Raiffeisenlandesbank Oberösterreich

INTERIM FINANCIAL REPORT 2021

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INTERIM FINANCIAL REPORT 2021

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EXCELLENT RESULT FOR THE FIRST HALF OF 2021: INVESTMENT DURING CRISIS TIMES IS THE ENGINE FOR ECONOMIC RECOVERY

This spring, Austria's economy recovered much faster and better from the consequences of the COVID-19 crisis than many experts and analysts had thought possible in 2020 – and thus embarked on a solid growth course. As the numbers of new COVID-19 infections declined, also due to the rising level of vaccination coverage, major business constraints for Austrian companies and the sectors that were hit worst have been reduced. In addition, consumption has also clearly picked up again. However, the general infection situation will remain a factor of uncertainty during the coming months. The current upswing and the positive economic development are also particularly visible in this interim financial report 2021 of Raiffeisenlandesbank Oberösterreich.

Positive risk situation

The COVID-19 crisis has not yet triggered a wave of insolvencies, not least thanks to continued government support measures for enterprises. On the contrary: there appears to be no increase in insolvencies on the horizon due to measures such as short-time work and money from state aid. In any case, the number of bankrupt businesses continued to fall in the second quarter of 2021. From April to June 2021, Statistics Austria counted more than 25% fewer cases of business insolvencies than in the same period for the previous year. The risk situation in the Raiffeisenlandesbank Oberösterreich Group in the first half of the year was correspondingly positive. The NPL ratio was 1.75% at the end of the first half of the year. However, it can be assumed that there will be some catch-up effects after the government aid measures have ceased.

aws ranking: once again the strongest development bank in Austria

It has become clear in recent months how important investments in the COVID-19 crisis were for companies in preparing for the renewed recovery and comeback in the economy. The task of Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria included ensuring liquidity and supporting customers through challenging phases with their expertise and with close cooperation. It was also important to facilitate investments in order to make the best possible use of the positive economic situation. Raiffeisenlandesbank Oberösterreich has gained experience in this area over many years and has built up a valuable network. The expertise is also reflected in a current bank ranking by the Austria Wirtschaftsservice (aws): in the first six months of 2021, the Raiffeisen Banking Group Upper Austria processed more than EUR 126 million, which is around one third of the volume of all aws erp (European Recovery Program) loans approved in Austria. The evaluation by aws shows that Raiffeisen Banking Group Upper Austria holds by far the largest market share in terms of both the number and volume of loans granted, making it the clear number one among development banks in Austria. We were even able to expand this position significantly once again in the first half of 2021 and therefore processed more funding volumes than the four next-ranked banks combined.

We continue to have a stable Tier 1 capital base

We are committed to sustainable development, which benefits us as a bank and at the same time also benefits our customers. Our strong capital resources are a valuable basis and a central foundation for being able to support our clients' plans and projects and remain a reliable banking partner for the future. The Common Equity Tier 1 capital ratio (CET 1 ratio) in the banking group has stayed at a high level of 14.93%, despite the challenging environment caused by the COVID-19 crisis and before taking into account the very good interim results. If the profits for the first half of the year were also taken into account, even though these are only eligible at the end of the year due to regulatory requirements, this would even have resulted in Common Equity Tier 1 capital of 15.90%. It is also particularly pleasing that the consolidated total assets of Raiffeisenlandesbank Oberösterreich exceeded the EUR 50 billion threshold for the first time in the first half of the year. They were up by 4.2% compared to the end of 2020 and therefore stand at EUR 50.6 billion as at the end of June 2021.

Pre-tax profit for the period at EUR 297.7 million

Raiffeisenlandesbank Oberösterreich is in a position to support its customers' plans, ideas and projects with banking services that go well beyond the norm. The good results achieved in the first half of 2021 provide an excellent basis for this. A pre-tax profit of EUR 297.7 million was achieved in the Raiffeisenlandesbank Oberösterreich Group in the first half of 2021 (an increase of EUR 513.7 million compared with the same period in the previous year) along with an operating result of EUR 227.6 million (an increase of EUR 310.7 million), with both of these representing extraordinarily good results.

