9 percentage points to 2.5% (2018: 3.7%). Leading and sentiment indicators, especially the pessimistic assessments of incoming orders, give little hope for a rapid recovery of global industrial production. The numerous risks that overshadow the global economy have been known for some time, but have intensified again in recent months. These include: tensions in politics and trade (forg. Brexit, the trade dispute between the USA and China), which dampen sentiment and investment, years of low interest rates, which left central banks only limited room for manoeuvre and built up vulnerabilities in the financial system, increasing disinflationary pressure on debt repayments made more difficult.

It is hardly possible to make a blanket statement about the economic development of the major emerging markets. In general, however, the growth balance in recent quarters has been weaker than expected. It is therefore all the more likely that the emerging markets will once again make a stronger aggregate contribution to global economic growth as soon as major economies such as Turkey, Argentina and Brazil stabilise somewhat. For the time being, India remains the G20 country with the fastest economic expansion. In China, on the other hand, weakness is growing and only monetary and fiscal stimulus measures are expected to keep GDP growth at 6%. Economic momentum in Russia is also relatively weak. Since inflationary pressure is manageable, the central bank is trying to help the economy with interest rate cuts (so far a cut of 25 basis points in both June and July 2019).

After 3.1% in the first quarter, the US economy recorded solid GDP growth of 2.1% in the second quarter of 2019, driven by private consumption. The negative growth contribution of investments and foreign trade in the second quarter is conspicuous, and most likely indicates the expiry of tax incentives and adverse effects of the trade dispute. In the manufacturing sector in particular, leading indicators are weakening, while consumer confidence and retail trade continue to deliver robust figures. Although job creation lost some of its momentum in 2019, it continues to develop positively after ten years of recovery. Nevertheless, wage pressure remains manageable and inflation expectations remain at the central bank's target. In view of the increased economic risks and the low risk of inflation, the US Federal Reserve has shifted back to a more expansive monetary policy stance.

Economic growth in the euro zone is continuing, albeit at a significantly slower pace (2019p: 1.3%, 2020p: 1.6% according to the IMF), also here mainly due to the increased uncertainties (e.g. Brexit, trade dispute in the USA, weak demand in China, problems in the (automotive) industry, budget situation in Italy). Employment growth with low inflation in the euro zone is leading to rising incomes and robust consumer spending, making it the mainstay of the economy. However, economic growth is slowing down sharply, especially in the largest euro economy: In recent months, economic forecasts for Germany for 2019 have been reduced significantly to below 1%. In view of the poorer leading indicators and reduced economic growth forecasts with consumer price inflation continuing to fall short of the ECB's target, the ECB struck an even looser note in July 2019: Key interest rates are expected to remain at the current level or lower until at least the first half of 2020. It is also evaluating a possible resumption of bond purchases.

High real income growth thanks to strong wage increases with relatively low inflation, ongoing employment growth and fiscal stimulus (family bonus plus) support private consumer demand in Austria. Consumers are thus becoming the main growth driver of GDP. At the same time, the well-known uncertainties in foreign trade (Brexit, trade dispute, Italian financial policy, oil price development, weak demand in China, global weakness in industry) are weighing on sentiment, especially in the export sector. Despite relatively robust quarterly GDP growth rates to date, we expect weaker growth momentum in the coming quarters, given the downward trend of sentiment indicators. In particular, exports and investment in plant and equipment are likely to increase at a more subdued rate. The clearly positive growth contribution of net exports to GDP up to 2018 is likely to fall to almost zero in 2019/2020. Overall, Austria's GDP growth forecasts for 2019 are between 1.5% (EU) and 1.7% (Austrian Institute of Economic Research (WIFO)), and for 2020 between 1.5% (WIFO/EU) and 1.6% (Österreichische Nationalbank), and thus consistently over the average in the eurozone. In the medium term, Austria is on a solid growth path: the average annual growth forecast by the Institute for Advanced Studies for the period 2019-2023 of 1.6% is only slightly below the 5-year average 2014-2018 (1.8%).

The industrial federal state of Upper Austria basically mirrors the nationwide development: So far, the export sector has been able to decouple itself relatively well from the global economic weakness due to the favourable regional and product-specific differentiation, but global risks and economic slowdown are disproportionately significant for the Upper Austrian economy, which is dominated by industry and exports, and are in part already reflected in declining euphoria and investment activity in industry and industry-related sectors. On the other hand, construction, tourism and consumption continue to develop robustly.

1.2. Business development

Raiffeisenlandesbank Oberösterreich was able to continue its successful business performance in the first half of 2019 thanks to a sustainable, customer-focussed orientation. The available results show that Raiffeisenlandesbank Oberösterreich, despite a persistently low interest rate environment and a worldwide slowdown in economic activity, is closely and intensively supporting its customers, providing not only tailor-made financing solutions but also equity. Extensive know-how and many years of experience help customers to take advantage of their opportunities and make the most of their business potential.

This driving force is particularly visible in the financing volume, with loans and advances to customers increasing significantly by EUR 808 million or 3.6% to EUR 23.2 billion in the first six months of 2019. Despite the increase in financing, at 14.2%, the Common Equity Tier 1 capital ratio (CET 1 ratio) remains at a high level. It is also pleasing to note that the consolidated statement of financial position total has increased by 4.4% to EUR 43.8 billion since the end of 2018. With a pre-tax profit for the period of EUR 132.7 million and operating profit of EUR 131.6 million, a satisfactory result was achieved.

These good interim results for 2019 are based on the one hand on a broad orientation and intensive customer focus, and on the other hand on Raiffeisenlandesbank Oberösterreich's decisive impetus to secure this strong position for the future as well. Different and extensive customer needs, the digitalisation of the banking business and challenges arising from increasing bureaucratisation and the regulatory environment make it necessary to go new, innovative and efficient ways.

Raiffeisenlandesbank Oberösterreich not only uses the company's know-how to develop innovations and solutions, but also increasingly relies on cooperative ventures. Cooperation with start-ups and fintech companies in particular opens up new perspectives and approaches. With the “Innovation Hub”, a suitable interface has been created within the company, that accompanies innovation processes at Raiffeisenlandesbank Oberösterreich and also operates an innovation network with partners such as startup300. The “Innovation Hub” not only analyses and evaluates the market environment, trends, start-ups and fintech, but also intensively deals with new digital tools, technologies and services. Networking with other companies also occurs at joint events. In spring 2019, a “hackathon” took place for the first time at the KTM Motohall in Mattighofen, where Raiffeisenlandesbank Oberösterreich, together with leading Upper Austrian companies, networked with international start-ups and developed solutions for digital problems.

In a constantly changing environment, regular assessments of the current situation, and the courage to develop further and reposition oneself are decisive factors. In this context, transformation processes are also initiated and implemented in intensive cooperation with the entire Raiffeisen Banking Group Upper Austria. Important stimuli such as the “Raiffeisen Banking Group 2020” initiative create the basis for greater efficiency, leverage synergy potential and help to further develop and advance the joint, customer-oriented business model.

Raiffeisenlandesbank Oberösterreich also provides strong stimuli beyond Upper Austria’s borders: in the Southern Germany region, customers from industry, small and medium-sized enterprises and high-net-worth private customers are currently being intensively serviced and supported at a total of nine locations. Raiffeisenlandesbank Oberösterreich was able to further expand its position in this strong economic region; additional growth is also to be generated in the future and existing business relations intensified.

The successful positioning as a modern advisory bank as well as the openness to and flexibility for further development of the strategy form, alongside the present interim results for 2019, an excellent basis for not only securing the strong market position of Raiffeisenlandesbank Oberösterreich but also for expanding it.

Group structure

For the IFRS interim report as at 30 June 2019, the basis of consolidation of Raiffeisenlandesbank Oberösterreich includes 144 group companies, incl. Raiffeisenlandesbank Oberösterreich as Group parent (31 Dec. 2018: 150), that are fully consolidated in the Group and nine (31 Dec. 2018: ten) companies reported under the equity method. For details, please refer to the notes “Changes in the basis of consolidation and their effects”.

Business performance in the segments

In the Raiffeisenlandesbank Oberösterreich Group, segment reporting distinguishes between the following five segments:
- Corporates
- Retail & private banking
- Financial markets
- Equity investments
- Corporate Center

For further details, please refer to the segment reporting in the notes.

Corporates

This segment made a contribution to profit before tax of EUR 84.7 million in the first half of 2019 (H1 2018: EUR 51.9 million). Compared with the first half of 2018, the increase in demand for loans in particular had a positive impact on net interest income, as did the pleasing risk situation.

Retail & private banking

This segment made a positive contribution to profit before tax of EUR 2.7 million in the first half of 2019 (H1 2018: EUR –0.5 million). In comparison with the first half of 2018, this segment also showed a positive development, especially in net interest income and loan loss allowances.

Financial Markets

The Financial Markets segment made a negative contribution to the profit before tax amounting to EUR –18.3 million in the first half of 2019 (H1 2018: EUR 50.3 million). In addition to weaker net interest income due to the lower result from maturity transformation, valuation effects on financial instruments carried at fair value had a significant negative impact due to the sharp decline in market interest rates in the first half of 2019.

Equity investments

Overall, the Equity investments segment achieved a profit before tax of EUR 92.4 million in the first half of 2019 (H1 2018: EUR 119.2 million). The largest change compared with the first half of 2018 results from a lower earnings contribution from companies accounted for using the equity method and is mainly attributable to the lower current result and the depreciation of the RBI Group. For a quantitative representation, reference is made on the one hand to the table on subgroups contained in the segment reporting table and on the other to the relevant facts and figures in the Notes for information on those companies reported under the equity method.

Corporate Center

In the first half of 2019, this segment showed a negative profit before tax of EUR –28.8 million (H1 2018: EUR –24.1 million).

Income statement

	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018	Change	
	IN EUR M	IN EUR M	IN EUR M	IN %
Net interest income	**188.0**	**195.1**	**–7.1**	**–3.6**
Risk provision	7.9	–15.3	23.2	–151.6
Net interest income after loan loss allowances	**195.9**	**179.8**	**16.1**	**9.0**
Share of profit or loss of equity-accounted investments	46.5	100.7	–54.2	–53.8
Net fee and commission income	**79.7**	**76.2**	**3.5**	**4.6**
Net income from trading operations	5.8	4.0	1.8	45.0
Net income from fair value accounting	–12.4	1.2	–13.6	>–300
Gains and losses on other financial instruments	5.6	2.4	3.2	133.3
Other net financial income	**–1.0**	**7.6**	**–8.6**	**–113.2**
General administrative expenses	–258.5	–240.6	–17.9	7.4
General administrative expenses OÖ Wohnbau	–17.3	–17.4	0.1	–0.6
General administrative expenses VIVATIS/efko	–141.5	–136.1	–5.4	4.0
Other net operating income	56.2	57.2	–1.0	–1.7
Other net operating income OÖ Wohnbau	22.8	24.2	–1.4	–5.8
Other net operating income VIVATIS/efko	149.9	145.2	4.7	3.2
Pre-tax profit for the period	**132.7**	**196.8**	**–64.1**	**–32.6**
Taxes on income	–13.7	–19.1	5.4	–28.3
After-tax profit for the period	**119.0**	**177.7**	**–58.7**	**–33.0**
Operating profit	**131.6**	**208.5**	**–76.9**	**–36.9**

Net interest income was EUR 188.0 million in the first half of 2019 (H1 2018: EUR 195.1 million) which, at –3.6 per cent or EUR –7.1 million, was only slightly lower than the value for the first half of the previous year. Among other things, this decline is related to a positive one-off effect recorded by Hypo Salzburg in the first half of 2018 from the settlement of future interest payments for the early dissolution of loans and deposits.

Due to the active risk policy, loan loss allowances were kept low and resulted in a net release of EUR 7.9 million in the first half of 2019 (H1 2018: EUR –15.3 million). For details, please refer to the notes to the consolidated financial statements entitled “Loan loss allowances” and to the risk provisioning schedule in the Notes.

The net income from companies accounted for under the equity method is recorded at EUR 46.5 million (H1 2018: EUR 100.7 million). The main reasons for the decline were the lower current result and the write-down of EUR –68.1 million on the RBI Group (H1 2018: EUR –43.4 million).

Net fee and commission income went up by EUR 3.5 million, or 4.6%, to EUR 79.7 million (H1 2018: EUR 76.2 million). Please refer to the “Net fee and commission income” section in the Notes for details.

The other financial results – consisting of net income for trading operations, from fair value accounting and from financial instruments – amounted to EUR 1.0 million in the first half of 2019 (H1 2018: EUR 7.6 million). Net income from trading operations amounted to EUR 5.8 million in the first half of 2019 (H1 2018: EUR 4.0 million). The result from fair value accounting in the amount of EUR –12.4 million mainly resulted from strongly negative valuation effects of financial instruments carried at fair value in connection with the sharp decline in interest rates in the first half of 2019 as well as opposing positive effects from the valuation of equity instruments. Net income from other financial instruments was EUR 5.6 million in the first half of 2019. (H1 2018: EUR 2.4 million).

Personnel expenses, general administrative expenses, depreciation and amortisation are recognised in the income statement under “General administrative expenses”. General administrative expenses from the “OÖ Wohnbau” companies fell by 0.6% and amounted to EUR –17.3 million in the first half of 2019 (H1 2018: EUR –17.4 million). General administrative expenses of the companies in the foodstuffs sector – consisting of the “VIVATIS Holding AG” Group and the “efko Frischfrucht und Delikatessen GmbH” Group – rose to EUR –141.5 million (H1 2018: EUR –136.1 million). General administrative expenses at the other fully consolidated group companies including Raiffeisenlandesbank Oberösterreich amounted to EUR –258.5 million (H1 2018: EUR –240.6 million), which corresponds to an increase of almost 7.4%, mainly due to higher IT and maintenance costs.

Other net operating income largely consists of the gross profit (sales revenue less cost of sales) earned by non-bank Group companies. The “OÖ Wohnbau” companies generated other net operating income of EUR 22.8 million (H1 2018: EUR 24.2 million). The companies of the food sector (VIVATIS / efko) saw a slight rise in other net operating income to EUR 149.9 million (H1 2018: EUR 145.2 million), which contributed the biggest share to the increase in these items with a rise of EUR 4.7 million or 3.2%. At the other Group companies, including Raiffeisenlandesbank Oberösterreich, other net operating income stood at EUR 56.2 million (H1 2018: EUR 57.2 million). Expenses of the Group’s IFRS consolidated credit institutions for the stability levy in the amount of EUR –16.4 million are shown in the other net operating income (H1 2018: EUR –16.3 million) as well as expenses for the annual contributions to the resolution fund pursuant to BaSAG of EUR –17.5 million (H1 2018: EUR –16.2 million) and for the deposit guarantee scheme pursuant to ESAEG in the amount of EUR –2.8 million (H1 2018: EUR –2.8 million).

In total, pre-tax profit for the period amounted to EUR 132.7 million in the first half of 2019 (H1 2018: EUR 196.8 million).

Taxes on income and earnings stood at EUR –13.7 million in the first half of 2019 (H1 2018: EUR –19.1 million). After-tax profit for period came to EUR 119.0 million (H1 2018: EUR 177.7 million).

Operating income – calculated from net interest income, net income from companies accounted for using the equity method, net fee and commission income, net income from trading operations and other net operating income – amounted to EUR 548.9 million in the first half of 2019 (H1 2018: EUR 602.6 million). Operating expenses, which correspond to general administrative expenses, rose by 5.9% to stand at EUR –417.3 million (H1 2018: EUR –394.1 million). This allowed an operating profit to be achieved within the Group in the first half of 2019 of EUR 131.6 million (H1 2018: EUR 208.5 million).

Statement of comprehensive income

IN EUR M	1 Jan. – 30 June 2019	1 Jan. – 30 June 2018
After-tax profit for the period	**119.0**	**177.7**
Remeasurement gains/losses on OCI debt instruments (FVOCI)	61.3	–34.6
Evaluation change of own credit risk for financial liabilities accounted for at fair value	23.6	–25.3
Other income from companies accounted for under the equity method	28.5	–23.9
Actuarial gains and losses	–12.9	–0.5
Additional other net profit/loss	–0.5	–1.6
Taxes recognised in respect of this amount	–17.9	14.9
Total other comprehensive income	**82.1**	**–71.0**
Total comprehensive income for the period	**201.1**	**106.7**

The other results (“Other Comprehensive Income”, OCI) in the first half of 2019 amounted to EUR 82.1 million (H1 2018: EUR –71.0 million).

The valuation gains on debt instruments held in the FVOCI category in the first half of 2019 amounted to EUR 61.3 million (H1 2018: EUR –34.6 million) mainly due to a decline in interest rates and a narrowing of credit spreads. The valuation gains of EUR 23.6 million (H1 2018: EUR –25.3 million) from the Bank's own credit risks on financial liabilities carried at fair value in the first half of 2019 are mainly attributable to a widening of liquidity spreads.

The other results from companies accounted for using the equity method in the first half of 2019 amounted to EUR 28.5 million (H1 2018: EUR –23.9 million), whereby mainly proportionate positive OCI effects, in particular from the RBI Group, Hypo Oberösterreich and Raiffeisenbank a.s., were taken over.

The negative effect from actuarial gains and losses in the amount of EUR –12.9 million is primarily related to a reduction in the discount rate used.

The remaining other results – consisting of remeasurement gains/losses from a hedge on a net investment in a foreign operation and foreign exchange differences – amounted to EUR –0.5 million in the first half of 2019 (H1 2018: EUR –1.6 million).

The deferred taxes included in other results changed to EUR –17.9 million mainly due to remeasurement gains/losses in debt capital instruments in the category FVOCI and own credit risks for financial liabilities accounted for at fair value (H1 2018: EUR 14.9 million).

Overall, this produced a total result for the period in the first half of 2019 of EUR 201.1 million (H1 2018: EUR 106.7 million).

Changes in the statement of financial position

The consolidated total assets of Raiffeisenlandesbank Oberösterreich rose as at the middle of 2019 by EUR 1,831 million or 4.4% to a value of EUR 43,819 million (31 Dec. 2018: EUR 41,988 million).

Assets	30 June 2019 IN EUR M	30 June 2019 IN %	31 Dec. 2018 IN EUR M	31 Dec. 2018 IN %	Change IN EUR M	Change IN %
Loans and advances to banks	8,604	19.6	8,255	19.7	349	4.2
(of which to Raiffeisen banks)	(735)	(1.7)	(751)	(1.8)	(–16)	(–2.2)
Loans and advances to customers	23,183	52.9	22,375	53.3	808	3.6
Trading assets	2,256	5.1	1,749	4.2	507	29.0
Financial assets	5,629	12.9	5,653	13.5	–24	–0.4
Companies accounted for using the equity method	2,145	4.9	2,118	4.9	27	1.3
Other assets	2,002	4.6	1,838	4.4	164	8.9
Total	**43,819**	**100.0**	**41,988**	**100.0**	**1,831**	**4.4**

Loans and advances to banks rose by EUR 349 million or 4.2 per cent to EUR 8,604 million compared to 31 Dec. 2018 (31 Dec. 2018: EUR 8,255 million). This is mainly due to higher investments in the deposit facility of the OeNB. With respect to loans and advances to banks, EUR 735 million (31 Dec. 2018: EUR 751 million) relates to refinancing to Upper Austrian Raiffeisen banks.

Loans and advances to customers rose by EUR 808 million or 3.6% to EUR 23,183 million (31 Dec. 2018: EUR 22,375 million), which is based on the continuation of the qualitative acquisition and growth strategy, especially in the corporate business.

Trading assets – consisting of bonds and other fixed-income securities and positive fair values of derivative transactions – showed a carrying amount of EUR 2,256 million as at 30 June 2019 (31 Dec. 2018: EUR 1,749 million).

Financial assets decreased slightly by EUR –24 million or –0.4% to EUR 5,629 million compared to 31 Dec. 2018 (31 Dec. 2018: EUR 5,653 million).

The carrying amount of companies reported under the equity method in the first half of 2019 was EUR 2,145 million (31 Dec. 2018: EUR 2,118 million). Please refer to the “Companies accounted for using the equity method” section in the Notes for details.

Other items – consisting of cash and cash equivalents, intangible assets, property, plant and equipment, investment property, current and deferred tax assets, other assets and assets available for sale – increased by EUR 164 million or 8.9% to EUR 2,002 million (31 Dec. 2018: EUR 1,838 million). The increase is mainly due to the rights of use included in this item from the first-time application of IFRS 16 “Leases”. Please refer to the information on IFRS 16 in the Notes for details.

Equity and liabilities	30 June 2019 IN EUR M	30 June 2019 IN %	31 Dec. 2018 IN EUR M	31 Dec. 2018 IN %	Change IN EUR M	Change IN %
Amounts owed to banks	13,553	30.9	12,955	30.9	598	4.6
(of which to Raiffeisen banks)	(6,188)	(14.1)	(6,135)	(14.6)	(83)	(0.9)
Amounts owed to customers	12,547	28.6	12,720	30.3	–173	–1.4
Trading liabilities	1,770	4.0	1,407	3.4	363	25.8
Liabilities evidenced by certificates	9,204	21.0	8,715	20.8	489	5.6
Subordinated capital	1,013	2.3	903	2.0	110	12.2
Other assets	1,120	2.6	835	2.2	285	34.1
Equity capital	4,612	10.5	4,453	10.6	159	3.6
Total	**43,819**	**100.0**	**41,988**	**100.0**	**1,831**	**4.4**

Amounts owed to banks rose by EUR 598 million or 4.6 per cent to EUR 13,553 million compared to 31 Dec. 2018 (31 Dec. 2018: EUR 12,955 million). In particular, cash collateral holdings and refinancing with development banks increased. Of the amounts owed to banks, EUR 6,188 million (31 Dec. 2018: EUR 6,135 million) is owed to Upper Austrian Raiffeisen banks. These thus remained virtually unchanged.

Amounts owed to customers, however, decreased by EUR –173 million or –1.4% to EUR 12,547 million as at 30 June 2019 (31 Dec. 2018: EUR 12,720 million). This development is generally due to reduced cash holdings with customers and the current (partly negative) interest landscape.

Trading liabilities – consisting of interest rate, foreign exchange, equity, index-related and other business – showed a carrying amount of EUR 1,770 million as at 30 June 2019 (31 Dec. 2018: EUR 1,407 million). This corresponds to an increase of EUR 363 million or 25.8 per cent.

In the first half of 2019, securitised liabilities increased by EUR 489 million to EUR 9,204 million (31 Dec. 2018: EUR 8,715 million) and were comprised as follows:

- issued bonds in an amount of EUR 4,230 million (31 Dec. 2018: EUR 3,834 million),
- listed and unlisted pfandbriefs/local authority debt securities of EUR 471 million (31 Dec. 2018: EUR 458 million) and
- other liabilities evidenced by certificates amounting to EUR 4,503 million (31 Dec. 2018: EUR 4,423 million).

Of the liabilities evidenced by certificates, EUR 2,512 million (31 Dec. 2018: EUR 2,475 million) is attributable to covered bonds. Subordinated capital is reported with a value of EUR 1,013 million at 30 June 2019 (31 Dec. 2018: EUR 903 million). Unsecured issues with denominations of less than EUR 2,000 (or the equivalent in foreign currency for issues in foreign currency) aimed at retail investors accounted for EUR 3,259 million (31 Dec. 2018: EUR 3,227 million) of the entire uncalled volume.

Other items – consisting of provisions, ongoing and deferred tax liabilities, as well as other liabilities – rose by EUR 285 million or 34.1 per cent to EUR 1,120 million (31 Dec. 2018: EUR 835 million). This includes lease liabilities in connection with the first-time application of IFRS 16 "Leases". Please refer to the information on IFRS 16 in the Notes for details.

Equity capital is comprised as follows:

IN EUR M	30 June 2019	31 Dec. 2018
Share capital	277.6	277.6
Capital reserves	972.0	972.0
Retained earnings	3,145.2	2,990.3
Non-controlling interests	216.8	212.7
Total	**4,611.6**	**4,452.6**

For details, please refer to the Statement of changes in equity and the "Equity" section in the Notes.

Regulatory own funds and solvency indicators

Consolidated capital and reserves at the level of a chief financial holding (CRR Circle RBG OÖ Verbund eGen) as per capital requirements regulations (CRR) are as follows:

At the close of H1 2019, the Common Equity Tier 1 capital (CET 1) amounted to EUR 3,947.8 million (31 Dec. 2018: EUR 3,976.6 million). The Tier 1 capital (T 1) is reported at EUR 3,950.9 million (31 Dec. 2018: EUR 3,979.5 million). The decline as at 30 June 2019 is mainly due to deductions during the year, while the results of the current financial year cannot yet be attributed. The Additional Tier 1 (AT 1) capital of EUR 3.1 million (31 Dec. 2018: EUR 2.9 million) results from the minority calculation.

As at 30 June 2019, supplementary capital (Tier 2, T 2) was stated at EUR 488.4 million (31 Dec. 2018: EUR 420.9 million). The increase is due to the fact that new issues in the first half of 2019 were higher than the amortisation of Tier 2 capital instruments pursuant to Article 64 CRR.

Total Capital (TC) comprises Tier 1 capital and Tier 2 capital and amounted to EUR 4,439.3 million as at 30 June 2019 (31 Dec. 2018: EUR 4,400.4 million).

The overall risk value (risk-weighted assets, RWA) amounted to EUR 27,874.7 million as at 30 June 2019 (31 Dec. 2018: EUR 26,276.0 million). The increase is mainly due to the positive business performance in the area of corporate financing and the regulatory clarification on the presentation of sales properties.

At the close of the first half of 2019, in accordance with CRR, a Common Equity Tier 1 capital ratio of 14.2% (31 Dec. 2018: 15.1%), a Core capital ratio of 14.2% (31 Dec. 2018: 15.2%) and a Total Capital ratio of 15.9% (31 Dec. 2018: 16.8%) was recorded. The ratios are calculated on the total risk-weighted assets in accordance with Article 92 CRR.

Please refer to the notes on "Equity" in the Notes for details.

2. Significant risks and uncertainties

The long-term success of Raiffeisenlandesbank Oberösterreich is largely dependent upon active risk management. In order to achieve this objective, Raiffeisenlandesbank Oberösterreich has a risk management and internal control system that facilitates the identification and measurement of all risks (credit risks, market risks, equity risks, liquidity risks, macroeconomic risks, and operational risks) as well as active controlling of these risks by management.

The overall risk strategy approved by the Managing Board ensures that the risks assumed by the Bank are consistent with the corporate strategy. The Managing Board and the Supervisory Board are kept regularly informed.

For further information on the overall financial risks in the Raiffeisenlandesbank Oberösterreich Group in the first half of 2019 and the goals and methods of risk management, please refer to the risk report in the Notes.

We do not anticipate any major changes between the first and the second halves of 2019 in terms of future risks or uncertainties.

There are no known risks that could jeopardise the continued existence of Raiffeisenlandesbank Oberösterreich.

3. Outlook

Based on the first half of the year, Raiffeisenlandesbank Oberösterreich Group currently expects stable operating business performance in the second half of 2019 as well. The sale of the shares in Passage Linz and the adjacent multi-storey car park to the real estate company Cone Capital AG, headquartered in Zurich, was successfully completed before these interim consolidated financial statements were published. The valuation effects on loan loss allowances, companies accounted for using the equity method and the fair value recognition of financial instruments, which had a strong impact on earnings in the first half of the year, are also considered uncertainty factors with regard to earnings expectations for the year as a whole.

Due to the fact that the economic situation has deteriorated in the current year and unpredictable scenarios such as Brexit and the trade dispute between China and the USA continue to have a negative impact, the ECB relaxed its forward guidance at its July meeting. The key interest rates are expected to remain at or below the current level until at least the first half of 2020. A reduction in the deposit facility is very likely in the current year. The foreseeable reduction in the deposit rate could be accompanied by a tiering. Depending on the detailed structure, the economic impact per bank is not yet foreseeable. A possible resumption of bond purchases is also being evaluated. In anticipation of these measures, interest rates on the money and capital markets fell significantly in July and August. In this low-interest environment, this has created a significant earnings risk for banks.