Award for “Green Deal of the Year”

Raiffeisenlandesbank Oberösterreich has set itself the goal of consolidating and further expanding its position in the Austrian banking sector based on a stable starting position with a healthy Tier 1 capital base. Forward-looking strategies that focus on customer orientation, further digitisation steps and, above all, the issue of sustainability all make a significant contribution towards this aim. Raiffeisenlandesbank Oberösterreich also received a prestigious award from the European Bank for Reconstruction and Development (EBRD) this year with the “EBRD Green Trade Facilitation Programme Award“: TBC Bank, based in Georgia, and Raiffeisenlandesbank Oberösterreich were jointly awarded the “Deal of the Year 2020 - Green Trade“ prize specifically for securing and processing an export transaction for an Austrian customer aimed at improving the energy supply and reducing the use of fossil fuels in Georgia.

Pioneering work in sustainable investments

Environmental issues are also becoming increasingly important for investors, and the demand for and interest in sustainable investments are correspondingly high. KEPLER-FONDS KAG, the fund subsidiary of Raiffeisenlandesbank Oberösterreich, has been doing pioneering work in this area for many years with innovative product offerings. Of KEPLER's total customer volume of EUR 18 billion, around EUR 2.7 billion is already attributable to sustainably managed portfolios, with EUR 1.1 billion attributable to retail funds for private investors.

With its services, efficient and purposeful liquidity control processes and extensive risk management in combination with modern control instruments, Raiffeisenlandesbank Oberösterreich is doing everything in its power to continue justifying the trust placed in it by customers and to provide companies, institutions and private customers with comprehensive support for their projects.

Heinrich Schaller
Chief Executive Officer of Raiffeisenlandesbank Oberösterreich

INTERIM MANAGEMENT REPORT 2021 OF THE RAIFFEISENLANDESBANK OBERÖSTERREICH AKTIENGESELLSCHAFT GROUP

1. REPORT ON BUSINESS DEVELOPMENT AND THE ECONOMIC SITUATION

1.1. Economic background

International Monetary Fund revises forecast for 2022 upwards

The COVID-19 pandemic continues to maintain a firm grip on the world. Nevertheless, the International Monetary Fund (IMF) has raised its global economic forecast for 2021 and 2022. For 2021, the IMF calculates growth of around 6.0%. This is an increase of 0.5%. The forecast has also been raised for the following year 2022. This upswing is expected to be driven primarily by the strength of the industrialised nations. The growth is largely attributed to the ongoing coronavirus vaccination and economic stimulus measures that are being implemented in many countries to cope with the pandemic. However, the IMF stresses that the situation with global infections remains a factor for uncertainty in the forecast.

US economy gets a powerful boost

Global economic growth is expected to be very much driven by the US this year. The forecast has been raised significantly here, thanks to a highly successful vaccination campaign. The IMF's chief economist emphasises that the highest possible vaccination rate is the way out of this crisis. An even stronger recovery is conceivable with faster progress according to her, but virus mutations may also prolong the crisis.

EU Commission raises growth forecast

The Commission in Brussels is raising its outlook for this year and next. The reason is the progress with vaccinations as well as the coronavirus measures. The EU's economic performance could return to pre-crisis levels by the end of the year, according to the forecast. This means that the economy is recovering more rapidly than initially assumed. The outlook for the current year was raised from 4.3% to 4.8%. Gross domestic product should then rise by a further 4.5% next year, which is more than previously expected.

The Commission cited two main reasons for raising the forecast: "First of all, activity in the first quarter of the year has exceeded expectations. Secondly, an effective strategy to contain the virus and advances in vaccination led to falling numbers of new infections and hospitalisations, which in turn allowed EU member states to reopen their economies in the following quarter."