Not only current developments in the market, but also new legal requirements in Europe and the global environment are presenting the financial sector with new challenges. This makes it all the more crucial for Raiffeisenlandesbank Oberösterreich to continue to focus intensively on customer orientation, in addition to efficient and targeted liquidity planning and management, comprehensive risk management in combination with precise controlling. The focus is on providing companies, institutions and private customers with comprehensive support in their projects as a stable partner and supporting them in exploiting their opportunities.

The development of new digital services plays a central role in our positioning as a modern consulting bank. Raiffeisenlandesbank Oberösterreich is responding to the increasing digitalisation of the banking business with intelligent and user-friendly solutions that are optimally tailored to different customer wishes and needs. This is not the first time that we made a strong emphasis on the development and sale of digital banking services. The current challenge is to perfectly dovetail digital and stationary channels for the benefit of customers. Building on numerous projects and initiatives, future-oriented strategies are also planned and efficiently implemented in the Raiffeisen Banking Group Upper Austria. With the new project “Raiffeisen Banking Group Upper Austria 2025” we are working on further developing and advancing the joint customer-oriented business model.

IFRS consolidated interim financial statements 2019 of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (condensed)

Income statement

IN EUR '000	Note	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Interest and interest-related income	(1)	361,135	371,356
Interest income using the effective interest method		254,076	248,704
Other interest income, similar income and current income		107,059	122,652
Interest and interest-related expenses	(1)	–173,151	–176,267
Net interest income	**(1)**	**187,984**	**195,089**
Risk provision	(2)	7,856	–15,291
Net interest income after loan loss allowances		**195,840**	**179,798**
Share of profit or loss of equity-accounted investments	(3)	46,492	100,698
Fee and commission income	(4)	102,596	105,986
Fee and commission expenses	(4)	–22,855	–29,833
Net fee and commission income	**(4)**	**79,741**	**76,153**
Net income from trading operations	(5)	5,814	3,960
Net income from financial instruments carried at fair value	(6)	–12,433	1,153
Gains and losses on other financial instruments	(7)	5,638	2,451
Other net financial income		**–981**	**7,564**
General administrative expenses	(8)	–417,300	–394,065
Other operating income	(9)	517,137	542,088
Other operating expenses	(9)	–288,258	–315,468
Other net operating income	**(9)**	**228,879**	**226,620**
Pre-tax profit for the period		**132,671**	**196,768**
Taxes on income	(10)	–13,649	–19,059
After-tax profit for the period		**119,022**	**177,709**
of which attributable to equity holders of the parent company		113,204	165,950
of which attributable to non-controlling interests		5,818	11,759

Statement of comprehensive income

IN EUR '000	Note	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
After-tax profit for the period		**119,022**	**177,709**
Items that cannot be reclassified to profit or loss		**3,767**	**–23,133**
Actuarial gains and losses on defined benefit plans	(31)	–9,651	–306
Amounts recognised in equity		–12,868	–502
Taxes recognised in respect of this amount		3,217	196
Other income from companies accounted for under the equity method	(18), (31)	–4,284	–3,769
Amounts recognised in equity		–4,365	–3,739
Taxes recognised in respect of this amount		81	–30
Gains or losses due to change in own credit risk in respect of financial liabilities designated at fair value	(31)	17,702	–19,058
Amounts recognised in equity		23,603	–25,354
Taxes recognised in respect of this amount		–5,901	6,296
Items that can be reclassified to profit or loss		**78,268**	**–47,914**
Remeasurement gains/losses of financial assets at fair value through other comprehensive income (FVOCI)	(31)	45,998	–25,946
Amounts recognised in equity		61,834	–32,723
Amounts reclassified to profit or loss		–503	–1,872
Taxes recognised in respect of this amount		–15,333	8,649
Gain or loss from the hedging of net investments	(31)	–291	501
Amounts recognised in equity		–388	669
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		97	–168
Currency differences	(31)	–129	–2,296
Amounts recognised in equity		–129	–2,296
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		0	0
Other income from companies accounted for under the equity method	(18), (31)	32,690	–20,173
Amounts recognised in equity		32,753	–20,126
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		–63	–47
Total other comprehensive income		**82,035**	**–71,047**
Total comprehensive income for the period		**201,057**	**106,662**
of which attributable to equity holders of the parent company		194,411	96,962
of which attributable to non-controlling interests		6,646	9,700

Statement of financial position

Assets IN EUR '000	Note	30 June 2019	31 Dec. 2018
Cash and cash equivalents	(11), (12)	90,749	71,452
Loans and advances to banks	(11), (13), (15)	8,603,780	8,255,104
Loans and advances to customers	(10), (14), (15)	23,182,791	22,374,848
Trading assets	(10), (16)	2,256,175	1,749,390
Financial assets	(10), (17)	5,628,608	5,653,479
Companies accounted for using the equity method	(18)	2,145,488	2,117,861
Intangible assets	(20)	46,852	47,636
Property, plant and equipment	(21)	523,704	435,347
Investment property	(21)	694,092	717,384
Current tax assets	(10)	4,183	5,141
Deferred tax assets	(10)	43,133	43,140
Other assets	(22)	526,861	503,660
Assets held for sale	(11), (23)	72,737	13,983
Total		**43,819,153**	**41,988,425**

Equity and liabilities IN EUR '000	Note	30 June 2019	31 Dec. 2018
Amounts owed to banks	(11), (24)	13,553,278	12,955,054
Amounts owed to customers	(11), (25)	12,546,684	12,719,896
Trading liabilities	(11), (26)	1,770,340	1,407,329
Liabilities evidenced by certificates	(11), (27)	9,203,628	8,714,515
Provisions	(15), (28)	264,662	266,896
Current tax liabilities	(10)	25,154	45,058
Deferred tax liabilities	(10)	50,909	40,564
Other liabilities	(29)	779,618	483,135
Liabilities associated with assets classified as held for sale	(23)	0	0
Subordinated capital	(11), (30)	1,013,245	903,419
Equity capital	(31)	4,611,635	4,452,559
of which attributable to equity holders of the parent company		4,394,880	4,239,902
of which attributable to non-controlling interests		216,755	212,657
Total		**43,819,153**	**41,988,425**

Statement of changes in equity

IN EUR '000	Share capital	Capital reserves	Retained earnings	Sub-total	Non-controlling interests	Total
Equity 31 Dec. 2018	277,630	971,973	2,990,299	4,239,902	212,657	4,452,559
Effects of first-time application of IFRS 16	**0**	**0**	**–115**	**–115**	**–15**	**–130**
Effect of first-time application of IFRS 16	0	0	–153	–153	–19	–172
Taxes recognised on first-time application	0	0	38	38	4	42
Equity 1 Jan. 2019	**277,630**	**971,973**	**2,990,184**	**4,239,787**	**212,642**	**4,452,429**
Total comprehensive income for the period	0	0	194,411	194,411	6,646	201,057
After-tax profit for the period	0	0	113,204	113,204	5,818	119,022
Total other comprehensive income	0	0	81,207	81,207	828	82,035
Dividends	0	0	–40,000	–40,000	–2,388	–42,388
Change in basis of consolidation	0	0	0	0	10	10
Shareholding changes, restructuring	0	0	–526	–526	–131	–657
Capital increases	0	0	0	0	0	0
Other changes in capital	0	0	1,208	1,208	–24	1,184
Equity 30 June 2019	**277,630**	**971,973**	**3,145,277**	**4,394,880**	**216,755**	**4,611,635**

With regard to the effects on equity in connection with the first-time application of IFRS 16, reference is made to the separate section “Disclosures on first-time application of IFRS 16”.

IN EUR '000	Share capital	Capital reserves	Retained earnings	Sub-total	Non-controlling interests	Total
Equity 31 Dec. 2017	277,630	971,973	2,952,911	4,202,514	201,003	4,403,517
Effects of first-time application of IFRS 9 & IFRS 15	**0**	**0**	**–72,112**	**–72,112**	**–1,002**	**–73,114**
Effects of first-time application of IFRS 9	0	0	–72,587	–72,587	–1,331	–73,918
Effects of first-time application of IFRS 15	0	0	475	475	329	804
Equity 1 Jan. 2018	**277,630**	**971,973**	**2,880,799**	**4,130,402**	**200,001**	**4,330,403**
Total comprehensive income for the period	0	0	96,962	96,962	9,700	106,662
After-tax profit for the period	0	0	165,950	165,950	11,759	177,709
Total other comprehensive income	0	0	–68,988	–68,988	–2,059	–71,047
Dividends	0	0	–41,446	–41,446	–1,877	–43,323
Change in basis of consolidation	0	0	42	42	0	42
Other changes in capital	0	0	–12,210	–12,210	487	–11,723
Equity 30 June 2018	**277,630**	**971,973**	**2,924,147**	**4,173,750**	**208,311**	**4,382,061**

Further details on equity components can be found in the notes concerning “equity”.

Cash flow statement

IN EUR '000	Notes	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
After-tax profit for the period		**119,022**	**177,709**
Non-cash items contained in the profit for the period and reconciliation to the cash flow from operating activities:		–203,841	–229,489
Change in assets and liabilities from operating activities after adjusting for non-cash items		–263,243	23,820
Dividends received		68,478	45,452
Interest received		383,989	375,565
Interest paid		–185,437	–170,199
Taxes paid on income		–43,084	–6,982
Cash flow from operating activities		**–124,116**	**215,876**
Proceeds from sale of:			
Financial assets and shares in companies		281,147	252,056
Property, plant and equipment, investment property and intangible assets		54,349	50,914
Payments to acquire:			
Financial assets and shares in companies		–181,943	–289,125
Property, plant and equipment, investment property and intangible assets		–77,082	–61,529
Disposal of subsidiaries (net of sold cash and cash equivalents)		14,272	5,115
Cash flow from investing activities		**90,743**	**–42,569**
Issue of subordinated capital	(29)	117,364	53,416
Repayment/repurchase of subordinated capital	(29)	–21,649	–192,196
Purchase of non-controlling interests		–657	0
Dividends		–42,388	–43,323
Cash flow from financing activities		**52,670**	**–182,103**
Cash at the end of the previous period		**71,452**	**70,402**
Cash flow from operating activities		–124,116	215,876
Cash flow from investing activities		90,743	–42,569
Cash flow from financing activities		52,670	–182,103
Cash and cash equivalents at the end of the period		**90,749**	**61,606**

Cash and cash equivalents comprise cash in hand and balances at central banks repayable at any time.

Segment reporting

Segment reporting first half 2019

IN EUR '000	Corporates	Retail & private banking	Financial markets	Invest-ments	Corporate Center	Total
Net interest income	**119,107**	**19,979**	**30,606**	**17,371**	**921**	**187,984**
Risk provision	6,946	–949	2,769	–1,687	777	7,856
Net interest income after loan loss allowances	**126,053**	**19,030**	**33,375**	**15,684**	**1,698**	**195,840**
Share of profit or loss of equity-accounted investments	0	0	0	46,492	0	46,492
Net fee and commission income	24,095	16,259	7,674	29,056	2,657	79,741
Net income from trading operations	517	575	3,170	1,552	0	5,814
Net income from financial instruments carried at fair value	–1,010	0	–43,550	32,127	0	–12,433
Gains and losses on other financial instruments	0	0	935	4,703	0	5,638
General administrative expenses	–44,796	–31,603	–19,435	–277,477	–43,989	–417,300
Other operating income	181	705	872	495,259	20,120	517,137
Other operating expenses	–20,323	–2,246	–1,368	–255,025	–9,296	–288,258
Pre-tax profit for the period	**84,717**	**2,720**	**–18,327**	**92,371**	**–28,810**	**132,671**
Operating profit	78,781	3,669	21,519	57,228	–29,587	131,610
Average equity	1,819,611	200,316	881,027	1,458,408	172,670	4,532,032
Assets as at 30 June	16,811,352	2,261,044	13,055,810	10,234,913	1,456,034	43,819,153

Segment reporting first half 2018

IN EUR '000	Corporates	Retail & private banking	Financial markets	Invest-ments	Corporate Center	Total
Net interest income	**108,331**	**17,090**	**44,058**	**25,198**	**412**	**195,089**
Risk provision	–3,968	–2,373	–482	–8,461	–7	–15,291
Net interest income after loan loss allowances	**104,363**	**14,717**	**43,576**	**16,737**	**405**	**179,798**
Share of profit or loss of equity-accounted investments	0	0	0	100,698	0	100,698
Net fee and commission income	17,046	15,551	13,602	27,702	2,252	76,153
Net income from trading operations	714	619	1,539	1,088	0	3,960
Net income from financial instruments carried at fair value	–9,657	12	9,586	1,212	0	1,153
Gains and losses on other financial instruments	0	0	903	1,548	0	2,451
General administrative expenses	–42,499	–29,790	–18,753	–266,656	–36,367	–394,065
Other operating income	892	676	2,425	519,552	18,543	542,088
Other operating expenses	–19,000	–2,266	–2,614	–282,651	–8,937	–315,468
Pre-tax profit for the period	**51,859**	**–481**	**50,264**	**119,230**	**–24,104**	**196,768**
Operating profit	65,484	1,880	40,257	124,931	–24,097	208,455
Average equity	1,578,505	139,538	940,689	1,541,804	155,696	4,356,232
Assets as at 30 June	14,941,301	2,109,987	12,613,309	9,836,776	1,188,779	40,690,152

Further details on the “Participating interests” segment in H1 2019

IN EUR '000	Sub-group HYPO SALZBURG	IMPULS-LEASING Group	VIVATIS/EFKO	OÖ WOHNBAU
Net interest income	**17,882**	**23,951**	**–415**	**–2,132**
Risk provision	480	–1,860	0	0
Net interest income after loan loss allowances	**18,362**	**22,091**	**–415**	**–2,132**
Share of profit or loss of equity-accounted investments	0	223	2,153	0
Net fee and commission income	9,308	217	–238	–15
Net income from trading operations	–8	507	0	0
Net income from financial instruments carried at fair value	–2,126	0	90	17
Gains and losses on other financial instruments	109	1,016	0	0
General administrative expenses	–22,854	–37,595	–141,520	–17,306
Other operating income	1,899	51,680	327,300	52,229
Other operating expenses	–3,940	–20,926	–177,382	–29,385
Pre-tax profit for the period	**750**	**17,213**	**9,988**	**3,408**

Further details on the “Participating interests” segment in H1 2018

IN EUR '000	Sub-group HYPO SALZBURG	IMPULS-LEASING Group	VIVATIS/EFKO	OÖ WOHNBAU
Net interest income	**23,225**	**23,075**	**57**	**–1,698**
Risk provision	–2,631	–3,841	0	0
Net interest income after loan loss allowances	**20,594**	**19,234**	**57**	**–1,698**
Share of profit or loss of equity-accounted investments	0	0	2,269	0
Net fee and commission income	8,038	259	–256	–18
Net income from trading operations	77	1,054	0	0
Net income from financial instruments carried at fair value	1,039	3	1,791	–5
Gains and losses on other financial instruments	5	556	563	0
General administrative expenses	–21,912	–34,879	–136,076	–17,381
Other operating income	2,423	53,494	329,017	63,816
Other operating expenses	–4,950	–23,436	–183,821	–39,626
Pre-tax profit for the period	**5,314**	**16,285**	**13,544**	**5,088**

Notes

Basis of presentation of the consolidated financial statements according to IFRS

Principles

The consolidated financial statements of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (hereinafter Raiffeisenlandesbank OÖ) are prepared in compliance with the applicable International Financial Reporting Standards (IFRSs) as published by the International Accounting Standards Board (IASB) and international accounting and financial reporting standards based on the IAS Regulation (EC) 1606/2002 as adopted by the EU (Section. 245s (1) Austrian Commercial Code). This condensed interim financial report as at 30 June 2019 is in accordance with IAS 34.

The same accounting and valuation principles and consolidation methods were applied for the interim reporting as for the compilation of the consolidated financial statements as at 31 December 2018. An important change is that the provisions of the new accounting standard for leases (IFRS 16) became effective as at 1 January 2019. Further details on first-time application can be found in this chapter and in the separate section “Disclosures on first-time application of IFRS 16”. Details on the specific accounting principles of IFRS 16 can be found in the section on accounting policies.

The interim consolidated financial statements as at 30 June 2019 have not been subjected to a complete audit, nor have they been inspected by a statutory auditor.

Changes in the basis of consolidation and their effects

The number of fully consolidated companies reported under the equity method developed during the financial year as follows:

	Fully consolidated		Equity method	
	2019	2018	2019	2018
As at 1 Jan.	150	161	10	9
Included for the first time during the reporting period	1	0	0	0
of which additions due to newly established company	1	0	0	0
of which additions from business combinations	0	0	0	0
of which additions due to change in consolidation method	0	0	0	0
Merged during the reporting period	3	1	0	0
Deconsolidated during the reporting period	4	2	0	0
thereof disposal due to disposal	4	2	0	0
thereof disposals due to liquidation	0	0	0	0
thereof disposals due to change in consolidation method	0	0	0	0
As at 30 June	144	158	10	9

For the IFRS interim consolidated financial statements as at 30 June 2019, the basis of consolidation of Raiffeisenlandesbank Oberösterreich covers 144 group companies, incl. Raiffeisenlandesbank Oberösterreich as Group parent (31 Dec. 2018: 150), that are fully consolidated in the Group and ten (31 Dec. 2018: ten) companies reported under the equity method.

The fully consolidated company RVB Raiffeisen Versicherungsberatung GmbH was newly founded in the first half of 2019 and included in the scope of consolidation for the first time.

Further changes compared with 31 December 2018 result from the sales and the resulting deconsolidations of the following previously fully consolidated companies:

- IMPULS Plzen s.r.o.
- IMPULS – Praha spol. s r.o.
- Landstraße 113 GmbH & Co OG
- Raiffeisen-IMPULS-Projekt Wien-Nord GmbH

At the time of the deconsolidations, the assets and liabilities of these companies that were previously fully consolidated amounted to a total of EUR 14,710 thousand and EUR 5,536 thousand respectively, and are broken down as shown in the following table:

IN EUR '000	H1 2019
Loans and advances to banks	782
Intangible assets	8
Investment property	13,815
Tax assets	91
Other assets	14
Amounts owed to banks	1,350
Amounts owed to customers	4,117
Tax liabilities	21
Other liabilities	48

Additional changes arose within the group of consolidated companies in the first half of 2019 as a result of mergers:

- Merger of Raiffeisen-IMPULS-Bautenleasing Gesellschaft m.b.H. into Raiffeisen-IMPULS-Immobilien GmbH
- Merger of Raiffeisen-IMPULS-Delta Mobilienleasing GmbH into Raiffeisen-IMPULS Kfz und Mobilien GmbH
- Merger of Select Versicherungsberatung GmbH into RVM Raiffeisen-Versicherungsmakler GmbH

Foreign currency translation

The consolidated financial statements are presented in euros, reflecting the national currency. Financial statements of fully consolidated companies whose functional currency differs from the group currency are translated into euros employing the modified current rate method in accordance with IAS 21. Generally, the national currency is the same as the functional currency.

When the modified closing rate method is applied, equity is translated at historical rates while all other assets and equity and liabilities are translated using the relevant closing rates (middle rates of the European Central Bank (ECB) as at the Group reporting date). The items on the income statement are translated using the average currency exchange rates of the ECB. Currency differences resulting from the translation of the equity components using historical rates and the translation of the income statement using average rates compared to the translation using rates prevailing on the reporting date are recognised in the statement of comprehensive income with no effect on the income statement.

The following exchange rates were used to calculate the currencies:

	2019		2018	
Prices in currency per euro	Closing rate 30 June	Average price 1 Jan. – 30 June	Closing rate 30 June	Average price 1 Jan. – 30 June
Croatian kuna (HRK)	7.3973	7.4181	7.3860	7.4198
Polish zloty (PLN)	4.2496	4.2865	4.3732	4.2316
Romanian leu (RON)	4.7343	4.7331	4.6631	4.6583
Czech koruna (CZK)	25.4470	25.6870	26.0200	25.5727

First-time adoption of new and revised standards and interpretations

The following new or amended standards and interpretations must be taken into account for the first time in preparing IFRS financial statements relating to an annual reporting period starting on or after 1 Jan. 2019. The accounting policies applied are, with the exception of the amendments and changes listed here, the same as those of the previous financial year.

Standard/Interpretation	To be applied in financial years from	Already adopted by the EU
IFRS 16 – Leases	1 Jan. 2019	Yes
Annual improvements (2015 – 2017)	1 Jan. 2019	Yes
Amendments to IFRS 9 – Negative compensation for early termination	1 Jan. 2019	Yes
Amendments to IAS 19 – “Plan amendment, curtailment or settlement”	1 Jan. 2019	Yes
Amendments to IAS 28 – Long-term interests in associates and joint ventures	1 Jan. 2019	Yes
IFRIC 23 – “Uncertainty over Income Tax treatment”	1 Jan. 2019	Yes

IFRS 16 – "Leases"

Overview of key amendments

The IASB passed the new standard for entering leasing relationships into the financial statements in January 2016. The objective of this standard is to treat all leasing relationships in a unified way in terms of their effects on the statement of financial position. Going forward, the new leasing standard replaces IAS 17 "Leases" along with the associated interpretations IFRIC 4 "Determining whether an arrangement contains a lease", SIC-15 "Operating leases – incentives" and SIC-27 "Evaluating the substance of transactions in the legal form of a lease".

In the Raiffeisenlandesbank Oberösterreich Group, the following transitional provisions and options were applied in the course of the first-time application of IFRS 16:

Presentation of the changeover effect

Raiffeisenlandesbank Oberösterreich has not taken up the option to adjust the previous year comparative data at first-time adoption of the new standards. Instead, the effect of first-time adoption of IFRS 16 on 1 Jan. 2019 was recorded in the equity capital opening balance.

Lease definition

In accordance with IFRS 16, the Raiffeisenlandesbank Oberösterreich Group did not assess whether an agreement contains a lease or not on the date of first-time application. Instead, the new standard IFRS 16 was applied to those leases that had already been accounted for as such in accordance with IAS 17 and IFRIC 4. Subsequently, an assessment must only be made for those leases that were concluded or modified on or after the date of initial application.

Interest rate

In accordance with the conversion method applied by the Raiffeisenlandesbank Oberösterreich Group – to present the first-time application effect of IFRS 16 in the opening balance of equity – the marginal borrowing rate on the date of first-time application was used for discounting leasing liabilities.

Rights of use and lease liabilities

For all leases that were previously classified as operating leases, rights of use and lease liabilities are generally recognised in the statement of financial position. In the Raiffeisenlandesbank Oberösterreich Group, the right of use is recognised in the same amount as the lease liability, i.e. at the present value of the remaining lease payments, discounted at the lessee's marginal capital interest rate as at 1 January 2019, adjusted by amounts for prepaid or deferred lease payments recognised in the statement of financial position immediately prior to first-time application of the standard.

Impairments

In the Raiffeisenlandesbank Group, the assessment of onerous contracts in accordance with IAS 37 was adopted upon transition to IFRS 16. The new standard considers this assessment to be reliable, so that an additional impairment test in accordance with IAS 36 need not be performed at the time of first-time application.

Initial direct costs

Initial direct costs are not included in the valuation of the right of use in the context of the first-time application of IFRS 16 in the Raiffeisenlandesbank Oberösterreich Group.

Overall effect

The first-time application of IFRS 16 mainly results in accounting changes in the Raiffeisenlandesbank Oberösterreich Group. In the case of marginal effects on equity, total assets increase by approximately EUR 102 million at the time of the first-time application of IFRS 16 as at 1 January 2019. Details of the effects can be found in the reconciliation tables in the separate section "Disclosures on the first-time application of IFRS 16". For further information on the effects of the application of IFRS 16 in the first half of 2019, please also refer to the corresponding leasing notes. Notes on the specific accounting principles of IFRS 16 applied in the current period can be found in the section on accounting policies.

Standards and interpretations that are not yet mandatory

The following new or amended standards and interpretations had already been published as at 30 June 2019. However, they were not yet in force for the financial year beginning 1 January 2019 and have therefore not been applied in these interim consolidated financial statements:

Standard/Interpretation	To be applied in financial years from	Already adopted by the EU
Revision of the IFRS conceptual framework for financial reporting	1 Jan. 2020	No
Amendments to IFRS 3 – Definition of a business	1 Jan. 2020	No
Amendments to IAS 1 and IAS 8 – Definition of materiality	1 Jan. 2020	No
IFRS 17 – "Insurance contracts"	01.01.2021	No

Disclosures on first-time application of IFRS 16

(I) Changes to accounting policies on the basis of IFRS 16

The following tables show the reconciliation of leases pursuant to IAS 17 to IFRS 16 as at 1 Jan. 2019. In order to illustrate the transitional effects, these are shown on the basis of the original statement of financial position items pursuant to IAS 17.

(I.1) Reconciliation of leases from IAS 17 (Operating Leasing – Lessee) to IFRS 16

ASSETS in EUR '000

Valuation category		Total minimum lease payments according to notes	Carrying amount
Off-balance sheet according to IAS 17 – Operating Lease	Statement of financial position item according to IFRS 16	IAS 17 31 Dec. 2018	IFRS 16 1 Jan. 2019
Property, plant and equipment			
Land and buildings used by the Group for own purposes treated off-balance sheet in accordance with IAS 17	n/a	18,466	n/a
n/a	Rights of use of land used for operations	n/a	477
n/a	Rights of use of buildings used for operations	n/a	67,054
Other property, plant and equipment, operating and office equipment treated off-balance sheet in accordance with IAS 17	n/a	2,052	n/a
n/a	Rights of use other property, plant and equipment, operating and office equipment – Motor vehicles	n/a	232
n/a	Rights of use other Property, plant and equipment, operating and office equipment – Movables	n/a	3,513
Leased assets under operating leases (movables) treated off-balance in accordance with IAS 17	n/a	0	n/a
n/a	Rights of use of leased assets from operating leases – motor vehicles	n/a	0
n/a	Rights of use of leased assets from operating leases – movables	n/a	0
Investment property			
Investment property	n/a	1,325	n/a
n/a	Rights of use of investment properties	n/a	19,080
Leased assets under operating leases (real estate)	n/a	338	n/a
n/a	Rights of use of leased assets from operating leases (real estate)	n/a	361
Deferred tax assets			
Deferred tax assets	Deferred tax assets	0	–15

EQUITY AND LIABILITIES (in EUR '000)

Valuation category		Total minimum lease payments according to notes	Carrying amount
Off-balance sheet according to IAS 17 – Operating Lease	Statement of financial position item according to IFRS 16	IAS 17 31 Dec. 2018	IFRS 16 1 Jan. 2019
Off-balance sheet according to IAS 17/Other liabilities according to IFRS 16			
Off-balance sheet according to IAS 17	n/a	22,181	n/a
n/a	Leasing liabilities	n/a	90,657
Deferred tax liabilities			
Deferred tax liabilities	Deferred tax liabilities	0	0

Reconciliation of operating leases as at 1 Jan. 2019

IN EUR '000	
Future minimum lease payments under operating leases as at 31 Dec. 2018 (as per Notes)	22,181
Interest rate on marginal borrowed capital on discounted operating leases as at 1 Jan. 2019	21,965
(–) Relief provisions invoked:	
Leases with a remaining term of <12 months	–543
Low-value leased assets (new price <EUR 5 thousand)	–1,374
(+) Renewal and termination options, the exercise of which is guaranteed with certainty	70,174
(+) Variable lease payments based on an index or instalment	435
(–) Residual value guarantees	0
= Total operating lease liabilities as at 1 Jan. 2019	**90,657**

(I.2) Reconciliation of Leases from IAS 17 (Finance Leases – Lessee) to IFRS 16

ASSETS in EUR '000

Valuation category		Carrying amount	
"Statement of financial position item in accordance with IAS 17 – Finance leases"	Statement of financial position item according to IFRS 16	IAS 17 31 Dec. 2018	IFRS 16 1 Jan. 2019
Property, plant and equipment			
Land and buildings used for operations	n/a	25,012	n/a
n/a	Rights of use of land used for operations	n/a	7,000
n/a	Rights of use of buildings used for operations	n/a	18,012
Other property, plant and equipment, operating and office equipment	n/a	576	n/a
n/a	Rights of use other property, plant and equipment, operating and office equipment – Motor vehicles	n/a	0
n/a	Rights of use other Property, plant and equipment, operating and office equipment – Movables	n/a	576
Leased assets from Operating leasing (movables)	n/a	0	n/a
n/a	Rights of use of leased assets from operating leases – motor vehicles	n/a	0
n/a	Rights of use of leased assets from operating leases – movables	n/a	0
Investment property			
Investment property	n/a	0	n/a
n/a	Rights of use of investment properties	n/a	0
Leased assets under operating leases (real estate)	n/a	0	n/a
n/a	Rights of use of leased assets from operating leases (real estate)	n/a	0
Deferred tax assets			
Deferred tax assets	Deferred tax assets	0	0

EQUITY AND LIABILITIES (in EUR '000)

Valuation category		Carrying amount	
"Statement of financial position item in accordance with IAS 17 – Finance leases"	Statement of financial position item according to IFRS 16	IAS 17 31 Dec. 2018	IFRS 16 1 Jan. 2019
Other liabilities			
Other liabilities	n/a	10,332	n/a
n/a	Leasing liabilities	n/a	10,332
Deferred tax liabilities			
Deferred tax liabilities	Deferred tax liabilities	3,840	3,840

Reconciliation of finance leases as at 1 Jan. 2019

IN EUR '000	
Liabilities from finance leases as at 31 Dec. 2018	10,332
(+) Renewal and termination options, the exercise of which is guaranteed with certainty	0
(+) Variable lease payments based on an index or instalment	0
(–) Residual value guarantees	0
= Total finance lease liabilities as at 1 Jan. 2019	**10,332**

(I.3) Reconciliation of leases from IAS 17 (sub-leases) to IFRS 16

ASSETS in EUR ’000

Valuation category		Total minimum lease payments according to notes	Carrying amount
Off-balance sheet according to IAS 17 – Operating Lease	Statement of financial position item according to IFRS 16	IAS 17 31 Dec. 2018	IFRS 16 1 Jan. 2019
Property, plant and equipment			
Land and buildings used for operations	n/a	0	n/a
n/a	Rights of use of land used for operations	n/a	0
n/a	Rights of use of buildings used for operations	n/a	0
Other property, plant and equipment, operating and office equipment	n/a	0	n/a
n/a	Rights of use other property, plant and equipment, operating and office equipment – Motor vehicles	n/a	0
n/a	Rights of use other Property, plant and equipment, operating and office equipment – Movables	n/a	0
Leased assets from Operating leasing (movables)	n/a	0	n/a
n/a	Rights of use of leased assets from operating leases – motor vehicles	n/a	0
n/a	Rights of use of leased assets from operating leases – movables	n/a	0
Investment property			
Investment property	n/a	2,615	n/a
n/a	Rights of use of investment properties	n/a	1,867
Leased assets under operating leases (real estate)	n/a	132	n/a
n/a	Rights of use of leased assets from operating leases (real estate)	n/a	2,369
Loans and advances to customers			
Lease financing	n/a	1,576	n/a
n/a	Lease receivables (subleases)	n/a	7,237
Other assets			
Prepaid expenses	Prepaid expenses	69	0
Deferred tax assets			
Deferred tax assets	Deferred tax assets	0	0

EQUITY AND LIABILITIES (in EUR ’000)

Valuation category		Total minimum lease payments according to notes	Carrying amount
Off-balance sheet according to IAS 17 – Operating Lease	Statement of financial position item according to IFRS 16	IAS 17 31 Dec. 2018	IFRS 16 1 Jan. 2019
Off-balance sheet according to IAS 17/Other liabilities according to IFRS 16			
Off-balance sheet according to IAS 17	n/a	4,505	n/a
n/a	Leasing liabilities (sub-leases)	n/a	11,691
Other liabilities			
Prepaid expenses	Prepaid expenses	54	0
Deferred tax liabilities			
Deferred tax liabilities	Deferred tax liabilities	0	58

Reconciliation of leases (sub-leases) as at 1 Jan. 2019

IN EUR '000	
Future minimum lease payments under operating leases as at 31 Dec. 2018 (as per notes)	4,505
Interest rate on marginal borrowed capital on discounted operating leases as at 1 Jan. 2019	3,560
(–) Relief provisions invoked:	
Leases with a remaining term of <12 months	–46
Low-value leased assets (new price <EUR 5 thousand)	0
(+) Renewal and termination options, the exercise of which is guaranteed with certainty	8,177
(+) Variable lease payments based on an index or instalment	0
(–) Residual value guarantees	0
= Total leasing liabilities (sub-leases) as at 1 Jan. 2019	**11,691**

(I.4) Reconciliation of leasing liabilities as at 1 Jan. 2019

IN EUR '000	
Total operating lease liabilities as at 1 Jan. 2019	90,657
Total finance lease liabilities as at 1 Jan. 2019	10,332
Total leasing liabilities (sub-leases) as at 1 Jan. 2019	11,691
= Total leasing liabilities as at 1 Jan. 2019	**112,680**

(I.5) Notes

The reconciliation tables of IFRS 16, which reflect the effects of the first-time application as at 1 Jan. 2019 on the consolidated statement of financial position, are explained below:

In accordance with the “Reconciliation of Leases from IAS 17 (Operating Leasing – Lessee) to IFRS 16”, both rights of use amounting to EUR 90.7 million were capitalised and leasing liabilities amounting to EUR 90.6 million were carried as liabilities under first-time application. This fact results in an effect in the amount of EUR +0.1 million.

The “Reconciliation of leases from IAS 17 (Finance leases – Lessee) to IFRS 16” represents the reclassification to IFRS 16 of the assets and leasing liabilities from finance leases in the amount of EUR 10.3 million of the leased assets and leasing liabilities that were already recognised in the statement of financial position under IAS 17. Pursuant to the regulations of IFRS 16, these rights of use are to be capitalised. This reclassification has no effect on the Group's equity.

In addition – as shown in the “Reconciliation of leases from IAS 17 (sub-leases) to IFRS 16” – rights of use in the amount of EUR 4.3 million and lease liabilities in the amount of EUR 4.5 million in connection with sub-leases were activated, where the sub-lease agreements are categorised as operating leases. For sub-leases classified as finance leases, additional lease receivables of EUR 7.2 million were recognised. These leasing receivables are offset by leasing liabilities from the main leasing agreement in the same amount. The accounting regulations resulting from the first-time application of IFRS 16 in connection with sub-lease agreements results in an effect on Group equity of around EUR –0.2 million.

In total, this resulted in an increase in total assets of i. H. v. approx. EUR 102 million, as well as a marginal conversion effect on Group equity in the amount of EUR -0.1 million, which can be seen in the statement of changes in equity in the first half of 2019.

Accounting policies

The same accounting and valuation principles were applied for the interim reporting as for the compilation of the consolidated financial statements as at 31 Dec. 2018. The determination of the new accounting standard for leases (IFRS 16), which is described in more detail below, became effective on 1 January 2019 as a material change.

Scope of application

The scope of IFRS 16 covers almost all leases. Exceptions are leases that must be accounted for in accordance with the provisions of another standard.

Contracts are to be classified as leasing relationships if the lessor contractually grants the lessee the right to control over an asset for a certain period of time and receives a consideration in exchange. This is the case if the lessee has the right to dispose of the asset and the total benefit is afforded to him over the period of validity of the contract. If these criteria are not met, then a service contract entailing costs is involved.

The lease term begins on the date on which the lessee is entitled to exercise his right to use the leased asset. In principle, the lease term extends over the non-cancellable basic lease term, but any contractually agreed extension, termination and purchase options must be taken into account when determining the lease term if there is sufficient certainty that the lease will be used.

Lessee

From the lessee's perspective, IFRS 16 essentially means that having to decide between the on-balance sheet effects of Lease Financing and off-balance sheet effects of Operating Leasing is dispensed with. This means that an agreement classified as a lease must be recognised in the statement of financial position. Accordingly, IFRS 16 requires that, for most leases, rights of use of the assets and liabilities for the outstanding lease payments are recognised in the statement of financial position. There is an exception in place for short-term lease agreements with terms not exceeding one year and which include no option to purchase, as well as for low value lease items. This option to still present those leases off-balance sheet is exercised by the Raiffeisenlandesbank Oberösterreich Group.

At the beginning of the term of the identified lease, the right to use the leased asset is recognised in accordance with the cost model. The acquisition costs include the cost of the leased asset:

- the amount from the initial measurement of the lease liability
- all lease payments made at or before the date of provision, less any lease incentives received
- initial direct costs, as well as
- estimated costs incurred by the lessee in dismantling or removing the underlying asset, restoring the site on which it is located, or returning the underlying asset to the condition required by the lease.

In accordance with the cost model, the right of use is subsequently measured at cost less cumulative write-downs.

The lease liability is measured as the present value of the lease payments made during the lease term and is discounted at the underlying interest rate, if reliably determinable. Otherwise, the marginal borrowing rate is used. Variable lease payments that depend on an index or price are also included in the measurement of the lease liability at the inception of the lease.

Lease liabilities are measured at the present value of the lease payments, which are made up as follows:

- Fixed payments (including de facto fixed payments less any leasing incentives to be received)
- Variable lease payments linked to an index or interest rate
- Expected residual value payments from residual value guarantees
- Exercise of a call option if the exercise by the lessee is sufficiently certain

The interest rate on which the lease is based is that at which, from the lessor's perspective, the following applies at the inception of the lease:

Present value of lease payments	+	Present value of unguaranteed residual value
	=	
Fair value Leased asset	+	Initial direct costs lessor

During the term of the lease agreement, the lease liability is amortised on a mathematical basis and the right of use is depreciated on a scheduled basis.

The depreciation period depends on whether the leased asset becomes the property of the lessee at the end of the lease term. If this is the case, the right of use is depreciated over the useful life of the asset. Otherwise, the right of use is depreciated systematically over the lease term, unless the useful life of the asset is shorter than the lease term, in which case it is based on the useful life.

During the term of a lease, the lessor and lessee may renegotiate elements of the lease that affect the accounting treatment of the lease. If the amendment is an amendment to the contract with regard to the scope of the right of use, it must be examined whether a separate lease must be recognised. Otherwise, the existing asset or liability must be adjusted. In addition to the right of use, the lease liability must also be adjusted to the changed contractual content. Depending on the circumstances, a decision is made as to whether the existing discount rate or the changed discount rate should be used when recording the adjustments.

In the following cases, the recalculated future lease payments must be discounted using a different interest rate at the current valuation date:

- Change in lease term due to exercise or non-exercise of options
- Amendment relating to the exercise of a call option

Discounting is at the discount rate determined at the inception of the lease if there is a change in the estimate of the payment of residual value guarantees or if the change in lease payments results from a change in the index or rate used to determine the index or rate (e. g. CPI adjustment).

Lessor

The lessor shall classify each of its leases as either an operating lease or a finance lease. The requirements of IFRS 16 for the classification of leases have changed only slightly compared to IAS 17.

Finance leases

At the inception of the finance lease, the lessor shall present the assets under the finance lease as receivables at the net investment in the lease. The net investment should be measured at the underlying interest rate.

Subsequently, a lessor shall recognise interest income in profit or loss over the lease term and subsequently reduce it by the lease payments received, net of interest income.

The lessor recognises a change in a finance lease as a separate lease if the scope of the lease has been extended to include rights to use one or more assets and the consideration has increased by the same amount. If the above criteria are not met cumulatively, the lessor recognises a new lease if the agreement would have been classified as an operating lease at inception, taking into account the amendment. The carrying amount of the underlying asset is recognised as a net investment in the lease immediately before the effective date of the change. If the agreement would have been classified as a finance lease at the inception of the lease, taking into account the amendments, the requirements of IFRS 9 apply.

Operating Leasing

The accounting treatment of operating leases by the lessor has hardly changed compared to IAS 17. As before, only the leased asset has to be recognised in the statement of financial position, for which the provisions of the corresponding accounting standards (e.g. g. IAS 16) must be applied. Lessors recognise lease payments on a straight-line basis over the lease term.

Subleases

In the case of sub-leases, the intermediate lessor, who is both the lessee (from the original lease) and the lessor, recognises both leases. Under the sublease arrangement, the sublessor assumes the role of lessor and must therefore classify the lease as a finance lease or an operating lease, usually using the right of use under the main lease as a reference. In connection with the criteria already known under IAS 17, the life-cycle test (greater than 75 per cent of the useful life) is of particular importance. Since the right of use from the main lease is used as a reference, the term of the sub-lease is compared with the useful life of the right of use. Irrespective of this, a sub-lease is declared an operating lease if the main lease is a short-term lease and the sub-leaseholder has exercised this option.

Notes to the income statement

1. Net interest income

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Interest income in accordance with the effective interest method*	**254,076**	**248,704**
from financial assets in the "At amortised cost" (AC) category	212,467	200,652
from financial liabilities in the "At amortised cost" (AC) category	6,464	11,243
from financial assets in the "At fair value with no effect on income" (FVOCI) category	35,145	36,809
Other interest income	**99,091**	**108,373**
from financial assets in the "At fair value through profit or loss" (FVTPL) category	58,156	68,748
from financial assets in the "Designated at fair value through profit or loss" (FVO) category	3,391	3,131
from financial liabilities in the "At fair value through profit or loss" (FVTPL) category	0	0
from financial liabilities in the "Designated at fair value through profit or loss" (FVO) category	0	0
from lease financing	37,544	36,494
Other interest-related income	**26**	**443**
Current income from financial assets in the "At fair value through profit or loss" (FVTPL) category	**7,942**	**13,836**
Interest and interest-related income	**361,135**	**371,356**
Interest expenses	**–172,161**	**–175,477**
for financial liabilities in the "At amortised cost" (AC) category	–110,328	–102,723
for financial liabilities in the "At fair value through profit and loss" (FVTPL) category	–4,560	–2,982
for financial liabilities in the "Designated at fair value through profit or loss" (FVO) category	–50,014	–60,315
from financial assets in the "At amortised cost" (AC) category	–6,851	–9,457
from financial assets in the "At fair value with no effect on income" (FVOCI) category	0	0
from financial assets in the "At fair value through profit or loss" (FVTPL) category	–7	0
from financial assets in the "Designated at fair value through profit or loss" (FVO) category	0	0
from leasing transactions**	–401	n/a
Other interest-related expenses	**–990**	**–790**
Interest and interest-related expenses	**–173,151**	**–176,267**
Net interest income	**187,984**	**195,089**

* In the 2018 consolidated financial statements, interest and similar income were presented using the effective interest method. In these interim consolidated financial statements, this presentation has been adopted and the comparative period of the previous year has been adjusted accordingly.

** The interest expenses from leasing transactions represent expenses for the interest of the leasing liability in accordance with IFRS 16. The first-time application of IFRS 16 resulted in an increase in interest expenses due to the interest effect from leasing liabilities in the first half of 2019, as the statement of financial position treatment of operating leases under IAS 17 was still off-balance and therefore did not contain an interest component.

The interest income includes interest income of EUR +2,294 thousand (H1 2018: EUR +1,731 thousand) from impaired loans and advances to customers and banks. Interest income from significant value-adjusted loans and advances to customers and banks are recognised using the interest rate which was used in determining the impairment loss for discounting the future cash flow.

Reference is made to the effects resulting from the law in relation to maintaining margins in the case of negative interest rates in the "Provisions" section in the Notes.

2. Loan loss allowances

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Changes to the loan loss allowance through profit and loss under IFRS 9	5,104	–21,496
Direct impairment losses	–6,918	–1,722
Amounts received against loans and advances written off	9,670	7,927
Total	**7,856**	**–15,291**

For further details on the loan loss allowance, please refer to the loan loss allowance schedule in the Notes.

3. Net income from companies accounted for using the equity method

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Pro rate net income	114,610	144,112
Impairment / reversal of impairment of companies accounted for using the equity method	–68,118	–43,414
Total	**46,492**	**100,698**

For further details regarding the results from companies accounted for using the equity method as well as the respective gains or losses (impairment or reversal of impairment), reference is made to the "Companies accounted for using the equity method" section in the Notes. The above amounts are assigned to the "Investments" segment.

In the 2018 consolidated financial statements, the results from companies accounted for using the equity method, which were previously reported under net interest income, were presented as a separate main item in the income statement. In these interim consolidated financial statements, this presentation has been adopted and the comparative period of the previous year has been adjusted accordingly.

4. Net fee and commission income

H1 2019 IN EUR '000	Corporates	Retail & private banking	Financial markets	Invest-ments	Corporate Center	Total
Fee and commission income	**25,332**	**17,826**	**17,389**	**38,511**	**3,538**	**102,596**
From payment transactions	5,741	5,600	34	3,785	1,682	16,842
from funding transactions	17,564	1,238	292	1,712	1,328	22,134
from securities business	33	7,262	16,634	15,559	297	39,785
from foreign exchange, currency and precious metals transactions	1,947	371	429	507	103	3,357
from other service business	47	3,355	0	16,948	128	20,478
Fee and commission expenses	**–1,237**	**–1,567**	**–9,715**	**–9,455**	**–881**	**–22,855**
From payment transactions	–147	–443	–139	–484	–558	–1,771
from funding transactions	–1,012	–338	0	–37	–263	–1,650
from securities business	0	–767	–9,493	–6,162	–45	–16,467
from foreign exchange, currency and precious metals transactions	0	0	0	0	0	0
from other service business	–78	–20	–84	–2,771	–15	–2,968
Net fee and commission income	**24,095**	**16,259**	**7,674**	**29,056**	**2,657**	**79,741**

H1 2018 IN EUR '000	Corporates	Retail & private banking	Financial markets	Invest-ments	Corporate Center	Total
Fee and commission income	**19,214**	**17,193**	**28,366**	**36,461**	**4,751**	**105,986**
From payment transactions	5,398	5,284	51	3,704	1,616	16,053
from funding transactions	13,007	442	1,202	909	2,600	18,161
from securities business	117	7,594	26,670	16,464	293	51,138
from foreign exchange, currency and precious metals transactions	652	453	443	462	144	2,153
from other service business	41	3,420	0	14,922	98	18,481
Fee and commission expenses	**–2,168**	**–1,642**	**–14,764**	**–8,760**	**–2,499**	**–29,833**
From payment transactions	–194	–496	–123	–416	–514	–1,744
from funding transactions	–1,896	–319	0	–132	–1,929	–4,275
from securities business	–1	–760	–14,251	–6,613	–40	–21,664
from foreign exchange, currency and precious metals transactions	0	0	0	–3	0	–3
from other service business	–78	–68	–389	–1,596	–17	–2,147
Net fee and commission income	**17,046**	**15,551**	**13,602**	**27,702**	**2,252**	**76,153**

5. Net income from trading operations

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Interest rate-related business	2,895	592
Currency related business	2,538	3,083
Other transactions	381	285
Total	**5,814**	**3,960**

6. Net income from financial instruments carried at fair value

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Net income from financial instruments carried at fair value	**–12,433**	**1,153**
from financial assets and liabilities classified as "At fair value through profit or loss" (FVTPL)	57,296	–23,813
from financial assets in the "Designated at fair value through profit or loss" (FVO) category	11,523	–515
from financial liabilities in the "Designated at fair value through profit or loss" (FVO) category	–81,252	25,481

7. Gains and losses on other financial instruments

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Gain or loss on disposal	**118**	**1,469**
Gain or loss on disposal of securities in the "At amortised cost" (AC) category	97	4
Gain or loss on disposal of securities in the "At fair value through other comprehensive income" (FVOCI) category	21	1,465
Gain or loss arising from hedge accounting	**593**	**–561**
Gains and losses arising on hedging transactions	155,891	10,231
Valuation from underlying transactions	–155,298	–10,792
Net income on disposal	**0**	**0**
Net income on disposal of loans and advances to banks in the "At amortised cost" (AC) category	0	0
Net income on disposal of loans and advances to customers in the "At amortised cost" (AC) category	0	0
Modification result	**–171**	**423**
Modification income	**11**	**1,709**
from financial assets in the "At amortised cost" (AC) category	11	1,709
from financial assets in the "At fair value with no effect on income" (FVOCI) category	0	0
Modification expenditure	**–182**	**–1,286**
from financial assets in the "At amortised cost" (AC) category	–182	–1,286
from financial assets in the "At fair value with no effect on income" (FVOCI) category	0	0
Gain or loss from initial consolidation and deconsolidation	**5,098**	**1,120**
Total	**5,638**	**2,451**

Net income from initial consolidation and deconsolidation comes to a total of EUR +5,098 thousand (H1 2018: EUR +1,120 thousand). The table showing the individual additions and disposals is visible in the section "Principles underlying the consolidated financial statements in accordance with IFRS". The greatest effects of additions or disposals in the first half of 2019 originated in conjunction with the deconsolidation of the following companies:

- IMPULS Plzen s.r.o. EUR +302 thousand
- Landstraße 113 GmbH & Co OG EUR +4,082 thousand
- Raiffeisen-IMPULS-Projekt Wien-Nord GmbH EUR +629 thousand

8. General administrative expenses

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Personnel expenses	–213,844	–203,358
Administrative expenses	–150,782	–147,933
Depreciation and impairment losses on property, plant and equipment and on investment property, amortisation and impairment losses on intangible assets	–52,674	–42,774
Total	**–417,300**	**–394,065**

In the first half of 2019, the general administrative expenses include approximately EUR –141.5 million (H1 2018: EUR –136.1 million) from companies in the foodstuff sector (VIVATIS/efko Group). Companies from the food industry are, as their business is unrelated to banking, mainly reported in the income statement under "Other operating income" and "General administrative expenses". In the first half of 2019, there was an unscheduled write-down amounting to EUR -1.9 million. (H1 2018: EUR 0 million), which is based on reduced earnings expectations in combination with property, plant and equipment in a company in the food sector.

The general administrative expenses from the OÖ Wohnbau companies were approx. EUR –17.3 million in the first half of 2019 (H1 2018: EUR –17.4 million).

Expenses from real estate held as financial investments amounted to EUR –6.7 million in the first half of 2019 (H1 2018: EUR –7.3 million).

In the context of the first-time application of IFRS 16, there is a shift in "Administrative expenses" from the item "General administrative expenses" to "Depreciation and impairment losses on property, plant and equipment and on investment property, amortisation and impairment losses on intangible assets". This effect results from the fact that the expenses of the operating leases presented off balance sheet under IAS 17 were reported under "Administrative expenses", while under IFRS 16 there is depreciation of the rights of use that were capitalised starting 1 Jan. 2019. Depreciation on rights of use amounted to EUR –7.2 million in the first half of 2019.

9. Other net operating income

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Other operating income	**517,137**	**542,088**
Income from non-banking activities	460,131	484,131
Income from real estate held as financial investments	21,281	21,501
Miscellaneous operating income	35,725	36,456
Other operating expenses	**–288,258**	**–315,468**
Expenses from non-banking activities	–195,807	–238,069
Other tax and fees	–17,486	–17,444
Miscellaneous operating expenses	–74,965	–59,955
Total	**228,879**	**226,620**

In the first half of 2019, a total expenditure of EUR –16.4 million (H1 2018: EUR –16.3 million) was booked for the stability levy in Raiffeisenlandesbank Oberösterreich AG and in SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT. All expenses in connection with the stability levy are stated in the item of "Other tax and fees". The expenses in the first half of 2019 for the expected annual fees for the resolution fund and the deposit guarantees of both banks in the amount of EUR –20.3 million (H1 2018: EUR –19.0 million) are posted under "Other operating expenses".

Of the "Revenue from non-banking activities", by far the largest portion – i.e. EUR +324.3 million. (H1 2018: EUR +326.0 million) – from the companies in the food industry (VIVATIS/efko Group). The amount of the (deployed) reserves of these companies which was recorded as expenditure in the reporting period is EUR –174.0 million (H1 2018: EUR –180.7 million) and is reported under "Expenses from non-banking activities".

In total, the “Other operating income” of the companies in the VIVATIS/efko Group amounts to about EUR +149.9 million (H1 2018: EUR +145.2 million). Companies from the food industry are, as their business is unrelated to banking, mainly reported in the income statement under “Other operating income” and “General administrative expenses”.

The Upper Austrian residential building companies (OÖ Wohnbau) contribute about EUR +22.8 million to the “Other operating income”. (H1 2018: EUR +24.2 million).

The sales revenue from non-banking activities are broken down by key product groups in the following table. All sales revenue from non-banking activities are disclosed in the “Equity investments” segment.

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Sales revenue from non-banking activities	**460,131**	**484,131**
Revenues from the food industry	324,197	325,935
Revenue from the real estate industry	54,732	69,584
Revenue from the IT group	52,300	50,862
Others	28,902	37,750

10. Taxes on income

IN EUR '000	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Taxes on income	**–13,649**	**–19,059**

Notes to the statement of financial position

11. Financial instruments disclosures

Categories of financial assets and financial liabilities as at 30 June 2019:

Assets IN EUR '000	Measured at amortised cost (AC)	Measured at fair value with no effect on income (FVOCI)	Measured at fair value through other comprehensive income (FVOCI option)	Measured at fair value through profit or loss (FVTPL)	Designated at fair value through profit or loss (FVO)	Carrying amount total 30 June 2019	Fair value total 30 June 2019
Cash and cash equivalents	90,749	0	0	0	0	90,749	90,749
Loans and advances to banks	8,236,620	0	0	367,160	0	8,603,780	8,631,391
Loans and advances to customers	22,949,797	0	0	119,718	113,276	23,182,791	24,300,208
Trading assets	0	0	0	2,256,175	0	2,256,175	2,256,175
Financial assets	292,211	4,430,175	0	720,186	186,036	5,628,608	5,645,980
Assets held for sale*	0	0	0	72,737	0	72,737	72,737
Carrying amount total 30 June 2019	**31,569,377**	**4,430,175**	**0**	**3,535,976**	**299,312**	**39,834,840**	**40,997,240**

* only carrying amounts for financial instruments affected

The amount of the change in fair value of assets designated at fair value through profit and loss that was due to changes in ratings came to a valuation gain of EUR +658 thousand for the first half of 2019 (aggregate valuation gain EUR +3,486 thousand). This figure was obtained by applying the changes in credit spread. The maximum default risk for these assets designated at fair value through profit and loss as at 30 June 2019 was EUR 299,312 thousand.

Equity and liabilities IN EUR '000	Measured at amortised cost (AC)	Measured at fair value through profit and loss (FVTPL)	Designated at fair value through profit and loss (FVTPL)	Carrying amount total 30 June 2019	Fair value total 30 June 2019
Amounts owed to banks	13,168,260	0	385,018	13,553,278	13,644,817
Amounts owed to customers	12,051,812	0	494,872	12,546,684	12,583,708
Trading liabilities	0	1,770,340	0	1,770,340	1,770,340
Liabilities evidenced by certificates	7,069,423	0	2,134,205	9,203,628	9,250,143
Subordinated capital	628,397	0	384,848	1,013,245	1,041,155
Carrying amount total 30 June 2019	**32,917,892**	**1,770,340**	**3,398,943**	**38,087,175**	**38,290,163**

As at 30 June 2019, Raiffeisenlandesbank Oberösterreich was given a Baa1 rating by Moody's. From the fair value changes in liabilities designated at fair value through profit or loss in the first half of 2019, a cumulative portion amounting to EUR +12,240 thousand is attributable to valuation gains from credit rating-related changes. Effects of changes in default risk are recorded in other comprehensive income. The remaining part of the change in fair value of the financial liabilities is recorded through profit and loss. In order to calculate the fair value change caused by creditworthiness, the fair value at the reporting date is compared with a fair value which is determined using historic premiums on the yield curves caused by credit risk at the start of the transaction and at the reporting date from the previous year. The business data and yield curves from the reporting date are used. The carrying amount of the liabilities designated at fair value through profit or loss amounts to EUR 3,398,943 thousand as at 30 June 2019. EUR 239 thousand of accumulated profit or loss within equity was reclassified as a result of repayments or redemptions in the first half of 2019.

The carrying amount of designated financial liabilities as at 30 June 2019 was EUR 181,704 thousand higher than the repayment sum contractually agreed on.