According to the European Commission, positive survey results among consumers and businesses as well as mobility data indicate that a strong upswing in private consumption is already underway. In addition, there are signs of a revival of tourism in the EU, which should benefit from the introduction of the EU's new COVID Certificate since 1 July. "These facts are expected to outweigh the negative impact of temporary raw material shortages and rising costs in parts of the manufacturing sector," the Commission explained.

Growth is also predicted for Austria, with the IMF also raising its forecast for Austria. For 2021, the IMF calculates growth of 3.5% and 4.0% is also stated for the coming 2022 financial year. The IMF is therefore somewhat more optimistic than the most recent forecast by the Austrian Institute for Economic Research (WIFO) and the Vienna Institute for Advanced Studies (IHS) for 2021. For 2022, both the International Monetary Fund and WIFO arrive at very similar growth figures of around 4.0%. The economy in Austria ultimately shrank by 6.6% in 2020.

1.2. Business development

After the coronavirus year 2020, which caused massive economic damage around the world, the first half of 2021 was marked by a significant upswing, especially for Austrian companies. With increasing progress in vaccinations and further effective measures such as a comprehensive testing strategy, even severely affected sectors such as gastronomy and the hotel industry were able to take greater steps towards normality once again. Many companies, whether industrial enterprises or SMEs, have already acted with courage during the crisis and made investments, in many places either in projects and infrastructure measures that had already been planned for some time or in order to prepare for the time when easing of restrictions and therefore also economic recovery are possible again.

Raiffeisenlandesbank Oberösterreich provided companies with the best possible support through this challenging period with intensive advice as well as knowledge and expertise from years of experience in the area of subsidies and, above all, with its extensive network. Raiffeisenlandesbank Oberösterreich's task was to ensure liquidity, enable investments and overcome particularly challenging phases together with its customers. Raiffeisenlandesbank Oberösterreich not only offers a broad portfolio of financing options for this purpose, but is also a key driving force with a strong investment strategy. Raiffeisenlandesbank Oberösterreich and the entire Raiffeisen Banking Group Upper Austria (RBG OÖ) see themselves as local financial service providers and reliable partners of the people and companies in the region. Based on this understanding of our work, Raiffeisenlandesbank Oberösterreich has made a significant contribution to stability and security in coping with the COVID-19 crisis.

These strong driving forces are particularly visible in the financing volume (loans and advances to customers), which remains at a very high level of EUR 24.5 billion as at

30 June 2021. The same applies to deposits (amounts owed to customers), which stood at EUR 12.2 billion at the middle of the year. The fact that Raiffeisenlandesbank Oberösterreich is able to continue its extremely stable course in terms of capitalisation despite the COVID-19 crisis is also welcome; the Tier 1 capital ratio (CET 1 ratio) in the banking group remains at a high level of 14.93% before taking into account the very good interim results. In addition, the Raiffeisenlandesbank Oberösterreich Group also has a positive risk situation with an NPL ratio of 1.75%.

Raiffeisenlandesbank Oberösterreich's consolidated total assets exceeded the EUR 50 billion threshold for the first time in the first half of 2021 and increased by 4.2% compared with the end of 2020. They therefore stand at EUR 50.6 billion at the end of June 2021.

The good development of the operating business is reflected in part by the increases in net interest income (+6.3%, equating to EUR 11.9 million) and net fee and commission income (+15.7%, equating to EUR 13.7 million).

The result of the companies accounted for using the equity method in the Raiffeisenlandesbank Oberösterreich Group is very pleasing, amounting to EUR 110.9 million in the first half of 2021. While the business performance and valuation of major investments was still burdened by the effects of COVID-19 in the first half of 2020 (result for companies accounted for using the equity method was EUR -164.4 million), the result for companies accounted for using the equity method increased significantly by EUR 275.2 million in the first half of 2021. The positive developments at voestalpine and Raiffeisenbank International (RBI) contributed significantly to this. Voestalpine has achieved a very good current result with two solid business quarters and, in addition, once again has a stock market price that is significantly above the IFRS carrying amount. RBI was also able to make significant gains once again following a subdued result in the first half of 2020, and together with an improved company valuation, thereby made a significant contribution to the good result of companies accounted for using the equity method.