Categories of financial assets and financial liabilities as at 31 Dec. 2018

Assets IN EUR '000	Measured at amortised cost (AC)	Measured at fair value with no effect on income (FVOCI)	Designated at fair value through profit or loss (FVOCI option)	Measured at fair value through profit or loss (FVTPL)	Designated at fair value through profit or loss (FVO)	Total carrying amount 31 Dec. 2018	Total fair value 31 Dec. 2018
Cash and cash equivalents	71,452	0	0	0	0	71,452	71,452
Loans and advances to banks	7,859,480	0	0	395,624	0	8,255,104	8,256,603
Loans and advances to customers	22,141,018	0	0	130,378	103,452	22,374,848	23,017,978
Trading assets	0	0	0	1,749,390	0	1,749,390	1,749,390
Financial assets	306,045	4,390,508	0	740,646	216,280	5,653,479	5,670,005
Assets held for sale*	0	0	0	13,983	0	13,983	13,983
Total carrying amount 31 Dec. 2018	**30,377,995**	**4,390,508**	**0**	**3,030,021**	**319,732**	**38,118,256**	**38,779,411**

* only carrying amounts for financial instruments affected

The amount of the change in fair value of assets designated at fair value through profit and loss that was due to changes in ratings came to a valuation loss of EUR –700 thousand for the 2018 financial year (aggregate valuation profit EUR +4,441 thousand). This figure was obtained by applying the changes in credit spread. The maximum default risk for these assets designated at fair value through profit and loss as at 31 Dec. 2018 was EUR 319,732 thousand.

Equity and liabilities IN EUR '000	Measured at amortised cost (AC)	Measured at fair value through profit and loss (FVTPL)	Designated at fair value through profit and loss (FVTPL)	Total carrying amount 31 Dec. 2018	Total fair value 31 Dec. 2018
Amounts owed to banks	12,492,312	0	462,742	12,955,054	12,935,272
Amounts owed to customers	12,219,066	0	500,830	12,719,896	12,690,548
Trading liabilities	0	1,407,329	0	1,407,329	1,407,329
Liabilities evidenced by certificates	6,515,857	0	2,198,658	8,714,515	8,670,544
Subordinated capital	530,113	0	373,306	903,419	876,204
Total carrying amount 31 Dec. 2018	**31,757,348**	**1,407,329**	**3,535,536**	**36,700,213**	**36,579,897**

As at 31 Dec. 2018, Raiffeisenlandesbank Oberösterreich was given a Baa1 rating by Moody's. From the fair value changes in liabilities designated at fair value through profit or loss in the 2018 financial year, a cumulative portion amounting to EUR –11,602 thousand is due to losses in value stemming from changes caused by creditworthiness. Effects of changes in default risk are recorded in other comprehensive income. The remaining part of the change in fair value of the financial liabilities is recorded through profit and loss. In order to calculate the fair value change caused by creditworthiness, the fair value at the reporting date is compared with a fair value which is determined using historic premiums on the yield curves caused by credit risk at the start of the transaction and at the reporting date from the previous year. The business data and yield curves from the reporting date are used. The carrying amount of the liabilities designated at fair value through profit or loss amounts to EUR 3,535,536 thousand as at 31 Dec. 2018. EUR 1,895 thousand of accumulated profit or loss within equity was reclassified as a result of repayments or redemptions in the 2018 financial year.

The carrying amount of designated financial liabilities as at 31 Dec. 2018 was EUR 128,186 thousand higher than the repayment sum contractually agreed on.

Breakdown of the fair value of financial instruments as at 30 June 2019:

IN EUR '000	Financial instruments measured at fair value 30 June 2019	Thereof market prices listed in active markets (Level I)	Thereof valuation methods based on market data (Level II)	Thereof valuation methods not based on market data (Level III)
Measured at fair value through profit or loss (FVTPL)	3,535,976	91,988	2,710,115	733,873
Designated at fair value through profit or loss (FVO)	299,312	181,854	4,182	113,276
Measured at fair value through other comprehensive income (FVOCI)	4,430,175	3,971,884	458,291	0
Designated at fair value through other comprehensive income (FVOCI option)	0	0	0	0
Total financial assets measured at fair value	**8,265,463**	**4,245,726**	**3,172,588**	**847,149**
Measured at fair value through profit or loss (FVTPL)	1,770,340	0	1,770,340	0
Designated at fair value through profit or loss (FVO)	3,398,943	0	3,398,943	0
Total financial liabilities measured at fair value	**5,169,283**	**0**	**5,169,283**	**0**

Reclassifications between Level I and Level II in the first half of 2019:

Reclassifications between Level I and Level II take place at Raiffeisenlandesbank Oberösterreich as soon as there is a change in the input factors that are relevant for the classification in the measurement hierarchy. Reclassifications from Level I to Level II can result from the elimination of prices for identical assets listed on active exchanges. Reclassifications from Level II to Level I can result from the appearance of prices listed on active exchanges that previously did not exist.

There were neither reclassifications from Level I to Level II nor from Level II to Level I in the first half of 2019.

The calculation of translation reserves in the first half of 2019 of financial instruments measured at fair value in Level III:

IN EUR '000	Measured at fair value through profit or loss (FVTPL)	Designated at fair value through profit or loss (FVO)
As at 1 Jan. 2019	**797,412**	**103,452**
Purchases	5,553	4,384
Divestments	–16,662	–3,699
Change in the consolidated companies	0	0
Effective results	2,890	9,139
Effect-neutral results	0	0
Revalued at fair value	0	0
Reclassification to Level III	0	0
Reclassification from Level III	–55,320	0
As at 30 June 2019	**733,873**	**113,276**

There was no reclassification from Level II to Level III in the first half of 2019. The amount of income statement-related gains and losses recorded from recurring valuation of the fair value in Level III of the assets and liabilities found in the portfolio on the reporting date amounts to EUR +11,929 thousand.
Effective results from financial assets are essentially recognised in the income statement in the following items:
- Net income from financial instruments carried at fair value
- Gains and losses on other financial instruments

Effect-neutral results are recognised in the statement of comprehensive income and thus in the equity item "Retained earnings". This does not include disposal results and currency valuations from monetary financial instruments (debt instruments) which are recognised in the results from other financial instruments.

Sensitivity analysis as at 30 June 2019

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value gain –100 basis points IN %
Loans and advances	233,330	1.48%
Securities	274,860	16.64%
Equity investments	266,051	33.43%

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value loss +100 basis points IN %
Loans and advances	233,330	–7.76%
Securities	274,860	–11.69%
Equity investments	266,051	–24.17%

Credit spreads of by 100 basis points in each case are varied for all fixed-interest securities and loans and advances at fair value for the sensitivity analysis. New fair values were established based on this shift in credit spreads, either as an addition or a deduction in the discount curve in the valuation. The difference to the fair value originally established is shown in the table above in percentage values.

The sensitivity analysis for variable income securities and investments was likewise conducted based upon a shift in interest rates of +100 basis points or –100 basis points respectively. In the case of real estate values, the capitalisation interest rate was varied in accordance with the Net Asset Value Method. In the case of the remaining investments, the risk-free base interest rate or, in the case of the investments valued according to the DCF Method, the WACC was changed. The remaining valuation parameters remained constant in this process (e.g. no consideration was taken of the countervailing or dampening financing advantage generated from fixed interest rate agreements). The remaining valuation parameters remained constant in this process (e.g. no consideration was taken of the countervailing or dampening financing advantage generated from fixed interest rate agreements).

No interest rate shift was conducted for non-significant investments and non-fixed interest securities. The carrying amount or fair value of these financial assets (amounting to EUR 72,908 thousand) is consequently not included in the above table.

Breakdown of the fair value of financial instruments as at 31 Dec. 2018:

IN EUR '000	Financial instruments measured at fair value 31 Dec. 2018	Thereof market prices listed in active markets (Level I)	Thereof valuation methods based on market data (Level II)	Thereof valuation methods not based on market data (Level III)
Measured at fair value through profit or loss (FVTPL)	3,030,021	79,203	2,153,406	797,412
Designated at fair value through profit or loss (FVO)	319,732	210,052	6,228	103,452
Measured at fair value through other comprehensive income (FVOCI)	4,390,508	3,905,116	485,392	0
Designated at fair value through other comprehensive income (FVOCI option)	0	0	0	0
Total financial assets measured at fair value	**7,740,261**	**4,194,371**	**2,645,026**	**900,864**
Measured at fair value through profit or loss (FVTPL)	1,407,329	0	1,407,329	0
Designated at fair value through profit or loss (FVO)	3,535,536	0	3,535,536	0
Total financial liabilities measured at fair value	**4,942,865**	**0**	**4,942,865**	**0**

Reclassifications between Level I and Level II in the first half of 2018:

There were neither reclassifications from Level I to Level II nor from Level II to Level I in the first half of 2018.

The calculation of translation reserves in the first half of 2018 of financial instruments measured at fair value in Level III:

IN EUR '000	Measured at fair value through profit or loss (FVTPL)	Designated at fair value through profit or loss (FVO)
As at 1 Jan. 2018	**1,056,451**	**66,343**
Purchases	13,053	13,091
Divestments	–198,825	–4,279
Change in the consolidated companies	0	0
Effective results	–8,855	1,903
Effect-neutral results	0	0
Revalued at fair value	0	0
Reclassification to Level III	0	0
Reclassification from Level III	0	0
As at 30 June 2018	**861,824**	**77,058**

There was no reclassification from Level II to Level III in the first half of 2018. The amount of income statement-related gains and losses recorded from recurring valuation of the fair value in Level III of the assets and liabilities found in the portfolio in the first half of 2018 amounts to EUR –216 thousand.

Sensitivity analysis as at 31 Dec. 2018

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value gain –100 basis points IN %
Loans and advances	234,184	1.24%
Securities	288,266	16.64%
Equity investments	297,190	37.50%

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value loss +100 basis points IN %
Loans and advances	234,184	–7.58%
Securities	288,266	–11.69%
Equity investments	297,190	–27.22%

Valuation techniques and input factors for determining fair values

Level	Instrument	Types	Valuation technique	Input factors
II	Loans and advances to banks		Capital value oriented	Cash flows already fixed or determined using forward rates; observable yield curve; observable CDS spreads of counterparties; observable credit spreads for banks by rating category; external rating of counterparties
III	Loans and advances to banks		Capital value oriented	Input factors observable on the market: yield curve; cash flows already fixed or determined via forward rates; fund/liquidity costs; CDS sector curves by rating category; credit spreads for banks by rating category Input factors not observable on the market: internal rating classification of the counterparties; credit spreads calculated from risk and equity premiums based on internal calculations for the credit risk of the contracting parties *
II	Loans and advances to customers		Capital value oriented	Cash flows already fixed or determined using forward rates; observable yield curve; observable CDS spreads of contracting parties
III	Loans and advances to customers		Capital value oriented	Input factors observable on the market: yield curve; cash flows already fixed or determined via forward rates; fund/liquidity costs; CDS sector curves by rating category Input factors not observable on the market: internal rating classification of the counterparties; credit spreads calculated from risk and equity premiums based on internal calculations for the credit risk of the contracting parties *
II	Derivatives	Over the counter	Capital value oriented	Cash flows already fixed or determined using forward rates; observable yield curve; observable credit spreads of counterparties and own credit spread
I	Financial assets	Listed securities	Market value oriented	Stock market prices; prices quoted by market participants
II	Financial assets	Non-listed securities	Market value oriented	Prices quoted by market participants for equivalent financial instruments; cash flows already fixed or determined using forward rates; observable yield curve; credit spreads of comparable observable instruments
III	Financial assets	Non-listed securities	Capital value oriented	Input factors observable on the market: yield curve; cash flows already fixed or determined via forward rates; credit spreads by sector and rating categories Input factors not observable on the market: Internal rating classification of contracting parties
I	Financial assets	Shares	Market value oriented	Stock market price
III	Financial assets	Shares in non-consolidated subsidiaries, other investments and participation rights	Discounted Cashflow ("DCF")	Free cash flows Risk-free interest rate: interest rate structure of German federal bonds using the Svensson method Beta factor: beta factor derived from listed companies featuring similar risk (peer group) Market risk premium: based on the recommendation of the Professional Committee for Economics and Organisation of the Chamber of Chartered Accountants Return required from the lender: average borrowing costs for the peer group Leverage ratio: leverage ratio for the peer group
III	Financial assets	Shares in non-consolidated subsidiaries, other investments and participation rights	Dividend Discount Model ("DDM")	Dividends Risk-free interest rate: interest rate structure of German federal bonds using the Svensson method Beta factor: beta factor derived from listed companies featuring similar risk (peer group) Market risk premium: based on the recommendation of the Professional Committee for Economics and Organisation of the Chamber of Chartered Accountants
III	Financial assets	Shares in non-consolidated subsidiaries, other investments and participation rights	Net Asset Value ("NAV")	The NAV is used for the Sum of the Parts valuation ("SoP") for holding companies and their investments. The hidden reserves in the equity investments are added to the net asset value of the parent company. For holding companies, the value contribution of their operational divisions was generally taken into account.
II	Amounts owed to banks		Capital value oriented	Cash flows already fixed or determined using forward rates; observable yield curve; observable liquidity costs (differentiation by maturity and collateral/seniority) which also include own credit risk
II	Amounts owed to customers		Capital value oriented	Cash flows already fixed or determined using forward rates; observable yield curve; observable liquidity costs (differentiation by maturity and collateral/seniority) which also include own credit risk
I	Liabilities evidenced by certificates		Market value oriented	prices quoted by market participants
II	Liabilities evidenced by certificates		Capital value oriented	Cash flows already fixed or determined using forward rates; observable yield curve; observable liquidity costs (differentiation by maturity and collateral/seniority) which also include own credit risk
II	Subordinate capital		Capital value oriented	Cash flows already fixed or determined using forward rates; observable yield curve; observable liquidity costs (differentiation by maturity and collateral/seniority) which also include own credit risk

* The risk premiums are calculated on the basis of IFRS 9 Point-in-Time Default Probabilities (PD-PIT) per customer type and rating and IFRS 9 Point-in-Time Loss Given Default Values (LGD-PIT), which are also used for the calculation of the statement of financial position loan loss allowance and staging in accordance with IFRS 9.
The equity premiums are calculated on the basis of the return claim on the economic capital under Pillar 2, which is also included in the contribution margin calculation and customer pricing as imputed equity costs. The amount of the interest claim is determined by the Managing Board.

Hedge Accounting

Hedging transactions as at 30 June 2019

IN EUR '000	Term of hedging transactions			
	up to 3 months	3 months to 1 year	1 to 5 years	over 5 years
Fair value hedges – Assets				
Nominal amount	5,000	65,461	1,725,359	3,428,508
Fair value hedges – Liabilities				
Nominal amount	70,000	58,500	1,202,243	1,383,935

Hedging instruments as at 30 June 2019 or in the first half of 2019

IN EUR '000	Carrying amount of hedging instruments 30 June 2019	Nominal amount 30 June 2019	Change in the fair value which is used as the basis for recording hedge ineffectiveness 1 Jan. – 30 Dec. 2019
Fair value hedge derivatives – Assets			
Fixed interest rate risk			
Interest rate swaps	458,637	5,217,328	229,284
Swaptions	17	7,000	1
Fair value hedge derivatives – Liabilities			
Fixed interest rate risk			
Interest rate swaps	266,005	2,702,678	–73,380
Swaptions	0	12,000	4

Underlying transactions as at 30 June 2019 or in the first half of 2019

IN EUR '000	Carrying amount of the underlying transactions 30 June 2019	Accumulated amount of the hedge adjustment in the carrying amount of the underlying transaction 30 June 2019	Change in the value of the underlying transaction which is used as the basis for recording hedge ineffectiveness in the period 1 Jan. – 30 Dec. 2019
Fair value hedge derivatives – Assets			
Fixed interest rate risk			
Loans and advances to banks	52,988	2,960	2,441
Loans and advances to customers	692,669	36,160	28,710
Financial assets	2,191,308	126,588	49,223
Fair value hedge derivatives – Liabilities			
Fixed interest rate risk			
Amounts owed to banks	650,518	28,254	–17,068
Amounts owed to customers	583,666	69,172	–30,729
Liabilities evidenced by certificates	4,333,667	326,355	–179,016
Subordinated capital	186,452	6,883	–8,861

Ineffective in the first half of 2019

IN EUR '000	Hedge ineffectiveness 1 Jan. – 30 Dec. 2019
Fair value hedges – Assets	
Fixed interest rate risk	
Loans and advances to banks	–24
Loans and advances to customers	–211
Financial assets	–513
Fair value hedges – Liabilities	
Fixed interest rate risk	
Amounts owed to banks	–14
Amounts owed to customers	592
Liabilities evidenced by certificates	1,477
Subordinated capital	–698

Hedging transactions as at 30 June 2018

	Term of hedging transactions			
IN EUR '000	up to 3 months	3 months to 1 year	1 to 5 years	over 5 years
Fair value hedges – Assets				
Nominal amount	20,060	35,000	741,460	1,957,456
Fair value hedges – Liabilities				
Nominal amount	0	162,500	1,367,429	1,825,193

Hedging instruments as at 30 June 2018 or in the first half of 2018

IN EUR '000	Carrying amount of hedging instruments 30 June 2018	Nominal amount 30 June 2018	Change in the fair value which is used as the basis for recording hedge ineffectiveness 1 Jan. – 30 Dec. 2018
Fair value hedge derivatives – Assets			
Fixed interest rate risk			
Interest rate swaps	214,199	2,746,976	6,016
Swaptions	11	7,000	19
Fair value hedge derivatives – Liabilities			
Fixed interest rate risk			
Interest rate swaps	204,269	3,343,122	4,296
Swaptions	13	12,000	18

Underlying transactions as at 30 June 2018 or in the first half of 2018

IN EUR '000	Carrying amount of the underlying transactions 30 June 2018	Accumulated amount of the hedge adjustment in the carrying amount of the underlying transaction 30 June 2018	Change in the value of the underlying transaction which is used as the basis for recording hedge ineffectiveness in the period 1 Jan. – 30 Dec. 2018
Fair value hedge derivatives – Assets			
Fixed interest rate risk			
Loans and advances to banks	5,053	48	48
Loans and advances to customers	375,822	4,680	625
Financial assets	2,144,993	73,233	3,169
Fair value hedge derivatives – Liabilities			
Fixed interest rate risk			
Amounts owed to banks	579,737	8,954	–3,621
Amounts owed to customers	535,764	37,453	–1,550
Liabilities evidenced by certificates	2,831,043	134,423	–9,452
Subordinated capital	105,967	–2,170	–150

Ineffective in the first half of 2018

IN EUR '000	Hedge ineffectiveness 1 Jan. – 30 Dec. 2018
Fair value hedge derivatives – Assets	
Fixed interest rate risk	
Loans and advances to banks	2
Loans and advances to customers	–173
Financial assets	100
Fair value hedge derivatives – Liabilities	
Fixed interest rate risk	
Amounts owed to banks	–171
Amounts owed to customers	–172
Liabilities evidenced by certificates	–289
Subordinated capital	121

Non-significant modifications

Non-significant modifications in the first half of 2019

IN EUR '000	Amortised cost before modification	Modification profit	Modification loss	Net result
Financial assets measured at amortised cost	**60,194**	**11**	**–182**	**–171**
Loans and advances to banks	0	0	0	0
Loans and advances to customers	60,194	11	–182	–171
Financial assets	0	0	0	0
Financial assets measured at fair value through other comprehensive income	**0**	**0**	**0**	**0**
Financial assets	0	0	0	0
Total H1 2019	**60,194**	**11**	–182	–171

Non-significant modifications in the first half of 2018

IN EUR '000	Amortised cost before modification	Modification profit	Modification loss	Net result
Financial assets measured at amortised cost	**128,557**	**1,709**	**–1,286**	**423**
Loans and advances to banks	0	0	0	0
Loans and advances to customers	128,557	1,709	–1,286	423
Financial assets	0	0	0	0
Financial assets measured at fair value through other comprehensive income	**0**	**0**	**0**	**0**
Financial assets	0	0	0	0
Total H1 2018	**128,557**	**1,709**	–1,286	423

All non-significant modifications presented in the tables above relate to financial assets previously found in Stage 1. There were no financial assets with non-significant modification that were transferred from Stage 2 to Stage 1 in either the first half of 2018 or the first half of 2019.

Derecognition of financial assets in the "Measured at amortised cost" category

Financial assets in the "Measured at amortised cost" category in the amount of EUR 5,454 thousand (H1 2018: EUR 21,013 thousand), for which individual value adjustments were made in accordance with Stage 3, were sold in the first half of 2019. The derecognition resulted in profits in the amount of EUR +6,586 thousand (H1 2018: EUR +8,689 thousand) and losses in the amount of EUR 0 thousand (H1 2018: EUR –858 thousand), which are shown in the item "Loan loss allowances" in the Income statement. In addition, there was derecognition in both the loan and securities portfolio due to amortisations and redemptions.

Possible effects of netting agreements

The following tables contain information on the offsetting effects on the consolidated statement of financial position and the financial implications of a set-off in the case of instruments which are subject to a netting framework agreement or a similar arrangement, as well as information on cash collaterals.

Assets

IN EUR '000	Financial assets (gross) = recognised financial assets (net)	Unrecognised amounts: Effect of offsetting framework agreements	Unrecognised amounts: Cash collateral	Net amount
Loans and advances to banks	8,603,780	–114,308	–533,926	7,955,546
Positive fair values generated from derivative financial instruments	2,253,249	–1,106,332	–407,851	739,066
Total 30 June 2019	**10,857,029**	**–1,220,640**	**–941,777**	**8,694,612**

IN EUR '000	Financial assets (gross) = recognised financial assets (net)	Unrecognised amounts: Effect of offsetting framework agreements	Unrecognised amounts: Cash collateral	Net amount
Loans and advances to banks	8,255,104	–112,820	–539,172	7,603,112
Positive fair values generated from derivative financial instruments	1,739,902	–860,308	–412,938	466,656
Total 31 Dec. 2018	**9,995,006**	**–973,128**	**–952,110**	**8,069,768**

Liabilities

IN EUR '000	Financial liabilities (gross) = recognised financial liabilities (net)	Unrecognised amounts: Effect of offsetting framework agreements	Unrecognised amounts: Cash collateral	Net amount
Amounts owed to banks	13,553,278	–114,308	–419,483	13,019,487
Negative fair values from derivative financial instruments	1,770,340	–1,106,332	–522,293	141,715
Total 30 June 2019	**15,323,618**	**–1,220,640**	**–941,776**	**13,161,202**

IN EUR '000	Financial liabilities (gross) = recognised financial liabilities (net)	Unrecognised amounts: Effect of offsetting framework agreements	Unrecognised amounts: Cash collateral	Net amount
Amounts owed to banks	12,955,054	–112,820	–420,769	12,421,465
Negative fair values from derivative financial instruments	1,407,329	–860,308	–531,341	15,680
Total 31 Dec. 2018	**14,362,383**	**–973,128**	**–952,110**	**12,437,145**

The column “Effect of offsetting framework agreements” shows the amounts that are the subject of a valid netting framework agreement, but are not billed because of the non-fulfilment of the prerequisites. Offsetting framework agreements are of particular relevance for counter-parties with several returns from derivatives. In the event of a counter-party defaulting, these agreements lead to a net settlement being made for all contracts.

The “Cash collateral” column contains the amounts of cash collateral received or given – with reference to the total for assets and liabilities. These collateral instruments are allotted according to how the market values of derivatives develop (positively or negatively).

The offsetting possibilities within the remaining cash collateral will also be taken into account in the disclosure of “cash collateral” along with the offsetting of fair value surpluses with cash collateral.

12. Cash and cash equivalents

IN EUR '000	30 June 2019	31 Dec. 2018
Cash in hand	30,258	35,181
Balances at central banks	60,491	36,271
Total	**90,749**	**71,452**

13. Loans and advances to banks

IN EUR '000	30 June 2019	31 Dec. 2018
Loans and advances to central banks	2,867,970	2,600,026
Payment on demand loans and advances to banks	3,398,137	3,216,509
Money market transactions	949,757	1,007,821
Loans to banks	779,777	796,718
Purchased receivables	608,139	634,030
Total	**8,603,780**	**8,255,104**
In Austria	7,155,117	6,933,295
Abroad	1,448,663	1,321,809
Total	**8,603,780**	**8,255,104**

14. Loans and advances to customers

IN EUR '000	30 June 2019	31 Dec. 2018
Money-market transactions	1,065,808	943,697
Loan transactions	18,299,408	17,709,213
Mortgage loans	135,694	143,899
Covering loans	817,256	773,167
Purchased receivables	640,317	663,495
Lease financing	2,196,753	2,101,996
Others	27,555	39,381
Total	**23,182,791**	**22,374,848**
In Austria	14,217,221	13,990,147
Abroad	8,965,570	8,384,701
Total	**23,182,791**	**22,374,848**

15. Loan loss allowances 1 Jan. – 30 June 2019

IN EUR '000	As at 1 Jan. 2019	Allocations as a result of additions	Reversals as a result of disposals	Changes due to changed default risk without stage transfer or with stage transfer between Stage 2 and Stage 3	
				Allocations	Reversals
Loans and advances to banks	**591**	**20**	**–22**	**0**	**–84**
thereof Stage 1 – Non POCI	295	20	–22	0	–80
thereof Stage 2 – Non POCI	4	0	0	0	–4
thereof Stage 3 – Non POCI	292	0	0	0	0
thereof POCI	0	0	0	0	0
Loans and advances to customers – excl. lease financing	**271,744**	**11,525**	**–14,690**	**15,682**	**–5,983**
thereof Stage 1 – Non POCI	28,544	3,295	–523	0	–2,366
thereof Stage 2 – Non POCI	31,146	981	–341	0	–2,391
thereof Stage 3 – Non POCI	210,833	3,389	–13,700	15,594	0
thereof POCI	1,221	3,860	–126	88	–1,226
Loans and advances to customers – Lease financing	**39,087**	**1,496**	**–1,022**	**1,081**	**–2,476**
thereof Stage 1 – Non POCI	4,754	1,015	–124	0	–1,208
thereof Stage 2 – Non POCI	3,620	135	–191	0	–1,070
thereof Stage 3 – Non POCI	30,713	346	–707	1,081	–198
thereof POCI	0	0	0	0	0
Financial assets – excluding FVOCI	**126**	**6**	**–7**	**0**	**–15**
thereof Stage 1 – Non POCI	126	6	–7	0	–15
thereof Stage 2 – Non POCI	0	0	0	0	0
thereof Stage 3 – Non POCI	0	0	0	0	0
thereof POCI	0	0	0	0	0
Financial assets – FVOCI	**5,355**	**30**	**–2**	**0**	**–2,387**
thereof Stage 1 – Non POCI	1,275	30	–2	0	–963
thereof Stage 2 – Non POCI	4,080	0	0	0	–1,424
thereof Stage 3 – Non POCI	0	0	0	0	0
thereof POCI	0	0	0	0	0
Subtotal	**316,903**	**13,077**	**–15,743**	**16,763**	**–10,945**
Provisions for off-balance-sheet obligations	**54,720**	**3,617**	**–14,390**	**1,383**	**–7,834**
thereof Stage 1 – Non POCI	5,792	1,055	–387	0	–1,281
thereof Stage 2 – Non POCI	1,874	214	–24	0	–619
thereof Stage 3 – Non POCI	47,054	2,348	–13,979	1,383	–5,934
thereof POCI	0	0	0	0	0
Total	**371,623**	**16,694**	**–30,133**	**18,146**	**–18,779**

In the column "Other adjustments", an effect from revaluations not affecting income in connection with the statement of financial position item "Other adjustments" is shown which reduces the allowance for possible loan losses. Currency conversions of foreign subsidiaries amounting to EUR –40 thousand.

Changes due to changed default risk with stage transfer between Stage 1 and Stage 2 or Stage 3							
Allocations	Reversals	Reclassifica-tions due to stage transfer	Changes due to modification	Other adjustments	Utilised	Change in basis of consolidation	As at 30 June 2019
0	**0**	**0**	**0**	**1**	**0**	**0**	**506**
0	0	0	0	1	0	0	214
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	292
0	0	0	0	0	0	0	0
10,493	**–5,638**	**0**	**7**	**82**	**–25,780**	**0**	**257,442**
0	–4,705	4,394	7	23	0	0	28,669
3,348	0	–2,912	0	1	–3	0	29,829
7,143	0	–1,482	0	53	–25,777	0	196,053
2	–933	0	0	5	0	0	2,891
2,874	**–427**	**0**	**0**	**–19**	**–2,084**	**–10**	**38,500**
0	–427	15	0	4	0	–10	4,019
1,073	0	–165	0	5	0	0	3,407
1,801	0	150	0	–28	–2,084	0	31,074
0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**110**
0	0	0	0	0	0	0	110
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	**–309**	**0**	**0**	**0**	**0**	**0**	**2,687**
0	–309	327	0	0	0	0	358
0	0	–327	0	0	0	0	2,329
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
13,367	**–6,374**	**0**	**7**	**64**	**–27,864**	**–10**	**299,245**
372	**–801**	**0**	**0**	**31**	**0**	**0**	**37,098**
0	–801	771	0	7	0	0	5,156
211	0	–204	0	1	0	0	1,453
161	0	–567	0	23	0	0	30,489
0	0	0	0	0	0	0	0
13,739	**–7,175**	**0**	**7**	**95**	**–27,864**	**–10**	**336,343**

Loan loss allowances 1 Jan. – 30 June 2018

IN EUR '000	As at 1 Jan. 2018	Allocations as a result of additions	Reversals as a result of disposals	Changes due to changed default risk without stage transfer or with stage transfer between Stage 2 and Stage 3	
				Allocations	Reversals
Loans and advances to banks	**2,781**	**210**	**–296**	**11**	**–1,515**
thereof Stage 1 – Non POCI	2,487	210	–296	11	–1,514
thereof Stage 2 – Non POCI	2	0	0	0	–1
thereof Stage 3 – Non POCI	292	0	0	0	0
thereof POCI	0	0	0	0	0
Loans and advances to customers – excl. lease financing	**308,311**	**17,378**	**–3,470**	**11,697**	**–14,489**
thereof Stage 1 – Non POCI	24,778	8,737	–1,293	3,459	–95
thereof Stage 2 – Non POCI	37,917	987	–1,426	122	–791
thereof Stage 3 – Non POCI	245,616	7,026	–751	5,753	–12,481
thereof POCI	0	628	0	2,363	–1,122
Loans and advances to customers – Lease financing	**65,588**	**2,538**	**–1,562**	**2,281**	**–1,986**
thereof Stage 1 – Non POCI	2,838	1,187	–76	1,057	–4
thereof Stage 2 – Non POCI	2,674	129	–55	395	–134
thereof Stage 3 – Non POCI	60,076	1,222	–1,431	829	–1,848
thereof POCI	0	0	0	0	0
Financial assets – excluding FVOCI	**48**	**0**	**–2**	**111**	**0**
thereof Stage 1 – Non POCI	48	0	–2	111	0
thereof Stage 2 – Non POCI	0	0	0	0	0
thereof Stage 3 – Non POCI	0	0	0	0	0
thereof POCI	0	0	0	0	0
Financial assets – FVOCI	**3,047**	**82**	**–22**	**1,104**	**–202**
thereof Stage 1 – Non POCI	1,537	82	–22	7	–202
thereof Stage 2 – Non POCI	1,510	0	0	1,097	0
thereof Stage 3 – Non POCI	0	0	0	0	0
thereof POCI	0	0	0	0	0
Subtotal	**379,775**	**20,208**	**–5,352**	**15,204**	**–18,192**
Provisions for off-balance-sheet obligations	**32,884**	**5,426**	**–816**	**497**	**–7,804**
thereof Stage 1 – Non POCI	3,814	2,807	–729	401	–209
thereof Stage 2 – Non POCI	1,788	273	–59	1	–298
thereof Stage 3 – Non POCI	27,282	2,180	–28	95	–7,297
thereof POCI	0	166	0	0	0
Total	**412,659**	**25,634**	**–6,168**	**15,701**	**–25,996**

In addition to changes recognised in profit or loss, the “Other adjustments” column also includes positive revaluations that have no effect on income in conjunction with currency conversions of foreign subsidiaries amounting to EUR +572 thousand.

Changes due to changed default risk with stage transfer between Stage 1 and Stage 2 or Stage 3		Reclassifications due to stage transfer	Changes due to modification	Other adjustments	Utilised	Change in basis of consolidation	As at 30 June 2018
Allocations	Reversals						
0	**0**	**0**	**0**	**–15**	**0**	**0**	**1,176**
0	0	0	0	–16	0	0	882
0	0	0	0	1	0	0	2
0	0	0	0	0	0	0	292
0	0	0	0	0	0	0	0
9,982	**–1,456**	**0**	**146**	**–890**	**–39,714**	**0**	**287,495**
0	–1,373	1,295	42	–715	–2	0	34,833
2,497	0	–1,257	84	–124	–2	0	38,007
7,485	0	–38	20	–50	–39,710	0	212,870
0	–83	0	0	–1	0	0	1,785
3,075	**–1,043**	**0**	**0**	**–527**	**–10,789**	**0**	**57,575**
2	–1,043	1,349	0	–30	0	0	5,280
1,656	0	–1,101	0	–23	0	0	3,541
1,417	0	–248	0	–474	–10,789	0	48,754
0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**157**
0	0	0	0	0	0	0	157
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
935	**0**	**0**	**0**	**–15**	**0**	**0**	**4,929**
0	0	–146	0	–16	0	0	1,240
935	0	146	0	1	0	0	3,689
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
13,992	**–2,499**	**0**	**146**	**–1,447**	**–50,503**	**0**	**351,332**
1,798	**–40**	**0**	**0**	**–194**	**0**	**0**	**31,751**
0	–40	21	0	–137	0	0	5,928
118	0	–5	0	–59	0	0	1,759
1,680	0	–16	0	2	0	0	23,898
0	0	0	0	0	0	0	166
15,790	**–2,539**	**0**	**146**	**–1,641**	**–50,503**	**0**	**383,083**

Significant changes in the gross carrying amount for 1 Jan. – 30 June 2019

Gross carrying amount IN EUR '000	As at 1 Jan. 2019	Additions, disposals, balance changes	Reclassifica-tions due to stage transfer	Utilised	Direct amortisations	Other adjustments	As at 30 June 2019
Loans and advances to banks	**7,860,071**	**377,055**	**0**	**0**	**0**	**0**	**8,237,126**
thereof Stage 1 – Non POCI	7,835,880	387,584	9,581	0	0	0	8,233,045
thereof Stage 2 – Non POCI	23,899	–10,529	–9,581	0	0	0	3,789
thereof Stage 3 – Non POCI	292	0	0	0	0	0	292
thereof POCI	0	0	0	0	0	0	0
Loans and advances to customers – excl. lease financing	**20,310,766**	**732,337**	**0**	**–25,780**	**–6,836**	**0**	**21,010,487**
thereof Stage 1 – Non POCI	18,444,474	819,332	–172,674	0	–2,566	0	19,088,566
thereof Stage 2 – Non POCI	1,351,169	–38,074	136,562	–3	–16	0	1,449,638
thereof Stage 3 – Non POCI	441,949	–48,934	36,112	–25,777	–4,254	0	399,096
thereof POCI	73,174	12	0	0	0	0	73,187
Loans and advances to customers – Lease financing	**2,141,084**	**96,336**	**0**	**–2,084**	**–82**	**0**	**2,235,254**
thereof Stage 1 – Non POCI	1,929,259	137,428	–75,062	0	–2	0	1,991,623
thereof Stage 2 – Non POCI	132,229	–25,490	52,284	0	0	0	159,023
thereof Stage 3 – Non POCI	79,596	–15,602	22,778	–2,084	–80	0	84,608
thereof POCI	0	0	0	0	0	0	0
Financial assets – excluding FVOCI	**306,171**	**–13,850**	**0**	**0**	**0**	**0**	**292,321**
thereof Stage 1 – Non POCI	306,171	–13,850	0	0	0	0	292,321
thereof Stage 2 – Non POCI	0	0	0	0	0	0	0
thereof Stage 3 – Non POCI	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0
Financial assets – FVOCI	**4,152,858**	**–73,900**	**0**	**0**	**0**	**0**	**4,078,958**
thereof Stage 1 – Non POCI	4,095,362	–73,942	2,742	0	0	0	4,024,162
thereof Stage 2 – Non POCI	57,496	42	–2,742	0	0	0	54,796
thereof Stage 3 – Non POCI	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0
Subtotal	**34,770,950**	**1,117,978**	**0**	**–27,864**	**–6,918**	**0**	**35,854,146**
Off-balance-sheet commitments	**8,682,640**	**77,921**	**0**	**0**	**0**	**0**	**8,760,561**
thereof Stage 1 – Non POCI	8,364,654	125,435	–75,298	0	0	0	8,414,791
thereof Stage 2 – Non POCI	193,204	–14,366	71,030	0	0	0	249,868
thereof Stage 3 – Non POCI	124,782	–33,148	4,268	0	0	0	95,902
thereof POCI	0	0	0	0	0	0	0
Total	**43,453,590**	**1,195,899**	**0**	**–27,864**	**–6,918**	**0**	**44,614,707**

Significant changes in the gross carrying amount for 1 Jan. – 30 June 2018

Gross carrying amount IN EUR '000	As at 1 Jan. 2018	Additions, disposals, balance changes	Reclassifications due to stage transfer	Utilised	Direct amortisations	Other adjustments	As at 30 June 2018
Loans and advances to banks	**7,893,563**	**–639,911**	**0**	**0**	**0**	**0**	**7,253,652**
of which Stage 1	7,879,715	–630,674	–18	0	0	0	7,249,023
of which Stage 2	13,556	–9,237	18	0	0	0	4,337
of which Stage 3	292	0	0	0	0	0	292
thereof POCI	0	0	0	0	0	0	0
Loans and advances to customers – excl. lease financing	**18,019,056**	**1,381,220**	**0**	**–39,715**	**–1,438**	**0**	**19,359,123**
of which Stage 1	16,281,860	1,423,441	–110,891	–2	–25	0	17,594,383
of which Stage 2	1,187,474	31,349	26,174	–3	–8	0	1,244,986
of which Stage 3	463,628	–73,208	84,717	–39,710	–1,405	0	434,022
thereof POCI	86,094	–362	0	0	0	0	85,732
Loans and advances to customers – Lease financing	**2,113,445**	**45,885**	**0**	**–10,788**	**–284**	**0**	**2,148,258**
of which Stage 1	1,828,665	92,190	3,488	0	–52	0	1,924,291
of which Stage 2	147,036	–15,242	–10,563	0	–14	0	121,217
of which Stage 3	137,744	–31,063	7,075	–10,788	–218	0	102,750
thereof POCI	0	0	0	0	0	0	0
Financial assets – excluding FVOCI	**373,144**	**–47,481**	**0**	**0**	**0**	**0**	**325,663**
of which Stage 1	373,144	–47,481	0	0	0	0	325,663
of which Stage 2	0	0	0	0	0	0	0
of which Stage 3	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0
Financial assets – FVOCI	**4,089,053**	**87,148**	**0**	**0**	**0**	**0**	**4,176,201**
of which Stage 1	4,056,632	83,516	–21,715	0	0	0	4,118,433
of which Stage 2	32,421	3,632	21,715	0	0	0	57,768
of which Stage 3	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0
Subtotal	**32,488,261**	**826,861**	**0**	**–50,503**	**–1,722**	**0**	**33,262,897**
Off-balance-sheet commitments	**8,284,849**	**240,671**	**0**	**0**	**0**	**0**	**8,525,520**
of which Stage 1	8,021,088	310,314	–43,380	0	0	0	8,288,022
of which Stage 2	152,461	–32,139	23,976	0	0	0	144,298
of which Stage 3	111,300	–37,504	19,404	0	0	0	93,200
thereof POCI	0	0	0	0	0	0	0
Total	**40,773,110**	**1,067,532**	**0**	**–50,503**	**–1,722**	**0**	**41,788,417**

Sensitivity analysis for loan loss allowances as at 30 June 2019

PD Shift +25%: The lifetime PD is increased by 25% for each position. All positions that exceed both thresholds for the quantitative stage transfer criterion due to their modified lifetime PD, are assigned to Stage 2. To calculate the loan loss allowances, the new stage will be used according to the lifetime expected loss and increased by 25% due to the PD shift.
For all other positions and the positions with "simplified approach", the stage remains the same; only the loan loss allowance increases by 25% due to the PD shift.

PD Shift –25%: The lifetime PD is reduced by 25% for each position. All positions that fall below one of the two thresholds for the quantitative stage transfer criterion due to their modified lifetime PD, are in default of payment for less than 30 days and exhibit none of the defined early warning indicators, are assigned to Stage 1. To calculate loan loss allowances, the new stage will be used in accordance with the One-year-expected Loss and reduced by 25% during the PD shift.
For all other positions and the positions with "simplified approach", the stage remains the same; only the loan loss allowances decrease by 25% due to the PD shift.

LGD Shift +/–25%: The loss ratio was increased or decreased by 25% for each position. Commensurately, loan loss allowances also changed by 25%.

IN EUR '000	As at 30 June 2019	Delta	Status PD +25%
Loans and advances to banks	**214**	**54**	**268**
thereof Stage 1 – Non POCI	214	54	268
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Loans and advances to customers – excl. lease financing	**58,498**	**20,903**	**79,401**
thereof Stage 1 – Non POCI	26,609	6,606	33,215
thereof Stage 1 with transfer in Stage 2 – Non POCI	2,060	6,865	8,925
thereof Stage 2 – Non POCI	29,829	7,432	37,261
Loans and advances to customers – Lease financing	**7,426**	**3,169**	**10,595**
thereof Stage 1 – Non POCI	3,518	807	4,325
thereof Stage 1 with transfer in Stage 2 – Non POCI	501	1,535	2,036
thereof Stage 2 – Non POCI	3,407	827	4,234
Financial assets – excluding FVOCI	**110**	**27**	**137**
thereof Stage 1 – Non POCI	110	27	137
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Financial assets – FVOCI	**2,687**	**672**	**3,359**
thereof Stage 1 – Non POCI	358	90	448
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	2,329	582	2,911
Subtotal	**68,935**	**24,825**	**93,760**
Provisions for off-balance-sheet obligations	**6,609**	**1,788**	**8,397**
thereof Stage 1 – Non POCI	4,923	1,228	6,151
thereof Stage 1 with transfer in Stage 2 – Non POCI	233	197	430
thereof Stage 2 – Non POCI	1,453	363	1,816
Total	**75,544**	**26,613**	**102,157**

IN EUR '000	As at 30 June 2019	Delta	Status PD –25%
Loans and advances to banks	**214**	**–54**	**160**
thereof Stage 1 – Non POCI	214	–54	160
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Loans and advances to customers – excl. lease financing	**58,498**	**–16,088**	**42,410**
thereof Stage 1 – Non POCI	28,669	–7,172	21,497
thereof Stage 2 with transfer in Stage 1 – Non POCI	2,817	–2,165	652
thereof Stage 2 – Non POCI	27,012	–6,751	20,261
Loans and advances to customers – Lease financing	**7,426**	**–2,146**	**5,280**
thereof Stage 1 – Non POCI	4,019	–998	3,021
thereof Stage 2 with transfer in Stage 1 – Non POCI	757	–487	270
thereof Stage 2 – Non POCI	2,650	–661	1,989
Financial assets – excluding FVOCI	**110**	**–27**	**83**
thereof Stage 1 – Non POCI	110	–27	83
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Financial assets – FVOCI	**2,687**	**–672**	**2,015**
thereof Stage 1 – Non POCI	358	–90	268
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	2,329	–582	1,747
Subtotal	**68,935**	**–18,987**	**49,948**
Provisions for off-balance-sheet obligations	**6,609**	**–1,686**	**4,923**
thereof Stage 1 – Non POCI	5,156	–1,289	3,867
thereof Stage 2 with transfer in Stage 1 – Non POCI	121	–64	57
thereof Stage 2 – Non POCI	1,332	–333	999
Total	**75,544**	**–20,673**	**54,871**

IN EUR '000	As at 30 June 2019	Delta	Status LGD +25%
Loans and advances to banks	**214**	**54**	**268**
thereof Stage 1 – Non POCI	214	54	268
thereof Stage 2 – Non POCI	0	0	0
Loans and advances to customers – excl. lease financing	**58,498**	**14,502**	**73,000**
thereof Stage 1 – Non POCI	28,669	7,167	35,836
thereof Stage 2 – Non POCI	29,829	7,335	37,164
Loans and advances to customers – Lease financing	**7,426**	**1,851**	**9,277**
thereof Stage 1 – Non POCI	4,019	1,002	5,021
thereof Stage 2 – Non POCI	3,407	849	4,256
Financial assets – excluding FVOCI	**110**	**27**	**137**
thereof Stage 1 – Non POCI	110	27	137
thereof Stage 2 – Non POCI	0	0	0
Financial assets – FVOCI	**2,687**	**672**	**3,359**
thereof Stage 1 – Non POCI	358	90	448
thereof Stage 2 – Non POCI	2,329	582	2,911
Subtotal	**68,935**	**17,106**	**86,041**
Provision for off-balance-sheet obligations	**6,609**	**1,652**	**8,261**
thereof Stage 1 – Non POCI	5,156	1,289	6,445
thereof Stage 2 – Non POCI	1,453	363	1,816
Total	**75,544**	**18,758**	**94,302**

IN EUR '000	As at 30 June 2019	Delta	Status LGD –25%
Loans and advances to banks	**214**	**–54**	**160**
thereof Stage 1 – Non POCI	214	–54	160
thereof Stage 2 – Non POCI	0	0	0
Loans and advances to customers – excl. lease financing	**58,498**	**–14,502**	**43,996**
thereof Stage 1 – Non POCI	28,669	–7,167	21,502
thereof Stage 2 – Non POCI	29,829	–7,335	22,494
Loans and advances to customers – Lease financing	**7,426**	**–1,851**	**5,575**
thereof Stage 1 – Non POCI	4,019	–1,002	3,017
thereof Stage 2 – Non POCI	3,407	–849	2,558
Financial assets – excluding FVOCI	**110**	**–27**	**83**
thereof Stage 1 – Non POCI	110	–27	83
thereof Stage 2 – Non POCI	0	0	0
Financial assets – FVOCI	**2,687**	**–672**	**2,015**
thereof Stage 1 – Non POCI	358	–90	268
thereof Stage 2 – Non POCI	2,329	–582	1,747
Subtotal	**68,935**	**–17,106**	**51,829**
Provision for off-balance-sheet obligations	**6,609**	**–1,652**	**4,957**
thereof Stage 1 – Non POCI	5,156	–1,289	3,867
thereof Stage 2 – Non POCI	1,453	–363	1,090
Total	**75,544**	**–18,758**	**56,786**

Sensitivity analysis for loan loss allowances as at 31 Dec. 2018

IN EUR '000	As at 31 Dec. 2018	Delta	Status PD +25%
Loans and advances to banks	**299**	**75**	**374**
thereof Stage 1 – Non POCI	295	74	369
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	4	1	5
Loans and advances to customers – excl. lease financing	**59,690**	**22,624**	**82,314**
thereof Stage 1 – Non POCI	26,370	6,592	32,962
thereof Stage 1 with transfer in Stage 2 – Non POCI	2,174	8,246	10,420
thereof Stage 2 – Non POCI	31,146	7,786	38,932
Loans and advances to customers – Lease financing	**8,374**	**2,486**	**10,860**
thereof Stage 1 – Non POCI	4,523	1,130	5,653
thereof Stage 1 with transfer in Stage 2 – Non POCI	231	461	692
thereof Stage 2 – Non POCI	3,620	895	4,515
Financial assets – excluding FVOCI	**126**	**287**	**413**
thereof Stage 1 – Non POCI	70	18	88
thereof Stage 1 with transfer in Stage 2 – Non POCI	56	269	325
thereof Stage 2 – Non POCI	0	0	0
Financial assets – FVOCI	**5,355**	**3,586**	**8,941**
thereof Stage 1 – Non POCI	1,100	275	1,375
thereof Stage 1 with transfer in Stage 2 – Non POCI	175	2,291	2,466
thereof Stage 2 – Non POCI	4,080	1,020	5,100
Subtotal	**73,844**	**29,058**	**102,902**
Provisions for off-balance-sheet obligations	**7,666**	**2,066**	**9,732**
thereof Stage 1 – Non POCI	5,650	1,412	7,062
thereof Stage 1 with transfer in Stage 2 – Non POCI	142	185	327
thereof Stage 2 – Non POCI	1,874	469	2,343
Total	**81,510**	**31,124**	**112,634**

IN EUR '000	As at 31 Dec. 2018	Delta	Status PD –25%
Loans and advances to banks	**299**	**–74**	**225**
thereof Stage 1 – Non POCI	295	–73	222
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	4	–1	3
Loans and advances to customers – excl. lease financing	**59,690**	**–17,048**	**42,642**
thereof Stage 1 – Non POCI	28,544	–7,136	21,408
thereof Stage 2 with transfer in Stage 1 – Non POCI	3,999	–3,126	873
thereof Stage 2 – Non POCI	27,147	–6,786	20,361
Loans and advances to customers – Lease financing	**8,374**	**–2,349**	**6,025**
thereof Stage 1 – Non POCI	4,754	–1,188	3,566
thereof Stage 2 with transfer in Stage 1 – Non POCI	685	–437	248
thereof Stage 2 – Non POCI	2,935	–724	2,211
Financial assets – excluding FVOCI	**126**	**–32**	**94**
thereof Stage 1 – Non POCI	126	–32	94
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Financial assets – FVOCI	**5,355**	**–1,426**	**3,929**
thereof Stage 1 – Non POCI	1,275	–319	956
thereof Stage 2 with transfer in Stage 1 – Non POCI	131	–120	11
thereof Stage 2 – Non POCI	3,949	–987	2,962
Subtotal	**73,844**	**–20,929**	**52,915**
Provisions for off-balance-sheet obligations	**7,666**	**–1,983**	**5,683**
thereof Stage 1 – Non POCI	5,792	–1,448	4,344
thereof Stage 2 with transfer in Stage 1 – Non POCI	169	–109	60
thereof Stage 2 – Non POCI	1,705	–426	1,279
Total	**81,510**	**–22,912**	**58,598**

IN EUR '000	As at 31 Dec. 2018	Delta	Status LGD +25%
Loans and advances to banks	**299**	**75**	**374**
thereof Stage 1 – Non POCI	295	74	369
thereof Stage 2 – Non POCI	4	1	5
Loans and advances to customers – excl. lease financing	**59,690**	**14,922**	**74,612**
thereof Stage 1 – Non POCI	28,544	7,136	35,680
thereof Stage 2 – Non POCI	31,146	7,786	38,932
Loans and advances to customers – Lease financing	**8,374**	**2,083**	**10,457**
thereof Stage 1 – Non POCI	4,754	1,188	5,942
thereof Stage 2 – Non POCI	3,620	895	4,515
Financial assets – excluding FVOCI	**126**	**32**	**158**
thereof Stage 1 – Non POCI	126	32	158
thereof Stage 2 – Non POCI	0	0	0
Financial assets – FVOCI	**5,355**	**1,339**	**6,694**
thereof Stage 1 – Non POCI	1,275	319	1,594
thereof Stage 2 – Non POCI	4,080	1,020	5,100
Subtotal	**73,844**	**18,451**	**92,295**
Provision for off-balance-sheet obligations	**7,666**	**1,917**	**9,583**
thereof Stage 1 – Non POCI	5,792	1,448	7,240
thereof Stage 2 – Non POCI	1,874	469	2,343
Total	**81,510**	**20,368**	**101,878**

IN EUR '000	As at 31 Dec. 2018	Delta	Status LGD –25%
Loans and advances to banks	**299**	**–75**	**224**
thereof Stage 1 – Non POCI	295	–74	221
thereof Stage 2 – Non POCI	4	–1	3
Loans and advances to customers – excl. lease financing	**59,690**	**–14,922**	**44,768**
thereof Stage 1 – Non POCI	28,544	–7,136	21,408
thereof Stage 2 – Non POCI	31,146	–7,786	23,360
Loans and advances to customers – Lease financing	**8,374**	**–2,083**	**6,291**
thereof Stage 1 – Non POCI	4,754	–1,188	3,566
thereof Stage 2 – Non POCI	3,620	–895	2,725
Financial assets – excluding FVOCI	**126**	**–32**	**94**
thereof Stage 1 – Non POCI	126	–32	94
thereof Stage 2 – Non POCI	0	0	0
Financial assets – FVOCI	**5,355**	**–1,339**	**4,016**
thereof Stage 1 – Non POCI	1,275	–319	956
thereof Stage 2 – Non POCI	4,080	–1,020	3,060
Subtotal	**73,844**	**–18,451**	**55,393**
Provision for off-balance-sheet obligations	**7,666**	**–1,917**	**5,749**
thereof Stage 1 – Non POCI	5,792	–1,448	4,344
thereof Stage 2 – Non POCI	1,874	–469	1,405
Total	**81,510**	**–20,368**	**61,142**

16. Trading assets

IN EUR '000	30 June 2019	31 Dec. 2018
Bonds and other fixed-income securities	**2,926**	**9,488**
Municipal bonds that can be refinanced	0	0
Other public-sector debt instruments	499	0
Bonds and debt securities from other issuers	2,427	9,488
Positive fair values from derivative transactions	**2,253,249**	**1,739,902**
Interest rate transactions	2,222,716	1,700,639
Currency exchange transactions	30,533	37,999
Stock- and index-related business	0	0
Other transactions	0	1,264
Total	**2,256,175**	**1,749,390**

17. Financial assets

Financial assets in the category "Measured at fair value through profit or loss" (FVTPL)

IN EUR '000	30 June 2019	31 Dec. 2018
Bonds and other fixed-income securities	**10,899**	**10,051**
Municipal bonds that can be refinanced	0	0
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	705	0
Tier 2 capital	10,194	10,051
Shares and other variable-yield securities	**386,575**	**405,448**
Shares	11,514	11,963
Investment fund units/shares	2,377	2,309
Other variable-yield securities	372,684	391,176
Shares in companies	**322,712**	**325,147**
Investments in affiliated companies	106,660	107,093
Other investments	216,052	218,054
Total	**720,186**	**740,646**

Financial assets in the category "Designated at fair value through profit or loss" (FVO)

IN EUR '000	30 June 2019	31 Dec. 2018
Bonds and other fixed-income securities	**186,036**	**216,280**
Municipal bonds that can be refinanced	21,953	51,999
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	164,083	164,281
Total	**186,036**	**216,280**

Financial assets in the category "Measured at fair value through other comprehensive income" (FVOCI)

IN EUR '000	30 June 2019	31 Dec. 2018
Bonds and other fixed-income securities	**4,430,175**	**4,390,508**
Municipal bonds that can be refinanced	2,307,935	2,192,089
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	2,122,240	2,198,419
Total	**4,430,175**	**4,390,508**

Financial assets in the category “Measured at amortised cost” (AC)

IN EUR '000	30 June 2019	31 Dec. 2018
Bonds and other fixed-income securities	**292,211**	**306,045**
Municipal bonds that can be refinanced	0	0
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	292,211	306,045
Total	**292,211**	**306,045**

18. Companies accounted for using the equity method

IN EUR '000	30 June 2019	31 Dec. 2018
Banks	1,367,908	1,362,324
Non-banks	777,580	755,537
Total	**2,145,488**	**2,117,861**

The share of Raiffeisenlandesbank Oberösterreich in the RBI Group in the amount of about 9.5% is disclosed under banks reported using the equity method. Raiffeisenlandesbank Oberösterreich exerts a significant influence on this investment because the Chief Executive Officer of Raiffeisenlandesbank Oberösterreich, Heinrich Schaller, is a member of the RBI Supervisory Board and as Deputy Chairman of the Supervisory Board is an active participant in the strategic decisions made.