The result from fair value accounting also increased significantly by EUR 125.3 million to EUR 65.6 million compared with the first half of 2020. The reasons for this are the rising interest rate environment, which had a positive effect on the financial instruments measured at fair value, as well as positive valuation effects on equity instruments.

With a pre-tax profit for the period of EUR 297.7 million (EUR +513.7 million compared with the same period period in the previous year), an extraordinarily good result was achieved in the first half of the year. The operating result for the first half of 2021 is EUR 227.6 million (EUR +310.7 million). Looking ahead to the coming months, the business performance of Raiffeisenlandesbank Oberösterreich AG and its Group companies is expected to continue to develop well.

The strategies pursued consistently to increase efficiency and customer focus also contributed to the good interim result in 2021. Raiffeisenlandesbank Oberösterreich received confirmation of this with an award: the recommendation champions among Austrian banks and insurance companies were honoured at the 15th anniversary of the FMVÖ Recommender Award in June. Raiffeisenlandesbank Oberösterreich was this year's winner in the major bank category, recording the highest recommendation rates among customers and the most satisfied customers of all major banks throughout Austria. A broad orientation across numerous business sectors also ensures stability in the Bank's development.

It ensures that Raiffeisenlandesbank Oberösterreich is able to offset any external influences effectively. With new initiatives and projects at the launch stage, Raiffeisenlandesbank Oberösterreich also wants to break new ground in the area of "beyond banking" and make the best possible use of Raiffeisen Oberösterreich's broad network in the digital world. Another key driving force in Raiffeisenlandesbank Oberösterreich's strategic orientation is the topic of sustainability. At KEPLER Fonds KAG, the fund subsidiary of Raiffeisenlandesbank Oberösterreich, around EUR 2.7 billion of the total customer volume of EUR 18 billion is attributable to sustainably managed portfolios, with EUR 1.1 billion of this attributable to retail funds for private investors. Raiffeisenlandesbank Oberösterreich also received a prestigious award from the European Bank for Reconstruction and Development (EBRD) this year with the "EBRD Green Trade Facilitation Programme Award": TBC Bank, based in Georgia, and Raiffeisenlandesbank Oberösterreich were jointly honoured as "Deal of the Year 2020 - Green Trade", specifically for securing and processing an export transaction for an Austrian customer.

The coronavirus crisis has made one thing clear: courage for further development and repositioning are crucial, especially in challenging times. Numerous transformation processes were also initiated and implemented in the first six months of the year in this context in intensive cooperation with the Raiffeisen Banking Group Upper Austria. Particularly efficient new ways of working and ways of collaborating, as well as digitisation processes that have been significantly accelerated by the coronavirus, will also remain a part of everyday working life in the company in the long term. A stable technical infrastructure and employees who are adaptable and open to new ideas are the basic prerequisites for ongoing transformation.

The strong positioning as a modern consulting bank as well as the openness to and flexibility for further development of the strategy form the best basis for further expanding the strong market position of Raiffeisenlandesbank Oberösterreich alongside these interim results for 2021.

Group structure

For the IFRS interim report as at 30 June 2021, the basis of consolidation of Raiffeisenlandesbank Oberösterreich covers 144 group companies, incl. Raiffeisenlandesbank Oberösterreich as Group parent (31 Dec. 2020: 147), that are fully consolidated in the Group and ten (31 Dec. 2020: ten) companies accounted for using the equity method. For details, please refer to the notes “Changes in the basis of consolidation and their effects”.

Regulatory developments

Raiffeisenlandesbank Oberösterreich has been classified as a Significant Institution (SI) in accordance with the Single Supervisory Mechanism (SSM) and is thus subject to direct supervision by the European Central Bank (ECB).