RBI sees Austria and Central and Eastern Europe (CEE) as its home market. The Austrian economy is only expected to lose slight momentum in the coming quarters, thus continuing its moderate expansion course, with GDP growth of 1.2% expected for 2019. The Central Europe region was also more robust than expected at the beginning of 2019, with GDP growth for the year as a whole expected to be around 3.8%. In Southeastern Europe (SEE), GDP growth is expected to slow to 3.3%. Romania was particularly strong in the first quarter with growth of 5% p.a. The economic situation in Eastern Europe (EE) developed moderately positively in 2018. A significantly lower growth rate of 1.2% is expected for 2019. Russia achieved growth of only 0.5% in the first quarter of 2019 – in June 2019 the Russian central bank began to lower its key interest rate moderately. Lower growth than in 2018 is also expected for Ukraine and Belarus in 2019.

In this environment, RBI was unable to achieve the very good result of the first half of 2018, but nevertheless continued its positive business performance in the first half of 2019 and achieved a consolidated result of EUR 571,397 thousand. Without the sale of the Polish core banking business, net interest and commission income would have increased significantly. The CET 1 ratio stood at 13.8% on 30 June 2019 (fully loaded). RBI continues to aim for a CET 1 ratio of 13% and a Group return on equity of approx. 11% in the medium term.

Due to a market value that was significantly below the carrying amount of the investment, the stake in the RBI Group was subjected to an impairment test as at 30 June 2019. The fair value less sales costs as at 30 June 2019 was determined to be EUR 20.63 per share, based on the stock exchange rate of RBI on the Vienna Stock Exchange (31 Dec. 2018: EUR 22.20 per share). The company valuation was calculated based on the present value of the cash flow to be expected (discounted cash flow procedure) of the companies in the Group taking into account the adjustments required for the purpose of calculating the value in use. The discounting of the cash flow that can be achieved with the valuation object was undertaken with the aid of a risk-adequate capitalisation interest rate. A cost of capital after tax of 11.28% was used for the valuation of the RBI Group. A change in the cost of capital of RBI by plus or minus 100 basis points would result in a fall or rise of the correspondingly calculated company value of the RBI Group by –11.23% or +14.03% respectively.

The value to be attained as at 30 June 2019 was the higher value chosen from comparing the value in use and the fair value less sales costs. After taking into account the pro-rata income and other capital changes, the impairment amounted to approx. EUR –68,118 thousand (H1 2018: EUR –43,414 thousand) in the first half of 2019, resulting in an IFRS carrying amount of EUR 945,412 thousand (31 Dec. 2018: EUR 969,196 thousand) as at 30 June 2019.

As regards non-bank holdings, the participation in Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG is worth particular mention. Based on an agreement relating to voting rights with an external partner, from the perspective of Raiffeisenlandesbank Oberösterreich joint control is in place with regard to Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG. Equity is accounted for using the classification as a joint venture within the meaning of IFRS 11. According to the financial statements as at 31 March 2019, they also own 13.54% (31 Dec. 2018: 13.71% – the slight decrease in the ratio is due to a dilution in connection with a capital increase for the employee participation programme) of the shares in the voestalpine AG group and have, as the largest individual shareholder, the opportunity to exercise a considerable influence on the financial and business policies of the most important steel company in Austria. In his function as Deputy Chairman of the Supervisory Board, the Chief Executive Officer of Raiffeisenlandesbank Oberösterreich, Heinrich Schaller, is an active participant in the strategic decisions made at voestalpine AG. At the level of Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, the investment in voestalpine AG accounted for using the equity method was subjected to an impairment test in the 2018 financial year and subsequently written down to fair value less costs to sell. This was determined on the basis of the stock exchange rate of voestalpine AG on the Vienna Stock Exchange as at 31 Dec. 2018 in the amount of EUR 26.10 per share. In the first half of 2019, in addition to the assumption of the pro rata results and other changes in equity of voestalpine AG, a write-up was made to the stock exchange price, which had risen to EUR 27.17 per share as at 30 June 2019 (31 Dec. 2018: EUR 26.10 per share). The profit or loss of Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, was transferred as part of the accounting process as a joint venture to the Raiffeisenlandesbank Oberösterreich Group on a pro-rata basis in the amount of EUR +20,739 thousand (H1 2018: EUR +42,125 thousand) in accordance with the equity method. The carrying amount of Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG amounts to EUR 477,263 thousand as at 30 June 2019 (31 Dec. 2018: EUR 496,829 thousand).

19. Intangible assets

IN EUR '000	30 June 2019	31 Dec. 2018
Customer base	4,701	4,978
Brand	13,723	14,820
Goodwill	11,186	11,186
Other intangible assets	17,242	16,652
Total	**46,852**	**47,636**

20. Property, plant and equipment and investment property

IN EUR '000	30 June 2019	31 Dec. 2018
Property, plant and equipment	**523,704**	**435,347**
Land and buildings used for bank operations	280,662	215,252
Other property, plant and equipment	231,530	214,238
Property under construction	11,512	5,857
Investment property	**694,092**	**717,384**
Investment property	644,424	673,028
Property under construction	49,668	44,356
Total	**1,217,796**	**1,152,731**

With regard to the investment property, by far the largest portion – EUR 455.8 million (31 Dec. 2018: EUR 474.9 million) – stems from the "OÖ Wohnbau" companies. Access to this investment property is subject to legal restrictions as a result of the Austrian Public House Building Act (WGG).

21. Other assets

IN EUR '000	30 June 2019	31 Dec. 2018
Receivables from non-bank activities	168,454	168,857
Prepaid expenses	31,830	27,422
Inventories	132,005	129,264
Assets	13,983	10,870
Other assets	180,589	167,247
Total	**526,861**	**503,660**

Inventories essentially consist of real estate projects which have not yet been concluded as well as inventories from the companies in the food industry (VIVATIS/efko Group). The value of the (deployed) inventories which was recorded as expenditure in the reporting period is EUR –194.4 million (31 Dec. 2018: EUR –451.8 million).

The proportion of “Other assets” attributable to the “OÖ Wohnbau” companies amounted to EUR 99.3 million (31 Dec. 2018: EUR 97.2 million).

22. Assets held for sale and sales groups

IN EUR '000	30 June 2019	31 Dec. 2018
Sales group which is classified as being held for sale	0	0
Individual assets which are classifed as being held for sale	72,737	13,983
Total	**72,737**	**13,983**

The statement of financial position item “Assets held for sale” includes the following individual assets:

- Holding in the Leopoldauerstraße 70-72 Immobilienentwicklung GmbH with a carrying amount of EUR 408 thousand
- Holding in GRUPA WM Sp. z o.o. with a carrying amount of EUR 300 thousand
- Holding in the City-Parkhaus Linz GmbH with a carrying amount of EUR 11,017 thousand
- Investment instruments in Passage Linz GmbH & Co KG and Passage Linz GmbH with a carrying amount of EUR 61,012 thousand

As of 31 Dec. 2018, the investment in MH 114 GmbH & Co OG with a carrying amount of EUR 13,575 thousand was reported as an asset held for sale. In the first half of 2019, the property in Mariahilferstrasse included in this company was sold. Furthermore, the investment in Leopoldauerstrasse 70-72 Immobilienentwicklung GmbH is classified as held for sale, unchanged from 31 Dec. 2018. The sale process is expected to be completed in the second half of 2019. The minority interest in GRUPA WM Sp. z o.o. with a carrying amount of EUR 300 thousand is classified as held for sale for the first time as at 30 June 2019. The closing of this transaction took place prior to the preparation of these interim consolidated financial statements.

As of 30 June 2019, Raiffeisenlandesbank Oberösterreich was also in negotiations with the real estate company Cone Capital AG, headquartered in Zurich, regarding the sale of its shares in Passage Linz and the adjacent multi-storey car park. The related equity instruments were therefore classified as held for sale under IFRS 5. The transaction was closed prior to the preparation of these interim consolidated financial statements. In the case of Passage Linz GmbH & Co KG and Passage Linz GmbH, the transaction took the form of a sale of shares; in the case of City-Parkhaus Linz GmbH, the properties contained therein were sold.

The individual asset values that were classified as belonging to the sale are allocated to the “Holdings” segment.

All assets reported under IFRS 5 are financial assets measured at fair value through profit or loss.

23. Amounts owed to banks

IN EUR '000	30 June 2019	31 Dec. 2018
Liabilities payable on demand	4,503,727	4,418,434
Money market transactions	5,320,343	5,011,674
Long-term financing	3,476,169	3,264,574
Others	253,039	260,372
Total	**13,553,278**	**12,955,054**
In Austria	12,159,184	11,497,278
Abroad	1,394,094	1,457,776
Total	**13,553,278**	**12,955,054**

24. Amounts owed to customers

IN EUR '000	30 June 2019	31 Dec. 2018
Demand deposits	6,293,616	6,369,016
Term deposits	4,705,912	4,807,337
Savings deposits	1,420,889	1,400,424
Others	126,267	143,119
Total	**12,546,684**	**12,719,896**
In Austria	9,746,780	9,750,647
Abroad	2,799,904	2,969,249
Total	**12,546,684**	**12,719,896**

25. Trading liabilities

IN EUR '000	30 June 2019	31 Dec. 2018
Interest rate transactions	1,734,739	1,369,939
Currency exchange transactions	35,601	37,390
Stock- and index-related business	0	0
Other transactions	0	0
Total	**1,770,340**	**1,407,329**

26. Liabilities evidenced by certificates

IN EUR '000	30 June 2019	31 Dec. 2018
Bonds issued	4,230,281	3,833,909
Listed mortgage bonds/municipal bonds	121,636	122,436
Non-listed mortgage bonds/municipal bonds	349,397	335,755
Other liabilities evidenced by certificates	4,502,314	4,422,415
Total	**9,203,628**	**8,714,515**

27. Provisions

IN EUR '000	30 June 2019	31 Dec. 2018
Provisions for personnel expenses	**180,991**	**166,908**
of which severance provisions	103,602	94,764
of which pension provisions	56,599	53,421
of which bonus fund provisions	20,790	18,723
Other provisions	**83,671**	**99,988**
of which provisions for off-balance-sheet obligations	37,098	54,720
of which Other provisions	46,573	45,268
Total	**264,662**	**266,896**

Due to the current level of interest rates, the valuation interest rate for calculating the provisions for personnel expenses as at 30 June 2019 was adjusted to 0.75% (31 Dec. 2018: 1.50%).

Interest rate movements in recent years have led to negative indicator values, which are used to calculate interest. In several cases, the Supreme Court declared that the receipt of a mark-up that was not explicitly agreed to is not allowed. With regard to consumer contracts, in which the receipt of a mark-up was agreed in the form of an interest floor, the Supreme Court has further declared that this contradicts the Austrian Consumer Protection Act (KSchG) without the simultaneous imposition of an interest cap. A provision to cover repayment claims from customers was therefore already created in the 2017 financial year for the period from 2015 to 2017. This provision amounted to EUR 27.7 million as at 31 Dec. 2017, of which an amount of approx. EUR 7.9 million was refunded to consumer customers in the first half of 2018 and around EUR 2.7 million to syndicate investments in consumer customers in the second half of 2018. For the remaining customers, a further allocation of around EUR 2.1 million was made in the first half of 2019 in addition to the existing provisions. (H1 2018: EUR 3.2 million). The amount of the provision as at 30 June 2019 was EUR 25.1 million. (31 Dec. 2018: EUR 23.0 million). The amount will be disclosed in “Other provisions” and the allocation made in net interest income.

In the Raiffeisenlandesbank Oberösterreich Group, payments in kind to employees are treated exclusively in accordance with IAS 19. Accordingly, IFRS 16 is not applied and, as a result, the existence of sub-leases is not checked.

28. Other liabilities

IN EUR '000	30 June 2019	31 Dec. 2018
Liabilities from non-bank activities	104,669	135,378
Prepaid expenses	26,637	28,264
Liabilities	1,936	615
Leasing liabilities	114,901	10,332
Other liabilities	531,475	308,546
Total	**779,618**	**483,135**

The leasing liabilities in accordance with IAS 17 were included in “Other liabilities” in the consolidated financial statements as at 31 Dec. 2018. In the interim consolidated financial statements as at 30 June 2019, they are reported separately. The previous year was adjusted accordingly.

29. Subordinated capital

IN EUR '000	30 June 2019	31 Dec. 2018
Tier 2 capital and subordinated liabilities	1,013,245	885,569
Participation capital	0	17,850
Total	**1,013,245**	**903,419**

Change in liabilities stemming from financial activities

IN EUR '000	2019	2018
As at 1 Jan.	903,419	1,152,261
Changes affecting payments	**95,715**	**–138,780**
of which proceeds from issues	117,364	53,416
of which buyback/repayment	–21,649	–192,196
Changes not affecting payments	**14,111**	**4,894**
thereof net income from financial instruments carried at fair value	15,723	–2,943
of which valuation due to change in own credit risk	362	12,835
of which other amendments	–1,974	–4,998
As at 30 June	**1,013,245**	**1,018,375**

30. Equity

IN EUR '000	30 June 2019	31 Dec. 2018
Share capital	277,630	277,630
Capital reserves	971,973	971,973
Retained earnings	3,145,277	2,990,299
Non-controlling interests	216,755	212,657
Total	**4,611,635**	**4,452,559**

In the first half of 2019, dividends of EUR 40,000 thousand were paid on the ordinary shares, in accordance with the decision made at the annual general meeting on 2 May 2019 concerning the use of the profit from 2018. This means that the planned dividend for each ordinary share will be EUR 20.60.

Changes in the reserves of actuarial gains/losses on defined benefit plans

IN EUR '000	2019	2018
As at 1 Jan.	**–22,626**	**–20,607**
Change in basis of consolidation	0	42
Changes in the valuation of reserves of actuarial gains/losses on defined benefit plans	–12,868	–502
Amounts reclassified to the profit reserve	–11	0
Taxes recognised in respect of these amounts	3,220	196
As at 30 June	**–32,285**	**–20,871**

Change in the reserve for own credit risks

IN EUR '000	2019	2018
As at 1 Jan.	**–8,701**	**11,048**
Gains or losses due to change in own credit risk in respect of financial liabilities designated at fair value	23,603	–25,354
Amounts reclassified to the profit reserve	239	966
Taxes recognised in respect of these amounts	–5,961	6,043
As at 30 June	**9,180**	**–7,297**

Changes in the fair value of financial liabilities measured at fair value through profit or loss, that are attributable to changes in the company's own credit risk, are recognised with no impact on profit or loss under the item "Reserve for own credit risks". There are no plans to reclassify the amounts contained in this reserve to the income statement at a later date. In the event of derecognition, the corresponding amounts are reclassified to retained earnings. In the first half of 2019, an amount of EUR 179 thousand (H1 2018: EUR 713 thousand) was reclassified to retained earnings after deferred taxes.

Change in the reserve for financial assets in the category "measured at fair value through other comprehensive income" (FVOCI)

IN EUR '000	2019	2018
As at 1 Jan.	**124,927**	**177,321**
Remeasurement gains/losses in the reserve for financial assets in the category "measured at fair value through other comprehensive income" (FVOCI)	61,834	–32,723
Amounts reclassified to profit or loss	–503	–1,872
Taxes recognised in respect of these amounts	–15,333	8,649
As at 30 June	**170,925**	**151,375**

The reserve for financial assets in the category "measured at fair value through other comprehensive income" (FVOCI) reflects the remeasurement gains/losses to be recognised with no impact on profit or loss in equity and the loan loss allowance for financial assets in the category "fair value through other comprehensive income" (FVOCI) in accordance with IFRS 9.

In the first half of 2019, the fair value measurement of debt instruments classified as "measured at fair value through other comprehensive income" amounted to EUR 61,834 thousand (H1 2018: EUR –32,723 thousand). In addition, an amount of EUR –503 thousand (H1 2018: EUR –1,872 thousand) was reclassified to the income statement in the first half of 2019. Of this amount, EUR –502 thousand (H1 2018: EUR –1,860 thousand) relate to valuation effects that were reclassified to the disposal result of the category "measured at fair value through other comprehensive income", and EUR –1 thousand (H1 2018: EUR –12) relate to loan loss allowances that were reclassified to the position "loan loss allowances" in the income statement.

Development of the valuation result from the hedging of a net investment in a foreign business

IN EUR '000	2019	2018
As at 1 Jan.	**–907**	**–1,105**
Gain or loss from the hedging of net investments	–388	669
Amounts reclassified to profit or loss	0	0
Taxes recognised in respect of these amounts	97	–168
As at 30 June	**–1,198**	**–604**

There is hedging for currency risks resulting from a net investment in a foreign business. The volume of the hedged underlying transaction amounted to EUR 36.0 million as at 30 June 2019. (31 Dec. 2018: EUR 35.6 million). Hedging transactions represent refinancing in these foreign currencies in the same amount. The effective portion of the valuation gains and losses of hedging transactions is recognised in the aforementioned reserves with no effect on income.

Changes in foreign currency translation reserves

IN EUR '000	2019	2018
As at 1 Jan.	**–1,815**	**–292**
Gain or loss from foreign currency translation	–129	–2,296
Amounts reclassified to the profit reserve	2	0
As at 30 June	**–1,944**	**–2,588**

Development of "Other comprehensive income" from companies accounted for using the equity method

IN EUR '000	2019	2018
As at 1 Jan.	**–291,471**	**–250,963**
Change due to proportionate "Other results"	28,388	–23,865
Taxes recognised in respect of these amounts	18	–77
As at 30 June	**–263,065**	**–274,905**

Risk report

Summary

Raiffeisenlandesbank Oberösterreich Group's long-term success has largely been due to active risk management. In order to achieve this target, Raiffeisenlandesbank Oberösterreich, as the dominant group company, has implemented risk management with structures that facilitate the identification and measurement of all risks in the group in accordance with sections 39, 39a, Austrian Banking Act and the Bank Risk Management Regulation (KI-RMV) (credit risks, market risks, equity risks, liquidity risks, macroeconomic risks, operational risks and other risks) and their active managerial counteraction.

The Raiffeisenlandesbank Oberösterreich in general only aims its work at business areas in which it has the requisite expertise in the assessment of the specific risks. Before it moves into new business areas or products, the Group always carries out an adequate analysis of the risks posed by that specific business.

Risk Controlling analyses all risks and examines adherence to the defined risk limits by means of ongoing variance analyses. Internal/Group Auditing assesses the effectiveness of working procedures, processes and internal controls.

Market risks

Market risks take the form of changes in interest rates, spreads, currency and exchange rates relating to securities, interest rates and foreign exchange items.

The basis for all business is a balanced risk/reward ratio.

The strict division of labour between front, middle and back office and risk controlling ensures that risks can be described comprehensively, transparently and objectively to the full Managing Board, the Supervisory Board and supervisory authorities.

New products and markets are evaluated in an approval process and then authorised by the Managing Board.

The trades and the market price risk are limited by an extensive limit system. All trading positions are valued every day at market prices.

For risk management purposes, the securities in the trading book are handled separately; they are included in the report on market risk.

The market risks are measured every day with the value-at-risk index for the trading and banking books. This indicates a possible loss which, with 99% probability, will not be exceeded during a one-month holding period.

In addition to value at risk, stop-loss and scenario analyses are used to limit risk.

The market risk is calculated in Front Arena/Risk Cube. The weighted historical simulation is used as the value-at-risk model.

The quality of the Front Arena/Risk Cube programme used or of the methods for historical simulation used there is reviewed daily using back testing. Both the mark-to-market results actually obtained (financial profit/loss) as well as the hypothetical results (portfolio is kept constant one day; no impact by exogenous factors) are compared with the risks calculated and tested for significance.

Market risks are managed using a value-at-risk based limit system. All market risk activities are assigned a risk limit which is included in full in the risk-bearing capacity analysis.

The other fully consolidated group companies minimise their market risks through maturity-matched funding via Raiffeisenlandesbank Oberösterreich.

The following table shows the value at risk figures for the Raiffeisenlandesbank Oberösterreich Group as at 30 June 2019 and 31 Dec. 2018 (confidence level 99.0%, holding period one month).

	30 June 2019 IN EUR '000	31 Dec. 2018 IN EUR '000
Total	30,994	57,956
Interest	20,666	38,395
Spread	24,434	26,585
Currency	15	8
Shares	1,757	2,092
Volatility	1,485	2,586

The total value at risk as at 30 June 2019 fell by EUR 26.9 million compared with 31 Dec. 2018 to EUR 31.0 million.

In addition, stress tests are conducted to take account of risks in the event of extreme market movements. The crisis scenarios include the simulation of large fluctuations in the risk factors and are designed to highlight potential losses which are not covered by the value at risk model. The stress scenarios comprise both the extreme market fluctuations which have actually occurred in the past and also a series of standardised shock scenarios involving interest rates, credit spreads, share prices, currency exchange rates and volatility.

A stress test with a +/– 200 basis point interest rate shift was performed for the trading and banking book.

The following table shows the results of the stress test as at 30 June 2019 and 31 Dec. 2018 respectively:

	30 June 2019		31 Dec. 2018	
IN EUR '000	+200 BP	–200 BP	+200 BP	–200 BP
EUR M	–308,652	124,752	–299,059	183,127
USD	2,297	–3,490	–1,684	–719
GBP	–634	661	–270	285
CHF	1,077	–1,087	746	–726
JPY	2,104	–2,134	1,692	–1,734
CZK	–11,283	13,020	–11,516	13,176
Other currencies	–3,277	3,415	–57	66

The stress test shows the change in present value when the yield curve is shifted in parallel by one and two percentage points respectively.

Credit risk

The credit risk constitutes the risk to the bank that a loss will occur as a result of the non-fulfilment of the contractual obligations of customers or contractual partners. Credit risk is mainly generated by the loans and advances to customers and banks as well as from securities from the banking book.

A credit value adjustment (CVA) and debt value adjustment (DVA) were determined as part of the inclusion of credit risk in the mark-to-model measurement of derivatives. The main factors used in determining the CVA and DVA were the term to maturity, counter-party default risk and collateralisation.

A report on the credit risk is given to the Managing Board once each quarter, or as needed.

The principles of the customers' credit ratings are incorporated in the "Rating Standards" and "Collateral Standards" manuals. These regulations provide a compact representation of the standards valid for Raiffeisenlandesbank Oberösterreich. They are based on international standards (Basel), regulations from the European Union (CRR), the EBA Guidelines, national statutes and laws (Austrian Banking Act, Credit Institutions and Risk Management Regulation) or on supervisory recommendations (FMA minimum standards for lending, FMA series of guidelines on credit risk).

In order to measure the credit risk, the bank carries out its own internal ratings and classifies financing transactions into credit rating and risk classes. The risk class of a borrower accordingly comprises two dimensions – recording and assessing their financial situation and measuring the collateral provided.

The following rating classes are used for internal rating in the Raiffeisenlandesbank Oberösterreich Group:

10-point scale	Sub-classes	Text
0.5	0.5	risk-free
1.0	1.0	outstanding creditworthiness
1.5	1.5	very good creditworthiness
2.0	2 +	good creditworthiness
	2.0	
2.5	2 –	average creditworthiness
	2.5	
3.0	3 +	satisfactory creditworthiness
	3.0	
3.5	3 –	mediocre creditworthiness
	3.5	poor creditworthiness
4.0	4 +	very poor creditworthiness
	4.0	
4.5	4.5	in danger of default
5.0	5.0	default criteria reached
	5.1	
	5.2	

Individual rating classes are defined and delineated by means of calculations which assess statistical default probabilities. The descriptions in words are simply for illustrative purposes.

Credit value at risk

The overall risk of all assets exhibiting counter-party default risk is assessed on a monthly basis. Risk may arise due to credit default, deterioration in creditworthiness or a reduction in the intrinsic value of collateral, and it is communicated through the key figures expected loss and unexpected loss.

The expected loss represents the most probable value decrease of a given portfolio. This specified decrease in value should be expected each year. This loss is covered by the calculated risk costs.

The unexpected loss represents a portfolio's possible loss beyond the expected loss. Thus, it communicates possible negative deviation from the expected loss. The unexpected loss is covered by the equity capital and is the maximum loss that can possibly arise within a single year, and which – with a certain amount of probability – will not be exceeded. Raiffeisenlandesbank Oberösterreich calculates unexpected loss at probabilities of 95% and 99.9%.

Unexpected loss is calculated in a portfolio model that also takes into account concentration risk. The portfolio value distribution is prepared on the basis of transition probabilities and correlations using a Monte Carlo simulation. The asset value model is applied to this end. The asset value model derives the correlations between the counterparties on the basis of the MSCI Sector Indexes. The unexpected loss per quantile is read from the portfolio value distribution.

Credit risk for customers with the rating w5.2 is determined using the SRG model. The risks or opportunities from defaults or changes in credit quality for customers with a rating better than w5.2 are determined within the portfolio model using a mark-to-market method. The market data required for the portfolio value distribution (interest rates, credit spreads and sector indices) are updated every month.

Overall structure by statement of financial position item

Maximum credit risk exposure

IN EUR '000	30 June 2019	31 Dec. 2018
Cash and cash equivalents (credit balance at central banks)	60,491	36,272
Loans and advances to banks	8,603,780	8,255,104
Loans and advances to customers	23,182,791	22,374,848
Trading assets	2,256,175	1,749,390
Financial assets	4,911,504	4,915,141
Total	**39,014,741**	**37,330,755**
Financial guarantees	2,533,667	2,501,670
Loan approvals	6,189,795	6,126,250
Total	**8,723,462**	**8,627,920**
Total maximum credit risk exposure	**47,738,203**	**45,958,675**

Collateral for overall structure

The stated collateral values correspond to the values determined within internal risk management. They reflect a conservative estimate of receipts in the event of any necessary non-performing loan workout.

Collateral values

IN EUR '000	30 June 2019	31 Dec. 2018
Loans and advances to banks	64,090	64,052
Loans and advances to customers	12,162,616	11,914,323
Trading assets	450,380	384,820
Financial assets	142,998	183,629
Total	**12,820,084**	**12,546,824**
Financial guarantees	228,450	195,473
Loan approvals	691,891	726,706
Total	**920,341**	**922,179**
Total collateral values	**13,740,425**	**13,469,003**

As at 30 June 2019, the total collateral values consisted of 61.6% (31 Dec. 2018: 60.8%) collateral on immovable goods (i.e. mortgages, rankings).

Industry structure/Concentration risk

Maximum credit risk exposure by industry groups

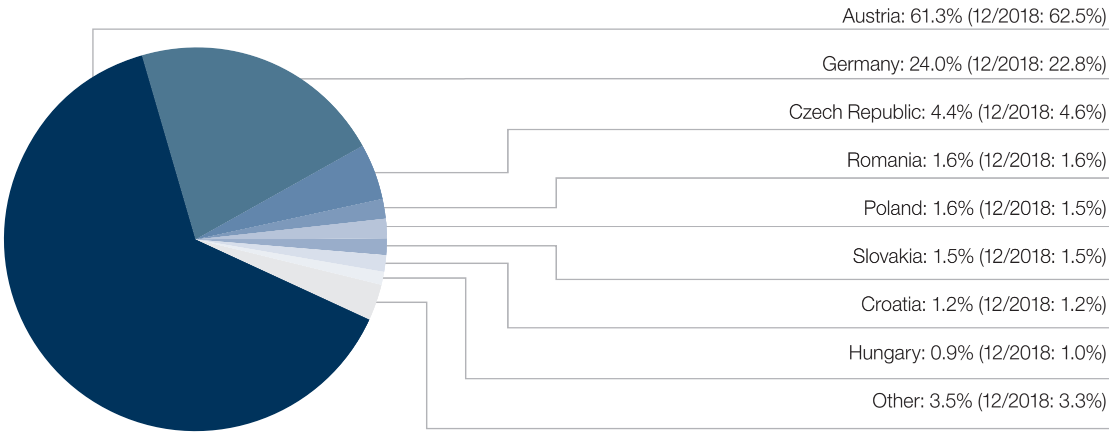
IN EUR '000	30 June 2019	31 Dec. 2018
Credit institutions in Austria	9,099,758	8,637,725
Public sector and non-profit organisations	4,034,386	3,902,631
Commercial and other real estate projects	3,724,089	3,223,676
Construction and ancillary building trade	2,710,372	2,766,832
Credit institutions in the EU, except Austria	2,459,504	2,156,847
Residential developers not charitable*	2,283,093	n.a.
Mechanical engineering and plant construction	2,104,021	2,145,885
Private households	2,071,937	1,998,512
Credit institutions other	1,505,743	1,425,162
Motor vehicles	1,424,844	1,380,646
Transport and warehousing	1,383,644	1,263,583
Metal production and processing	1,373,443	1,261,248
Tourism, accommodation, gastronomy	1,125,414	864,784
Consumer goods	1,063,621	1,058,653
Real estate project operator*	877,733	3,092,714
Electronic/electrical	859,493	858,115
Other economic services	793,403	755,366
Foodstuffs	775,800	770,036
Plastics, chemical products	759,914	734,024
Agriculture and forestry	745,191	634,180
Energy supply	707,685	614,731
Housing developers non-profit*	639,535	n.a.
Financial and insurance services	600,386	525,010
Freelance/technical services	561,759	598,538
Information and communication	556,248	543,186
Health and social work	524,505	492,993
Subtotal	**44,765,521**	**41,705,077**
Other sectors	2,972,682	4,253,598
Total	**47,738,203**	**45,958,675**

* Parts of the industries “real estate project operators” and “housing developers” were reclassified into new industries, “non-profit housing developers” and “non-profit housing developers”.