Against this background, the significance of European legal developments in the area of banking supervisory law is constantly increasing for Raiffeisenlandesbank Oberösterreich. This can be seen alone in the fact that, through its standard monitoring tool, Banking Act Compliance received notification of a total of 800 new standards in the first half of 2021, which it processed and – if they were applicable for Raiffeisenlandesbank Oberösterreich – forwarded to the departments responsible.

The topic of “Sustainable Finance” was ever present from a regulatory perspective in the first half of the year. The following standards and consultations should be mentioned in particular:

- Taxonomy Regulation (Regulation (EU) 2020/852) on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088,
- Draft of a Delegated Regulation supplementing the Taxonomy Regulation with regard to the concretisation of Article 8 of the Taxonomy Regulation,
- Regulation (EU) 2019/2088 of the European Parliament and of the Council on sustainability‑related disclosures in the financial services sector (first obligations to disclose certain information apply from 10 March 2021),
- Draft regulatory technical standards regarding the content and presentation of the sustainability disclosure under Articles 8(4), 9(6) and 11(5) of Regulation (EU) 2019/2088,
- Draft regulatory technical standards regarding the content, methods and presentation of disclosures in accordance with Articles 2a(3), 4(6) and (7), Articles 8(3), 9(5), 10(2) and 11(4) of Regulation (EU) 2019/2088,
- Discussion paper on the management and supervision of ESG risks in credit institutions and investment firms (EBA/REP/2021/18 of June 2021),
- Draft of the Corporate Sustainability Reporting Directive,
- Draft implementing technical standards for supervisory disclosures on ESG risks in accordance with Article 449a CRR,
- ISO standards on green loans and green bonds,
- Proposal for a Regulation of the European Parliament and of the Council on European Green Bonds (draft published early July 2021),
- Draft Delegated Directive amending Delegated Directive (EU) 2017/593 by including sustainability factors in the product monitoring obligations.

Raiffeisenlandesbank Oberösterreich keeps a very close eye on legal developments in this area and is constantly and intensively involved in examining all standards.

Other significant standards for Raiffeisenlandesbank Oberösterreich in the first half of 2021 included in particular:

- Regulation (EU) 2019/876 of May 2019 (CRR II; a large part of the regulations are applicable from 29 June 2021),
- Domestic implementation of Directives (EU) 2019/879 (BRRD II) and 2019/878 (CRD V) (this led to changes in the Austrian Banking Act, the Federal Act on the Recovery and Resolution of Banks (BaSAG), the CRR Accompanying Regulation and the Capital Buffer Regulation),
- EBA Guidelines on loan origination and monitoring (EBA/GL/2020/06), in accordance with which the new lending process came into force on 30 June 2021,
- Domestic implementation of Directive (EU) 2019/2162 on the issue of covered bonds and covered bond public supervision (draft new Pfandbrief Act),
- Amendment of the Securities Deposit Act,
- Implementing Regulation (EU) 2021/637 with regard to public disclosures in accordance with the CRR,
- Implementing Regulation (EU) 2021/451 with regard to supervisory reporting of institutions in accordance with the CRR,
- Reporting Regulation ZABIL 1/2022 of the Austrian National Bank concerning the statistical recording of cross-border capital movements (concerns reports as of 1 January 2022),
- ECB Guide to the assessment of professional competence and personal reliability (draft).

The COVID-19 legislation was also highly relevant for Raiffeisenlandesbank Oberösterreich. Of particular note are the COVID-19 Emergency Measures Regulation, the 4th COVID-19 Safeguards Regulation, and the 2nd COVID-19 Opening Ordinance (and their numerous amendments), which have had a direct impact (both from an exacerbating and mitigating perspective) on banking operations.