In the CRR scope of finance holding (Raiffeisenbankengruppe OÖ Verbund eGen) there were 22 major loans** (without loans to Group members) as at 30 June 2019 (31 Dec. 2018: 21). Of these, 10 (31 Dec. 2018: 10) account for large exposures in the commercial sector, 3 (31 Dec. 2018: 2) for large exposures in the banking sector and 9 (31 Dec. 2018: 9) for large exposures to public authorities.

** Value (before application of exemptions and deduction of collateral) greater than 10% of equity eligible for inclusion for major loans according to CRR

Geographic distribution of the loans and advances to customers



Disclosures on government bonds from selected European countries

Carrying amounts IN EUR MILLIONS	Measured at fair value through other comprehensive income (FVOCI) 06/2019	Measured at fair value through profit or loss (FVTPL) 06/2019	Designated at fair value through profit or loss (FVO) 06/2019	Total 06/2019
Ireland	144.1	0	0	144.1
Italy	125.9	0	0	125.9
Portugal	71.2	0	0	71.2
Spain	160.3	0	2.8	163.1
Total	**501.5**	**0**	**2.8**	**504.3**

As at 30 June 2019, for the listed government bonds in the category "measured at fair value through other comprehensive income" (FVOCI) there was a positive OCI reserve of approximately EUR 41.6 million. In addition, there are no credit default swaps (CDS) in connection with these countries.

Carrying amounts IN EUR MILLIONS	Measured at fair value through other comprehensive income (FVOCI) 12/2018	Measured at fair value through profit or loss (FVTPL) 12/2018	Designated at fair value through profit or loss (FVO) 12/2018	Total 12/2018
Ireland	124.0	0	0	124.0
Italy	120.1	0	0	120.1
Portugal	60.9	0	0	60.9
Spain	47.6	0	2.7	50.3
Total	**352.6**	**0**	**2.7**	**355.3**

As at 31 Dec. 2018, for the listed government bonds in the category "measured at fair value through other comprehensive income" (FVOCI) there was a positive OCI reserve of approximately EUR 21.5 million. In addition, there were no credit default swaps (CDS) in connection with these countries.

Rating structure for credit risk exposure which is neither overdue nor impaired

The quality of the financial assets which are neither overdue nor impaired are depicted as follows on the basis of the internal rating classification:

Very low / low risk:	Rating classes 0.5 to 1.5
Normal risk:	Rating classes 2 + to 3 +
Increased risk:	Rating classes 3 and poorer

	Very low orlow risk		Normal risk		Increased risk		No rating	
IN EUR '000	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018
Cash and cash equivalents	60,492	36,272	0	0	0	0	0	0
Loans and advances to banks	8,453,384	8,022,629	145,391	230,985	0	0	5,006	1,490
Loans and advances to customers	5,061,686	4,845,282	14,168,551	13,934,162	2,719,105	2,315,376	1,160	2,137
Trading assets	2,080,473	1,456,766	164,625	291,569	11,078	1,055	0	0
Financial assets	4,640,548	4,643,375	253,720	255,518	16,431	15,450	806	798
Financial guarantees	1,041,753	1,011,760	1,273,544	1,297,358	182,533	153,381	3,601	3,696
Loan approvals	2,269,802	2,075,231	3,334,777	3,484,336	517,966	491,100	34,075	33,331
Total	**23,608,138**	**22,091,315**	**19,340,608**	**19,493,928**	**3,447,113**	**2,976,362**	**44,648**	**41,452**

Structure of the unimpaired overdue credit risk exposures and collateral for the unimpaired overdue credit risk exposures

The carrying amounts of overdue yet non-impaired assets relate exclusively to the statement of financial position item “Loans and advances to customers”. They are shown in the following table including the corresponding collateral values:

	30 June 2019		31 Dec. 2018	
IN EUR '000	Overdue assets	Collateral for overdue assets	Overdue assets	Collateral for overdue assets
up to 30 days	727,597	469,653	718,156	519,934
31 to 60 days	116,566	97,719	176,665	151,558
61 to 90 days	32,989	24,084	22,807	19,628
over 90 days	33,630	18,362	13,679	11,611
Total	**910,782**	**609,818**	**931,307**	**702,731**

Collateral values include deductions, are reviewed promptly and correspond to a conservative estimate of the proceeds that could be expected over the long term from recovery of the collateral.

As at 30 June 2019, 18.0% (31 Dec. 2018: 23.4%) of the total collateral values for non-impaired overdue credit risk exposures consisted of collateral on immovable assets (e.g. mortgages, land register rankings).

The age structure is accounted for on the basis of individual accounts without consideration of the materiality thresholds, as in accordance with Article 178 CRR.

Structure of impaired credit risk exposure

Carrying amounts of financial assets that are to be classified as impaired pursuant to IFRS 9 in Stage 3:

	not impaired or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
IN EUR '000	30 June 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018
Loans and advances to banks	0	0	0	0	0	0	0	0
Loans and advances to customers	167,211	181,686	11,734	11,977	7,541	9,651	140,385	143,270
Financial assets	0	0	0	0	0	0	0	0
Financial guarantees	32,236	35,475	0	0	0	0	0	0
Loan approvals	33,175	42,252	0	0	0	0	0	0
Total	**232,622**	**259,413**	**11,734**	**11,977**	**7,541**	**9,651**	**140,385**	**143,270**

Collateral for impaired credit risk exposure

The following value-based collateral applies to the impaired financial assets:

	not impaired or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
IN EUR '000	30 June 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018	30 June 2019	31 Dec. 2018
Loans and advances to banks	0	0	0	0	0	0	0	0
Loans and advances to customers	86,859	94,954	11,334	10,916	6,551	8,979	93,805	99,276
Financial assets	0	0	0	0	0	0	0	0
Financial guarantees	5,313	5,189	0	0	0	0	0	0
Loan approvals	10,505	6,400	0	0	0	0	0	0
Total	**102,677**	**106,543**	**11,334**	**10,916**	**6,551**	**8,979**	**93,805**	**99,276**

Collateral values include deductions, are reviewed promptly and correspond to a conservative estimate of the proceeds that could be expected over the long term from recovery of the collateral.

As at 30 June 2019, 46.4% (31 Dec. 2018: 50.2%) of the total collateral values for impaired credit risk exposures consisted of collateral on immovable assets (e.g. mortgages, land register rankings).

The age structure is accounted for on the basis of individual accounts without consideration of the materiality thresholds, as in accordance with Article 178 CRR.

Appropriated collateral

Collateral taken into possession by Raiffeisenlandesbank Oberösterreich Group is sold in an orderly and proper manner, and the proceeds from the sale are applied to the repayment of the loan or advance concerned. Appropriated collateral is not generally used in the bank's own operations.

The principal objective is to dispose of these properties within an appropriate time-frame. In cases where the disposal of a property proves difficult, alternative uses will be considered, especially letting the property. The carrying amount of these assets at 30 June 2019 amounted to EUR 1,532 thousand (31 Dec. 2018: EUR 1,919 thousand) and was broken down as follows:

	30 June 2019		31 Dec. 2018	
	Carrying amount IN EUR '000	Number	Carrying amount IN EUR '000	Number
Undeveloped land	79	1	76	1
Mixed use buildings*			390	1
Residential property	1,453	1	1,453	1
Total of collateral taken into possession	**1,532**	**2**	**1,919**	**3**

* Sale of the property concerned in the first half of 2019

In the first half of 2019, no collateral was taken into possession by the Raiffeisenlandesbank Oberösterreich Group.

Loan loss allowances for impaired credit risk exposure

The financial assets that were determined to be impaired on the reporting date exhibit the following structure:*

	Loans and advances to banks		Loans and advances to customers		Financial guarantees		Credit risks	
IN EUR '000	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018
Gross value	292	292	556,889	589,417	52,905	59,763	42,994	65,019
Risk provision	–292	–292	–230,018	–242,833	–20,669	–24,288	–9,819	–22,767
of this: Loan loss allowances FX financing	0	0	–18,441	–17,376	0	0	–16	0
Carrying amount	**0**	**0**	**326,871**	**346,584**	**32,236**	**35,475**	**33,175**	**42,252**

* Amounts refer to credit risk exposures in Stage 3 incl. POCI

Loan loss allowances in Stage 3 are recognised primarily if a debtor is experiencing economic or financial difficulties or fails to make interest payments or repayments of principal or if other circumstances arise that indicate a probability of default based on regulatory standards.

Raiffeisenlandesbank Oberösterreich's definition of default includes payments overdue by more than 90 days in addition to insolvency, pending insolvency, legal cases, deferments, restructuring, significant loan risk modifications, debt waivers, direct impairment losses, creditworthiness-related interest exemptions, repayments with an expected financial loss, and moratoria/payment stoppage/withdrawal of licence for banks (default in accordance with Article 178 CRR). Customers with a default on their record are assigned a credit rating of 5.0, 5.1 or 5.2. The definition of default is also the basis for calculating the non-performing loans ratio (NPL ratio).

The NPL ratio among the loans and advances to customers amounted to 2.36% as at 30 June 2019 (31 Dec. 2018: 2.60%). Coverage Ratio I amounted as at 30 June 2019 to 41.82% (31 Dec. 2018: 41.19%), Coverage Ratio II was at 77.63% (31 Dec. 2018: 77.52%).

Value adjustment stages pursuant to IFRS 9 by rating classes

The gross carrying amounts of cash and cash equivalents (credit balance at central banks), loans and advances to banks, loans and advances to customers, financial investments, financial guarantees and loan commitments are broken down for each stage according to the 10-point rating scale as follows:

IN EUR '000	30 June 2019				
Rating class	Stage 1	Stage 2	Stage 3	POCI	Total
Gross book values per stage according to w-note					
0.5	3,902,975	2,685	0	0	3,905,660
1.0	9,622,616	20,851	0	0	9,643,467
1.5	6,858,160	244,720	0	0	7,102,880
2.0	10,435,903	360,691	0	2,906	10,799,500
2.5	4,507,355	176,599	0	0	4,683,954
3.0	4,955,446	350,569	0	0	5,306,015
3.5	1,622,397	539,594	0	115	2,162,106
4.0	108,773	122,139	0	947	231,859
4.5	16,980	69,227	0	492	86,699
5.0	0	0	579,897	68,727	648,624
No rating	13,903	30,039	0	0	43,942
Total	**42,044,508**	**1,917,114**	**579,897**	**73,187**	**44,614,706**
Loan loss allowances per stage according to w-note					
0.5	–23	0	0	0	–23
1.0	–540	–106	0	0	–646
1.5	–1,419	–15,412	0	0	–16,831
2.0	–5,605	–4,529	0	–10	–10,144
2.5	–5,401	–648	0	0	–6,049
3.0	–12,887	–2,643	0	0	–15,530
3.5	–10,530	–7,107	0	925	–16,712
4.0	–1,766	–3,440	0	–48	–5,254
4.5	–349	–3096	0	39	–3,406
5.0	0	0	–257,907	–3,798	–261,705
No rating	–7	–37	0	0	–44
Total	**–38,527**	**–37,018**	**–257,907**	**–2,892**	**–336,344**
Total carrying amount	**42,005,981**	**1,880,096**	**321,990**	**70,295**	**44,278,362**

IN EUR '000 Rating class	31 Dec. 2018 Stage 1	Stage 2	Stage 3	POCI	Total
Gross book values per stage according to w-note					
0.5	3,703,989	25	0	0	3,704,014
1.0	9,085,184	25,889	0	0	9,111,073
1.5	6,752,478	255,478	0	0	7,007,956
2.0	10,575,497	369,114	0	0	10,944,611
2.5	4,272,264	178,869	0	0	4,451,133
3.0	4,904,869	279,541	0	3,786	5,188,196
3.5	1,514,744	408,729	0	0	1,923,473
4.0	115,581	175,522	0	992	292,095
4.5	15,229	59,771	0	525	75,525
5.0	0	0	646,618	67,871	714,489
No rating	35,965	5,058	0	0	41,023
Total	**40,975,800**	**1,757,996**	**646,618**	**73,174**	**43,453,588**
Loan loss allowances per stage according to w-note					
0.5	–84	0	0	0	–84
1.0	–627	–6	0	0	–633
1.5	–1,619	–16,470	0	0	–18,089
2.0	–6,414	–6,135	0	0	–12,549
2.5	–5,285	–475	0	0	–5,760
3.0	–12,951	–2,638	0	52	–15,537
3.5	–10,407	–7,858	0	0	–18,265
4.0	–2,941	–4,913	0	–54	–7,908
4.5	–412	–2,228	0	67	–2,573
5.0	0	0	–288,892	–1,286	–290,178
No rating	–46	–1	0	0	–47
Total	**–40,786**	**–40,724**	**–288,892**	**–1,221**	**–371,623**
Total carrying amount	**40,935,014**	**1,717,272**	**357,726**	**71,953**	**43,081,965**

Forbearance

Financial assets (carrying amounts) that were subjected to forbearance-relevant measures as at the reporting date were structured as follows:

Performing IN EUR '000	31 Dec. 2018	Absorption H1 2019	Disposal H1 2019	30 June 2019
Loans and advances to customers	160,900	15,583	–31,456	145,027
Loan approvals	17,945	2,435	–4,630	15,750
Total	**178,845**	**18,018**	**–36,086**	**160,777**
Risk provision	0	0	0	0

Non-performing incl. POCI IN EUR THOUSAND	31 Dec. 2018	Absorption H1 2019	Disposal H1 2019	30 June 2019
Loans and advances to customers	189,132	26,745	–35,282	180,595
Loan approvals	20,177	9,373	–8,013	21,537
Total	**209,309**	**36,118**	**–43,295**	**202,132**
Risk provision	122,410	35,533	–24,597	133,346

Performing IN EUR '000	31 Dec. 2017	Absorption H1 2018	Disposal H1 2018	30 June 2018
Loans and advances to customers	355,305	58,109	–201,707	211,707
Loan approvals	38,092	1,797	–15,361	24,528
Total	**393,397**	**59,906**	**–217,068**	**236,235**
Risk provision	0	0	0	0

Non-performing IN EUR '000	31 Dec. 2017	Absorption H1 2018	Disposal H1 2018	30 June 2018
Loans and advances to customers	277,642	23,623	–80,588	220,677
Loan approvals	10,887	10,229	–3,879	17,237
Total	**288,529**	**33,852**	**–84,467**	**237,914**
Risk provision	295,936	16,665	–171,211	141,390

"Forbearance" refers to measures that are characterised by an alteration of conditions included in the credit agreement to the borrower's advantage (e. g. deferments) or the refinancing of the loan because the borrower can no longer fulfil the existing conditions due to financial hardship. A borrower's financial hardship and alterations to the credit agreement do not necessarily result in losses for the lending institution in every case. Should the lending institution experience losses as a result of forbearance measures, appropriate value adjustment measures in accordance with IFRS 9 will be undertaken for Stage 3.

Other changes to credit agreements that are not related to the borrower's experience of financial hardship are to be qualified as market-induced measures.

Liquidity risk

The liquidity risk encompasses the risk of not being able to fulfil one's payment obligations by the due date or, in the case of a liquidity shortage, of not being able to acquire enough liquidity at the terms expected (structural liquidity risk).

Ensuring that there is sufficient liquidity takes top priority at Raiffeisenlandesbank Oberösterreich as the central institution for the Raiffeisen Banking Group Upper Austria. Liquidity has to be safeguarded at all times.

Liquidity management and liquidity risk are managed under a standardised model which, besides normal circumstances, also encompasses stress scenarios arising from reputational risk, systemic risk, a non-performing loan or a crisis involving several risks.

The LCR as at 30 June 2019 is 126% at Group level and thus clearly exceeds the legally required 100%. This demonstrates the good liquidity situation of the Raiffeisenlandesbank Oberösterreich Group.

Raiffeisenlandesbank Oberösterreich has been rated Baa1 by Moody's with regard to its long-term issuer rating since 3 Nov. 2017 (confirmed in February and July 2019).

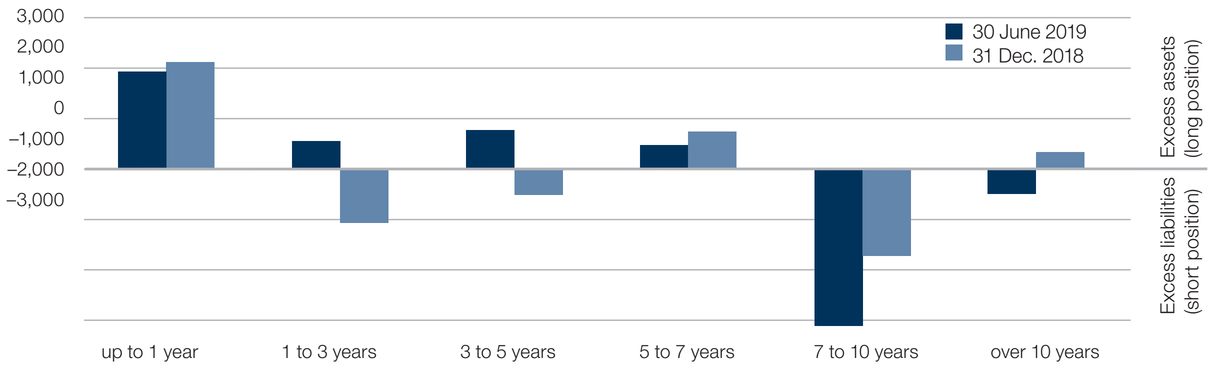
The following table summarises the maturities of the non-discounted liabilities including the respective interest payments and depicts the earliest possible utilisation of guarantees and credit approvals:

30 June 2019 IN EUR '000	payment on demand/ without a term	up to 3 months	3 months to 1 year	1 to 5 years	more than 5 years	Total
Amounts owed to banks	4,891,369	1,128,802	1,124,751	4,025,151	2,434,840	13,604,913
Amounts owed to customers	7,317,131	685,245	1,335,664	1,932,088	1,492,831	12,762,959
Liabilities evidenced by certificates	53,637	188,024	845,593	3,841,782	4,552,416	9,481,452
Trading liabilities	1	65,138	191,301	804,934	1,761,496	2,822,870
Subordinated capital	0	10,438	166,589	486,238	510,241	1,173,506
Total	**12,262,138**	**2,077,647**	**3,663,898**	**11,090,193**	**10,751,824**	**39,845,700**
Contingent liabilities	2,533,667	0	0	0	0	2,533,667
Loan approvals	6,189,795	0	0	0	0	6,189,795

31 Dec. 2018 IN EUR '000	payment on demand/ without a term	up to 3 months	3 months to 1 year	1 to 5 years	more than 5 years	Total
Amounts owed to banks	4,784,384	1,004,930	842,663	3,991,911	2,429,528	13,053,416
Amounts owed to customers	7,206,240	664,448	1,427,782	2,062,484	1,526,945	12,887,899
Liabilities evidenced by certificates	56,500	169,503	621,594	4,148,793	4,418,467	9,414,857
Trading liabilities	2	105,388	180,395	1,043,211	2,271,777	3,600,773
Subordinated capital	1	7,943	42,148	489,661	461,536	1,001,289
Total	**12,047,127**	**1,952,212**	**3,114,582**	**11,736,060**	**11,108,253**	**39,958,234**
Contingent liabilities	2,501,670	0	0	0	0	2,501,670
Loan approvals	6,126,250	0	0	0	0	6,126,250

From the gap analysis below it can be seen that there is only a low liquidity risk in the individual maturity periods. There is a large amount of potential collateral available for tender transactions with the ECB and the Swiss National Bank for ongoing liquidity equalisation as well as for other repurchase transactions. The expiration structure of the liquidity buffer does not feature any essential concentration of expiring securities within the next three years. The vast majority of securities held as a liquidity buffer have a residual term of more than three years.

Liquidity gaps CRR group of RBG OÖ Verbund eGen in EUR million*



* The positions without fixed capital commitment were analysed for a more realistic presentation in accordance with historical developments and are presented in model form as at 30 June 2019; the figures as at 31 Dec. 2018 are also presented using this method.

Equity investment risk

Equity risk covers potential losses caused by dividends not paid, adjustments, disposal losses, regulatory funding obligations, strategic financial restructuring responsibilities, and the reduction of hidden reserves.

The Raiffeisenlandesbank Oberösterreich Group has a broadly diversified investment portfolio. A value-at-risk model is used to assess the risk potential from equity investments, which, on the basis of external valuations (generally on the basis of discounted cash flow-based expert valuations), calculates statistically significant iterations to these expert valuations and then compares the calculated value-at-risk figures (confidence interval: 95% or 99.9%) with the expert valuation, hereby determining the corresponding risk potential for the economic perspective of 95% and 99.9% for each individual investment.

The following table presents the carrying amounts of equity investments held by the Raiffeisenlandesbank Oberösterreich as at 30 June 2019 and 31 Dec. 2018, organised by risk classes. The quality of the financial assets – based on the internal rating – is presented below:

Very low / low risk:	Rating classes 0.5 to 1.5
Normal risk:	Rating classes 2+ to 3+
Increased risk:	Rating classes 3 and poorer

	Very low or low risk		Normal risk		Increased risk		No rating	
IN EUR '000	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018
Banks	1,390,396	1,389,770	0	0	8,254	3,171	404	404
Non-banks	1,096,060	1,077,786	305,185	306,681	62,231	78,348	43	20
Total	**2,486,456**	**2,467,556**	**305,185**	**306,681**	**70,485**	**81,519**	**447**	**424**

On a quarterly basis, the risk potentials determined by the simulation model (economic view 95% and 99.9% respectively) and risk coverage from investment companies are used in the risk-bearing capacity analyses conducted periodically at the overall bank level. The organisational unit for Risk Management Credit, Reporting and Operational Risk produces a quarterly report on equity investment risk.

Macroeconomic risk

Macroeconomic risk measures the effects of a slight or severe recession on the risk situation at Raiffeisenlandesbank Oberösterreich. To this end, a statistics-based macroeconomic model analyses the correlation between macroeconomic factors (GDP, real wages index) and the probability of default. The simulated economic downturn in the model is used to determine the additional risk based on the CVaR figures.

Operational risk

Raiffeisenlandesbank Oberösterreich defines operational risk as being the risk derived from losses caused by the inappropriateness or failure of internal processes, people and systems, or external occurrences. Raiffeisenlandesbank Oberösterreich uses the basic indicator approach to quantify operational risk.

Raiffeisenlandesbank Oberösterreich uses both organisational measures and IT systems to limit this type of risk as far as possible. A high degree of security is attained by means of limit systems, competence regulations, a risk-adequate internal control system, a comprehensive security manual as a behaviour code and directive, as well as scheduled and unscheduled audits by Internal Auditing. The operative management of this type of risk involves risk discussions and analyses with managers (early warning system) and the systematic recording of errors in a database for analysis (ex-post analysis).

Other risk

Raiffeisenlandesbank Oberösterreich takes into account other, non-quantifiable risks in terms of risk-bearing capacity by means of a risk buffer. These include: strategic risk, reputation risk, equity risk, systemic risk, income and business risk, risk of excessive indebtedness, remaining risk from techniques used to reduce credit risks, risks from money laundering and the financing of terrorism.

Risk-bearing capacity analysis

The risk-bearing capacity analysis compares the aggregated overall bank risk of the group, organised by credit risks, market risks, equity risks, refinancing risks (as a measurement parameter for liquidity risk), macroeconomic risks, operational risks and other risks (= strategic risks, equity capital risks and profit risks) to risk coverage. This comparison of the group risks with the available coverage depicts the risk-bearing capacity.

With this comparison, the Raiffeisenlandesbank Oberösterreich Group is able to guarantee that it can cover extremely unexpected losses from its own funds without major negative effects. Economic capital is the measurement of risk used to calculate extremely unexpected losses. It is defined as the minimum amount of capital necessary to cover unexpected losses with a probability of 99.9% within one year.

The following table shows the economic capital for the Raiffeisenlandesbank Oberösterreich Group as at 30 June 2019 depending on the risk type compared to the previous year-end (confidence level 99.9%):

Details regarding risk capital

Segment / Type of risk	Corporates		Retail & private banking		Financial markets		Equity investments		Corporate Center		Total	
IN EUR M	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018	06/2019	12/2018
Market risk[1]	20.3	21.3			460.2	460.4	38.1	38.0			518.6	519.7
Credit risk[2]	1,006.1	938.2	115.1	87.7	150.6	159.2	148.3	137.7	99.4	102.4	1,519.5	1,425.2
Equity investment risk	39.2	52.5					816.1	910.6			855.3	963.1
Refinancing risk					0.0	0.0					0.0	0.0
Operational risk[3]	35.2	27.0	11.2	7.9	19.3	15.6	26.8	44.2	5.6	3.3	98.1	98.1
Macroeconomic risks	208.9	201.9	16.6	13.8	3.5	3.3	20.5	20.3	18.8	16.8	268.3	256.1
Others risks/buffers	6.8	5.2	2.1	1.5	3.8	3.0	5.2	8.6	1.1	0.6	19.0	19.0
Total	**1,316.5**	**1,246.1**	**145.0**	**111.0**	**637.4**	**641.5**	**1,055.0**	**1,159.4**	**124.9**	**123.2**	**3,278.8**	**3,281.2**
RWA	**16,420.0**	**15,071.9**	**1,498.1**	**1,354.1**	**1,306.3**	**1,240.7**	**5,778.4**	**5,852.2**	**2,871.9**	**2,757.2**	**27,874.7**	**26,276.0**

The assignment of risk capital and the RWAs follow asset allocation as it is done in the IFRS consolidated financial statements of Raiffeisenlandesbank Oberösterreich.

1 Market risks are incurred in the Financial Markets, Investments and Corporates segments. Reason: The SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT is included in its entirety in the Investments section of the IFRS statements. The spread risk from M-Bonds is allocated entirely to market risk. This is why market risk is also incurred to some extent in the Corporates segment.
2) Credit risks are also incurred in the Corporate Center because financing is also allocated to this segment in the IFRS statements.
3) Operational risks and the risk buffer were distributed proportional to income.

In accordance with the "ECB Guidelines for the Internal Capital Adequacy Assessment Process (ICAAP)", Raiffeisenlandesbank Oberösterreich distinguishes between the economic view (see above) and the supplementary normative view: the economic view focuses on a present value risk assessment and utilisation of the risk cover funds, whereas the normative view focuses on statement of financial position risks in the income statement and their impact on the capital ratios.

Institutional protection scheme

Raiffeisen Banking Group Upper Austria

The Austrian Raiffeisen Banking Group is the largest banking group in Austria with about 390 locally operating Raiffeisen branches, eight regional Raiffeisen headquarters, and Raiffeisen Bank International AG as central institution in Vienna. Some 1.7 million Austrians are members and thus co-owners of Raiffeisen banks.

The Raiffeisen Banking Group Upper Austria is made up of a central institution, Raiffeisenlandesbank Oberösterreich AG, and 80 Raiffeisen banks with a total of 420 bank branches.

About 317,000 Upper Austrians are co-owners of the Upper Austrian Raiffeisen banks.

As credit institutions within the network of a co-operative society, the Raiffeisen banks are bound to the principles of subsidiarity, solidarity, and regionalism.

Based on Articles 49 (3) and 113 (7) CRR, all Raiffeisen banks in the Raiffeisen Banking Group Upper Austria have signed an agreement to set up an institutional guarantee scheme together with Raiffeisenlandesbank Oberösterreich AG, the Aid Association of the Raiffeisen Banking Group Upper Austria as well as Raiffeisen-Kredit-Garantiegesellschaft mbH. This institutional guarantee scheme is aimed at guaranteeing members' holdings and securing their liquidity and solvency in order to avoid bankruptcy. There is an early detection system in place to fulfil these tasks which requires the basic principle of uniform and common risk assessment in accordance with Raiffeisen deposit guarantee (ÖRE) regulations. Based on the organisational structure of the Raiffeisen Banking Group, the development of the IPS was designed in two stages (Federal- and State-wide IPS). Raiffeisenlandesbank Oberösterreich is a member of both the Federal and the State IPS.

The risk council that has been established monitors and manages the development of the entire L-IPS and of the individual members within the institutional guarantee system at state level. The institutional guarantee system is represented at state level by the Chief Executive Officer of Raiffeisenlandesbank Oberösterreich AG, Heinrich Schaller. Approval for the institutional guarantee system was obtained from the FMA by a decision dated 3 November 2014.

Aid Association of the Raiffeisen Banking Group Upper Austria Raiffeisen-Kredit-Garantiegesellschaft m.b.H.

Together, the Upper Austrian Raiffeisen banks have established a joint aid association with Raiffeisenlandesbank Oberösterreich AG (Hilfsgemeinschaft der RBG Oberösterreich und Raiffeisen-Kredit-Garantiegesellschaft m.b.H.), which ensures that in case of economic problems the distressed institutions receive help through adequate measures.

To ensure the security of the money our customers have entrusted in us, we have also created additional institutions:

Deposit guarantee scheme

The new Austrian Deposit Guarantee Scheme and Investor Compensation Act (ESAEG), which implements a European Directive, came into force in mid-August 2015. All member institutions of Raiffeisen Banking Group Upper Austria are joint members of the "Austrian Raiffeisen-Einlagensicherung eGen" via the Upper Austrian state deposit guarantee scheme.

The act anticipates the establishment of a deposit guarantee fund that is stocked by annual contributions from banks. The target volume, which must be reached by 2024, is 0.8% of covered deposits. If these funds are not sufficient, the banks may be required to provide an additional 0.5% of the covered deposits annually.

Deposits are secured up to EUR 100,000 per customer per institute. This applies to both natural and legal entities. Not covered are all deposits listed in section 10 (1) of the Austrian Deposit Guarantee Scheme and Investor Compensation Act (ESAEG) (including deposits from financial institutions, securities firms, insurance companies, pension funds and government agencies).

The guaranteed deposits should be reimbursed within seven working days as at 1 Jan. 2024 (gradual reduction in the periods by then).

Until 31 December 2018, the Austrian deposit guarantee scheme was divided into sectors. All member institutions of Raiffeisen Banking Group Upper Austria are joint members of the "Austrian Raiffeisen-Einlagensicherung eGen" via the Upper Austrian state deposit guarantee. As of 1 Jan. 2019, they joined the AUSTRIA deposit guarantee scheme in their entirety.

The tried and tested intra-sector protection schemes operated by the Raiffeisen Banking Group at federal-state and federal levels (state IPS, federal IPS) will remain in force. As a result of these sectoral institutional protection schemes, deposits at Raiffeisen banks continue to be guaranteed to the greatest possible extent.

Bank Recovery and Resolution Act (BaSAG)

The Banking Recovery and Resolution Directive (BRRD) came into force effective 1 Jan. 2015 with the establishment of a Europe-wide banking union by the European Union. The Bank Recovery and Resolution Act (BaSAG) implemented the BRRD into Austrian law, effective 1 Jan. 2015. This act requires every bank domiciled in Austria, and that is not part of a group which is subject to consolidated supervision, to create a recovery plan in accordance with the requirements defined in the BaSAG and to update this on an annual basis. As the EU parent company the RBG OÖ Verbund eGen created the 2018 group recovery plan based on this legal position, and this includes the specifics related to Raiffeisenlandesbank Oberösterreich.

A resolution plan will be created by the resolution authority and reviewed at least once per year and updated as necessary.

For the purposes of the stress test associated with the recovery plan under the BaSAG, the bank's recovery potential was ascertained in six different scenarios, with systemic, reputational and also combined crises considered in the characteristics rapid and slow.

So that crises can be identified at an early stage, early warning indicators are set out in a comprehensive framework concept aimed at ensuring that there is adequate time for implementing suitable countermeasures. The set of indicators selected meets the minimum requirements for qualitative and quantitative indicators in accordance with the EBA Guidelines. Additional indicators were also selected by the organisation itself, meaning monitoring of a total set of 26 indicators is undertaken and regular reports are submitted to the Managing Board.

Raiffeisenlandesbank Oberösterreich is obliged by statute to make an annual contribution to the Single Resolution Fund ("SRF") at the European level. The contribution to the resolution fund is stipulated by the supervisory authority responsible in accordance with the deposits not guaranteed in association with the bank's risk profile. If the funds available are not sufficient for the purposes of covering losses, costs and other expenses associated with utilising the fund as a resolution mechanism, extraordinary contributions are collected in order to cover the additional expenses.

The scope of application extends to all banks operating within the eurozone. Non-euro states are able to participate in the SRF on a voluntary basis.

Other information

Information regarding associated companies and persons

The ultimate parent company is Raiffeisen Banking Group Upper Austria Verbund eGen which is not operationally active, apart from its function as a holding company.

The "Subsidiaries (non-consolidated)" category contains all subsidiaries which are not fully consolidated for reasons of significance. The "Associated companies" category shows details regarding companies with significant influence, including the companies reported under the equity method. The "Joint enterprises" category includes all companies in which Raiffeisenlandesbank Oberösterreich is a partner company as part of a joint enterprise. The category of "Members of the Management in Key Positions" covers the Managing Board and Supervisory Board members of Raiffeisenlandesbank Oberösterreich. The category of "Other associated companies and persons" shows details of close family members of the management in key positions (incl. their companies).

Information regarding associated companies and persons as at 30 June 2019

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associates and joint enterprises
Loans and advances to banks	0	0	3,563,835
Loan loss allowance for loans and advances to banks	0	0	103
Loans and advances to customers	0	295,597	794,178
Loan loss allowance for loans and advances to customers	0	280	929
Trading assets	0	1	405,416
Financial assets	0	119,487	692,888
Loan loss allowance for securities	0	0	37
Companies accounted for using the equity method	0	0	2,145,488
Other assets	0	21,243	4,880
Loan loss allowance for receivables from non-bank activities	0	0	0
Assets held for sale	0	72,437	300
Amounts owed to banks	0	0	938,264
Amounts owed to customers	338	106,207	425,910
Trading liabilities	0	0	70,955
Liabilities evidenced by certificates	0	0	0
Provisions	0	0	0
Other liabilities	0	22,210	5,658
Liabilities in connection with assets held for sale	0	2	0
Subordinated capital	0	0	0
Granted credit commitments, financial guarantees and other commitments	0	69,288	465,417
Received credit commitments, financial guarantees and other commitments	0	0	11,861

Related party disclosures for the first half of 2019

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associates and joint enterprises
Net interest income	0	4,014	29,267
Additions to allowances for losses on loans and advances	0	–48	–65
Loan loss allowance reversal	0	211	82
Share of profit or loss of equity-accounted investments	0	0	46,492
Direct impairment losses	0	0	0
Amounts received against loans and advances written off	0	0	0

Information regarding associated companies and persons as at 31 Dec. 2018

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associates and joint enterprises
Loans and advances to banks	0	0	3,551,592
Loan loss allowance for loans and advances to banks	0	0	122
Loans and advances to customers	0	314,160	806,204
Loan loss allowance for loans and advances to customers	0	482	918
Trading assets	0	0	281,973
Financial assets	0	139,093	720,429
Loan loss allowance for securities	0	0	42
Companies accounted for using the equity method	0	0	2,117,861
Other assets	0	19,232	7,420
Loan loss allowance for receivables from non-bank activities	0	0	0
Assets held for sale	0	13,984	0
Amounts owed to banks	0	0	822,248
Amounts owed to customers	343	86,665	443,018
Trading liabilities	0	1	44,938
Liabilities evidenced by certificates	0	0	0
Provisions	0	0	0
Other liabilities	0	3,781	2,388
Liabilities in connection with assets held for sale	0	0	0
Subordinated capital	0	0	17,851
Granted credit commitments, financial guarantees and other commitments	0	26,040	473,480
Received credit commitments, financial guarantees and other commitments	0	0	12,081

Related party disclosures for the first half of 2018

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associates and joint enterprises
Net interest income	0	5,711	35,155
Additions to allowances for losses on loans and advances	0	–307	–294
Loan loss allowance reversal	0	223	2,007
Share of profit or loss of equity-accounted investments	0	0	100,698
Direct impairment losses	0	0	0
Amounts received against loans and advances written off	0	0	0

The column "Associates and joint ventures" includes an IFRS carrying amount of EUR 496,838 thousand (31 Dec. 2018: EUR 477,272 thousand) for joint ventures. In addition, receivables from joint ventures of EUR 101 thousand (31 Dec. 2018: EUR 0 thousand), liabilities of EUR 407 thousand (31 Dec. 2018: EUR 29 thousand) and loan commitments of EUR 40 thousand (31 Dec. 2018: EUR 40 thousand) are included as at 30 June 2019.

As at 30 June 2019 EUR 15,000 thousand (31 Dec. 2018: EUR 15,000 thousand) were pledged to companies reported under the equity method.

Advances, credits and liabilities to members of the Managing Board exist as at 30 June 2019 amounting to EUR 1,060 thousand (31 Dec. 2018: EUR 43 thousand) and to members of the Supervisory Board EUR 476 thousand (31 Dec. 2018: EUR 513 thousand). Loans to members of the Managing Board and the Supervisory Board are granted on standard banking industry terms. Repayments are made as agreed.

Liabilities towards member of the Managing Board and the Supervisory Board exist amounting to EUR 4,305 thousand (31 Dec.2018: EUR 4,060 thousand).

As at 30 June 2019 advances, loans and liabilities amounting to EUR 3,859 thousand exist towards associated persons and companies (31 Dec. 2018: EUR 4,178 thousand) and liabilities amounting to EUR 1,076 thousand (31 Dec. 2018: EUR 1,361 thousand).

Standard market conditions are applied in business relationships with related companies and individuals.

Off-balance-sheet commitments

As at the reporting date, the following off-balance-sheet obligations existed:

IN EUR '000	30 June 2019	31 Dec. 2018
Contingent liabilities	**2,533,668**	**2,501,670**
of which from guarantees, warranties and letters of credit	2,533,035	2,501,050
of which from other contingent liabilities	633	620
Loan approvals	**6,189,795**	**6,126,250**

A joint and several liability in accordance with section 2, Mortgage Lending Institutions Law is in place in the fully consolidated SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT for the liability borne by the Pfandbriefbank (Österreich) AG.

Leasing

Lessee

The following table shows the changes in the carrying amount of rights of use under leases subordinated to the corresponding items in non-current assets:

	Historical cost						Appreciation and depreciation			Carrying amount
IN EUR '000	As at 1 Jan. 2019*	Currency differences	Additions	Disposals	Changes due to modification	As at 30 June 2019	cumulative write-down**	thereof scheduled depreciation in the first half of 2019	of which unscheduled depreciation in the first half of 2019	As at 30 June 2019
Rights of use of property, plant and equipment	**112,213**	**29**	**11,336**	**400**	**–588**	**122,590**	**21,790**	**6,443**	**0**	**100,800**
Right of use of land and buildings used for operations	**105,588**	**27**	**10,537**	**38**	**–602**	**115,512**	**18,387**	**5,344**	**0**	**97,125**
Rights of use of land used for operations	7,477	0	10	0	0	7,487	17	17	0	7,470
Rights of use of buildings used for operations	98,111	27	10,527	38	–602	108,025	18,370	5,327	0	89,655
Rights of use of other property, plant and equipment	**6,625**	**2**	**799**	**362**	**14**	**7,078**	**3,403**	**1,099**	**0**	**3,675**
Rights of use of other property, plant and equipment, office equipment – motor vehicles	232	–1	684	0	–2	913	132	132	0	781
Rights of use of other property, plant and equipment, office equipment – movable property	6,393	3	115	362	16	6,165	3,271	967	0	2,894
Rights of use of leased assets from operating leases – motor vehicles	0	0	0	0	0	0	0	0	0	0
Rights of use of leased assets from operating leases – Other	0	0	0	0	0	0	0	0	0	0
Rights of use of investment properties	**23,676**	**0**	**0**	**0**	**106**	**23,782**	**743**	**743**	**0**	**23,039**
Rights of use of investment properties	**23,676**	**0**	**0**	**0**	**106**	**23,782**	**743**	**743**	**0**	**23,039**
Rights of use of investment properties	20,947	0	0	0	96	21,043	637	637	0	20,406
Rights of use of leased assets from operating leases (real estate)	2,729	0	0	0	10	2,739	106	106	0	2,633

* The figures as at 1 Jan. 2019 refer to the figures according to IFRS 16 First-time application and are therefore not reconcilable with the consolidated financial statements as at 31 Dec. 2018.
** As part of the first-time application of IFRS 16, the cumulative write-downs of assets under operating leases (lessor) was reclassified to rights of use in accordance with IAS 17.

In the Raiffeisenlandesbank Oberösterreich Group, the relief provisions for short-term leases or leases with a low value, which are explained in the section "Accounting policies", were applied. In the first half of 2019, expenses of EUR -0.3 million relating to short-term leases are reported in the consolidated income statement under "Administrative expenses". This item also includes expenses for leases with a low value of EUR -0.3 million.

The Raiffeisenlandesbank Oberösterreich Group leases are mainly for the rental of locations, motor vehicles, technical equipment and factory and office equipment. These leases are based on the following useful lives:

	Years
Motor vehicles	up to 10
Sites	up to 40
Technical equipment and machinery	up to 40
Furniture and fixtures	up to 50

Both the IMPULS-LEASING Group and the OÖ Wohnbau Group acquire building rights or rent land, erect buildings on them and subsequently lease them to third parties as sub-leases. The life-cycle of these building rights or land range from 1 to 99 years. In the case of the IMPULS-LEASING Group, the sub-leases were predominantly classified as finance leases in the life-cycle test, whereas in the case of the OÖ Wohnbau Group the sub-leases were classified exclusively as operating leases.

In the Raiffeisenlandesbank Oberösterreich Group, a number of leases in connection with Location rents include variable leasing payments, which were not included in the valuation of leasing liabilities. The influencing factor for these variable lease payments is primarily the revenue generated by the respective locations. In addition, lease agreements also make use of termination and extension options, which are also not included in the measurement of lease liabilities. The assessment in connection with the exercise relates on the one hand to the estimates of the management and on the other hand to the utilisation of comparable options in the past.

Lessor

Property, plant and equipment and investment property include operating leases of EUR 135.5 million and EUR 155.7 million, respectively. In addition, other operating income from operating leases amounted to EUR +15.9 million in the first half of 2019.

The receivables from the finance leases shown originate almost exclusively from companies of the IMPULS-LEASING Group. It offers innovative financing solutions for corporate and retail customers. In addition to Austria, the IMPULS-LEASING Group is also represented in Southern Germany, Czechia, Poland, Slovakia, Croatia and Romania. In Austria, Southern Germany, Czechia and Slovakia, the IMPULS-LEASING Group offers real estate loans in addition to motor vehicle and movable property financing. Long-term success depends, among other things, on active risk management and risk strategy. This is characterised by a uniform Group-wide financing policy, a broad leasing portfolio with commitments and risk limits, uniform rating standards, compliance with quality assurance standards and refinancing in line with maturities, interest rates and currencies. The IMPLUS-LEASING Group in general only concentrates its work on business areas in which it has the requisite expertise in the assessment of the specific risks. Before it moves into new business areas or products, the Group always carries out an adequate analysis of the risks posed by that specific business.

Regulatory consolidated equity requirements pursuant to section 64 (1) (16 et seq.) of the Austrian Banking Act

As of 1 Jan. 2014, Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) and Directive (EU) No 36/2013 (Capital Requirements Directive, CRD IV) came into force for the implementation of Basel III. In addition, the supplementary Austrian CRR Implementing Regulation specifies how the CRR's transitional provisions are to be implemented in Austria. These statutory regulations mean that banks will have to comply with significantly higher equity ratios and tighter liquidity requirements.

Consolidated equity at the level of the uppermost finance holding (Raiffeisen Banking Group Upper Austria eGen, a registered co-operative society) breaks down as follows according to CRR:

IN EUR '000	30 June 2019	31 Dec. 2018
Capital instruments and the premium linked to them	1,032,857	1,032,857
Retained earnings	3,211,242	3,211,242
Accumulated other net gains/losses	–185,349	–185,349
Eligible Common Equity Tier 1 (CET 1) minority holdings (incl. transitional regulations)	45,140	43,858
Common Equity Tier 1 (CET 1) capital prior to regulatory adjustments (corrections and deductions)	**4,103,890**	**4,102,608**
Prudential filters correction	690	572
Intangible assets deduction (incl. goodwill)	–62,629	–62,120
Deductions for deferred taxes	–3,168	–3,168
Deduction of common Tier 1 capital instruments from companies in the financial sector	–34,782	–5,092
Items to be deducted from the items of additional Tier 1 capital, exceeding the additional Tier 1 capital	0	0
Other deductions and components related to the common Tier 1 capital	–56,235	–56,235
Common Tier 1 capital (CET 1)	**3,947,766**	**3,976,565**
Eligible AT 1 minority holdings (incl. transitional regulations)	9,673	9,398
Deduction of additional Tier 1 capital instruments from companies in the financial sector	–6,542	–6,417
Items to be deducted from the items of additional Tier 1 capital exceeding the additional Tier 1 capital (deduction from common Tier 1 capital)	0	0
Additional Tier 1 capital (AT 1)	**3,131**	**2,981**
Tier 1 capital (Tier 1 = CET 1 + AT 1)	**3,950,897**	**3,979,546**
Grandfathering of capital instruments of Tier 2 capital and subordinated loans	11,243	14,990
Eligible Common Equity Tier 2 minority holdings (incl. transitional regulations)	502,188	430,903
Tier 2 capital (T 2) before regulatory adjustments	**513,431**	**445,893**
Deductions as well as other transitional adjustments of Tier 2 capital	–25,044	–25,046
Tier 2 capital (T 2)	**488,387**	**420,847**
Total capital (TC = T 1 + T 2)	**4,439,284**	**4,400,393**

The overall risk value (risk-weighted assets, RWA) is divided up as follows:

IN EUR '000	30 June 2019	31 Dec. 2018
Own funds requirements for credit, counterparty and dilution risk	26,396,816	24,848,130
Own funds requirements for processing and delivery risks	0	0
Own funds requirements for position, foreign currency and commodity risks	143,050	112,903
Own funds requirements for operational risks	1,226,854	1,226,854
Own funds requirements for adjustments to credit evaluation (CVA)	107,942	88,136
Risk-weighted assets	**27,874,662**	**26,276,023**

The capital ratios (phase in) according to CRR are as follows and are calculated against the total risk value in accordance with Article 92 CRR.

IN %	30 June 2019	31 Dec. 2018
Common Equity Tier 1 capital ratio (CET 1 ratio)	14.16	15.13
Tier 1 capital ratio	14.17	15.15
Total capital ratio (TC ratio)	15.93	16.75

A capital conservation buffer was introduced effective 1 Jan. 2016 in accordance with section 23 of the Austrian Banking Act, and this must be maintained in the form of Common Equity Tier 1 capital. This will amount to 2.5% for 2019 when fully completed.

In accordance with section 7 of the Capital Buffer Regulation (KP-V), the FMA prescribed a capital buffer ratio for systemic vulnerability (systemic risk buffer) of 1% for Raiffeisenlandesbank Oberösterreich Aktiengesellschaft based on the consolidated situation of the RBG OÖ Verbund eGen as the ultimate financial holding company and Raiffeisenlandesbank Oberösterreich AG on an individual basis.

This anti-cyclical capital buffer is intended to function as an economic corrective measure during times in which credit growth exceeds GDP. It is equivalent to between 0% and 2.5% of the risk-weighted assets and is held in Common Equity Tier 1 capital. The relevant regulatory bodies may also stipulate that banks in their countries maintain an anti-cyclical capital buffer of over 2.5%.

As at 30 June 2019 the capital buffer ratio for significant risk exposures in Austria was 0%. Raiffeisenlandesbank Oberösterreich's bank-specific anti-cyclical capital buffer was, in accordance with section 23a (1) of the Austrian Banking Act, calculated as the weighted average of the ratios of anti-cyclical capital buffers of the countries in which Raiffeisenlandesbank Oberösterreich has significant credit risk exposures. It is expected that Raiffeisenlandesbank Oberösterreich's anti-cyclical capital buffer in 2019 will also be insignificant in size.

Overview of statutory minimum capital requirements

IN %	30 June 2019	31 Dec. 2018
Minimum requirement for Common Equity Tier 1 capital in accordance with CRR	4.50	4.50
Capital maintenance buffer	2.50	1.88
Systemic risk buffer	1.00	1.00
Anticyclical capital buffer	0.11	0.09
Capital requirement for Common Equity Tier 1 capital	**8.11**	**7.47**
Minimum requirement for Common Equity Tier 1 capital in accordance with CRR	1.50	1.50
Capital requirement for total capital	**9.61**	**8.97**
Minimum requirement for Tier 2 capital in accordance with the CRR	2.00	2.00
Capital requirement for total capital	**11.61**	**10.97**

In addition to the minimum capital requirements and capital buffer requirements, banks must meet capital requirements in accordance with the Supervisory Review and Evaluation Process (SREP). As a result of this SREP carried out by the ECB, on the level of the CRR scope of consolidation of RBG OÖ Verbund eGen, Raiffeisenlandesbank Oberösterreich must take into account a Pillar 2 requirement (P2R) by means of Common Equity Tier 1 capital in the minimum capital requirements of Pillar 1. In addition, as part of the SREP process, the ECB issued a Pillar 2 guidance (P2G), which must also be fully met with Tier 1 capital. However, the Pillar 2 recommendation has no effect on the Maximum Distributable Amount (MDA).

Within the framework of equity management, the main focus lies on securing adequate capital resources for the group and ensuring compliance with regulatory own funds requirements for the Group.

Equity capital is a crucial factor in managing a bank. The minimum value is prescribed by Regulation (EU) No 575/2013 (Capital Requirements Regulation, CRR) in combination with Directive (EU) No 36/2013 (Capital Requirements Directive, CRD IV). Accordingly, banks and banking groups must currently back at least 8% of their risk-weighted assets (RWA) with own funds. As a securitisation of RWA with Tier 1 capital, they are currently required to set aside at least 6%.

For its internal management, Raiffeisenlandesbank Oberösterreich applies target values that cover all risk types (including from the trading book, currency risk and operational risk). At the same time, Raiffeisenlandesbank Oberösterreich has also set target ratios that are sufficiently above the legally required Tier 1 capital so as to avoid any regulatory limitations in its managerial decision-making process.

The main focus of attention in this process is on Tier 1 capital. At the same time, the risk-bearing capacity is determined on the basis of regulatory and economic criteria. It is equal to the maximum losses that the bank or the group could incur without falling below the minimum capital requirements. Because there are constraints on capital eligibility, internal management also focuses on the composition of the equity instruments.

Raiffeisenlandesbank Oberösterreich will be in a stable equity and equity capital situation for the next few years – during which the regulatory ratios under Basel III will be exceeded significantly while the SREP ratio prescribed by the ECB will be complied with – enabling the bank to continue providing close support to its customers over the long term.

In accordance with section 8 of the Capital Requirements Regulations (CRR), this information is published on Raiffeisenlandesbank Oberösterreich's website (www.rlbooe.at).

Average number of employees pursuant to section 266 of the Austrian Commercial Code

	1 Jan. – 30 Dec. 2019	1 Jan. – 30 Dec. 2018
Salaried employees	4,321	4,246
of which VIVATIS/efko	1,004	962
Worker	1,716	1,703
of which VIVATIS/efko	1,707	1,694
Total	**6,037**	**5,949**
of which VIVATIS/efko	2,711	2,656

Geographical distribution according to country-by-country reporting

Country-by-country reporting in the first half of 2019

IN EUR '000	Net interest income	Operating income	Pre-tax profit for the period
Austria	135,842	463,775	89,196
Czech Republic	1,479	4,721	574
Germany	34,250	51,684	29,937
Croatia	2,775	8,334	2,365
Poland	4,719	8,475	4,660
Romania	6,729	9,237	5,449
Slovenia	13	22	20
Slovakia	2,177	2,661	470
Total	**187,984**	**548,910**	**132,671**

Country-by-country reporting in the first half of 2018

IN EUR '000	Net interest income	Operating income	Pre-tax profit for the period
Austria	144,988	521,812	156,895
Czech Republic	1,582	4,844	586
Germany	33,195	46,854	25,179
Croatia	2,461	8,258	2,876
Poland	4,538	7,555	3,969
Romania	6,077	10,419	6,632
Slovenia	14	23	9
Slovakia	2,234	2,755	622
Total	**195,089**	**602,520**	**196,768**

Events after the reporting date

The condensed interim consolidated financial statements as at 30 June 2019 were prepared on 20 August 2019. There were no further events of particular significance after the reporting date.

Statement of the Managing Board

We confirm to the best of our knowledge that these condensed consolidated interim financial statements as at 30 June 2019, prepared according to proper accounting standards, present a true and fair view of the Group's assets, financial position and earnings and that the Group's interim management report presents a true and fair view of the Group's assets, financial position and earnings in respect of the most important events in the first six months of the business year and their effects on the condensed consolidated interim financial statements and in respect of the most significant risks and uncertainties in the remaining six months of the business year.

Linz, 20 August 2019
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
Europaplatz 1a, 4020 Linz

THE MANAGING BOARD

Heinrich Schaller
Chief Executive Officer

Michaela Keplinger-Mitterlehner
Deputy Chief Executive Officer

Michael Glaser
Member of the Managing Board

Stefan Sandberger
Member of the Managing Board

Reinhard Schwendtbauer
Member of the Managing Board

The responsibilities of the individual members of the Managing Board are presented on the following page.

Responsibilities of the Managing Board

CEO Heinrich Schaller	CMO Michaela Keplinger-Mitterlehner	CRO Michael Glaser	COO Stefan Sandberger	CFO Reinhard Schwendtbauer
Lead coordinator for special legal projects	bankdirekt.at	Financing management	IT and digitisation	Equity investments
Corporate Governance, Legal & Compliance*	Corporates	Risk management credit, reporting, operational risk	Operations	Group accounting and controlling
Corporate development	Retail	Risk management, ICAAP & market risk	Product portfolio management	Purchasing management
Corporate Communication	Privat Bank		Innovation Hub	Tax office
Group audit*	Distribution management & sales promotion corporates incl. RVM		IT – operations and software	Factoring
Personnel	Distribution management & sales promotion retail & Rbanks incl. RVD & TSC			Leasing
Strategy RBG Upper Austria & sector coordination	Investment company			Real estate management
Treasury Financial Markets				

Level 2 Level 3 Outsourced core areas

*Responsible to the entire Management Board

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Notes:
Gender-neutral language: In order to facilitate legibility, we have largely dispensed with gender-specific differentiation. The content refers to both genders equally, in accordance with equal treatment of the sexes.

The Interim Financial Report of Raiffeisenlandesbank Oberösterreich 2019 is also available in an English translation. If there are discrepancies, the German original shall apply. No liability is assumed for typographical or printing errors.

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Raiffeisen Landesbank Oberösterreich

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