The development of the essential standards/topics is being monitored very closely on an ongoing basis by the Banking Act Compliance Team, with the current focus on

- all publications in connection with sustainable finance – in particular on the disclosure and consideration of sustainability risks and
- the further development of the law in connection with COVID-19.

Business development 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

The "Corporates" segment contributed EUR 97.6 million to profit before tax for the period in the first half of 2021 (H1 2020: EUR 26.8 million). The increase in results compared to the first half of the previous year is mainly due to a higher net interest income and a significant reduction in expenses for loan loss allowances.

Retail & Private Banking

The "Retail & Private Banking" segment generated an overall positive contribution to pre-tax profit for the period of EUR 6.1 million (H1 2020: EUR 1.2 million). The positive development in results compared with the previous year is mainly due to lower loan loss allowances and higher net fee and commission income.

Financial Markets

The "Financial Markets" segment made a positive contribution in the first half of 2021 to the pre-tax profit for the period amounting to EUR 67.4 million (H1 2020: EUR -30.6 million). The main effect here is positive valuation results from financial instruments recognised at fair value.

Equity Investments

The "Equity Investments" segment is divided into four equity investment portfolios from an organisational perspective: "Banks & Financial Institutions", "Outsourcing & banking-related investments", "Property" and "Opportunity & Partner Capital". Overall, the "Equity investments" segment achieved a profit before tax of EUR 152.4 million in the first half of 2021 (H1 2020: EUR -184.5 million). For further information, please refer to the income statement disclosures, and in particular to the presentations on companies accounted for using the equity method.

Corporate Center

The "Corporate Center" segment includes content for income and expenses which does not fit into any other segment. This segment showed a negative profit before tax of EUR -25.8 million in the first half of 2021 (H1 2020: EUR -28.9 million).

Income statement

	1 Jan.– 30 June 2021 IN EUR M	1 Jan.– 30 June 2020 IN EUR M	Change IN EUR M	Change IN %
Net interest income	200.8	188.9	11.9	6.3
Loan loss allowances	5.0	-72.5	77.5	-106.9
Net interest income after loan loss allowances	205.8	116.4	89.4	76.8
Share of profit or loss of equity-accounted companies	110.9	-164.4	275.2	-167.5
Net fee and commission income	**100.5**	**86.8**	**13.7**	**15.7**
Net income from trading operations	4.9	6.2	-1.3	-20.3
Net income from financial instruments carried at fair value	65.6	-59.7	125.3	-209.8
Net income from other financial instruments	-0.5	-0.7	0.3	-37.8
Other net financial income	**70.0**	**-54.3**	**124.3**	**-229.0**
General administrative expenses	-268.4	-264.2	-4.2	1.6
General administrative expenses OÖ Wohnbau	-17.3	-16.9	-0.4	2.4
General administrative expenses VIVATIS/efko	-137.6	-138.2	0.6	-0.4
Other net operating income	62.3	53.7	8.6	16.0
Other net operating income OÖ Wohnbau	25.7	23.6	2.1	8.9
Other net operating income VIVATIS/efko	145.8	141.4	4.4	3.1
Pre-tax profit for the period	**297.7**	**-216.0**	**513.7**	**-237.8**
Taxes on income and earnings	-42.7	16.6	-59.3	-357.8
After-tax profit for the period	**254.9**	**-199.4**	**454.3**	**-227.8**
Operating profit	**227.6**	**-83.1**	**310.7**	**-373.8**

Net interest income was EUR 200.8 million in the first half of 2021 (H1 2020: EUR 188.9 million), which was 6.3% or EUR 11.9 million higher than the figure for the first half of the previous year. Among other things, this was as a result of interest rate advantages in connection with participation in the ECB's long-term tender (TLTRO III). Besides interest income from loans and advances to customers and banks, as well as fixed income securities, this reflects income from shares and other variable-yield securities, designated and derivative financial instruments, and lease receivables, as well as from investments in affiliated companies, investments and other income related to interest. Interest expenses result from Amounts owed to customers or banks, securitised liabilities, subordinated capital and other interest-like expenses. For detailed itemisation, please refer to the section "Net interest income" in the Notes.

Loan loss allowances are stated in the first half of 2021 with net reversals of EUR 5.0 million (H1 2020: EUR -72.5 million). The procedure chosen in the previous year under COVID-19 to determine the statistical risk provisions was retained in principle – for details, see the section "Valuation of the expected credit losses" in the accounting and valuation methods as well as in the statement of loan loss allowances in the Notes.

The net income from companies accounted for using the equity method is recorded at EUR 110.9 million (H1 2020: EUR -164.4 million). The positive value in the first half of 2021 can essentially be attributed to the current result of EUR 53.8 million (H1 2020: EUR 32.1 million) and the low depreciation of EUR -12.6 million (H1 2020: EUR -112.9 million) in the stake in RBI as well as the positive net result of Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG of EUR 32.2 million. (H1 2020: EUR 103.1 million in connection with the sharp drop in voestalpine AG's share price). Please refer to the section "Share of profit or loss of equity-accounted investments" in the Notes for further details.

Net fee and commission income went up by EUR 13.7 million, or 15.7%, to EUR 100.5 million (H1 2020: EUR 86.8 million). The increase is mainly due to higher fee and commission income in the securities business. Please refer to the "Net fee and commission income" section in the Notes for details.

Other net financial income – consisting of the net income from trading operations, net income from financial instruments carried at fair value and net income from other financial instruments – amounted to EUR 70.0 million in the first half of 2021 (H1 2020: EUR -54.3 million). Net income from trading operations amounted to EUR 4.9 million in the first half (H1 2020: EUR 6.2 million). The result from financial instruments carried at fair value amounting to EUR 65.6 million (H1 2020: EUR -59.7 million) mainly results from positive valuation effects of financial instruments recognised at fair value in connection with the strong increase in interest rates in the longer maturity bands, from the positive amortisation of past valuation losses due to the maturing of the position, as well as positive effects from the valuation of equity investment instruments in the first half of 2021. In addition to the portfolio hedge of fixed-rate loans already introduced in 2020, a portfolio hedge for variable-rate loans with an interest rate floor was also implemented as of 1 January 2021, meaning that the interest rate risk in the fair value position and the resulting valuation effects could be reduced even further. The result from other financial instruments in the first half of 2021 came to EUR -0.5 million (H1 2020: EUR -0.7 million).

Personnel expenses, material expenses and depreciation and amortisation are shown in the income statement item "General administrative expenses". In 2021, general administrative expenses at the "OÖ Wohnbau" companies remained virtually unchanged year on year at EUR -17.3 million (H1 2020: EUR -16.9 million). General administrative expenses of the companies in the food sector – consisting of the "VIVATIS Holding AG" Group and the "efko Frischfrucht und Delikatessen GmbH" Group – also remained at EUR -137.6 million (H1 2020: EUR -138.2 million), close to the previous year's level. The other Group companies, including Raiffeisenlandesbank Oberösterreich, saw a slight increase of -4.2% to EUR -268.4 million (H1 2020: EUR -264.2 million).

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 25.7 million (H1 2020: EUR 23.6 million). At the companies in the food sector (VIVATIS/efko), other operating income rose slightly by EUR 4.4 million to EUR 145.8 million. (H1 2020: EUR 141.4 million). The other group companies also saw an increase of EUR 8.6 million to EUR 62.3 million (H1 2020: EUR 53.7 million). Other net operating income also included the stability fee expenses due from the banks included in the IFRS consolidated financial statements in an amount of EUR -4.1 million (H1 2020: EUR -16.7 million), as well as expenses for contributions to the resolution fund in accordance with BaSAG of EUR -24.4 million (H1 2020: EUR -20.3 million) and for the deposit guarantee scheme pursuant to ESAEG in the amount of EUR -7.2 million (H1 2020: EUR -2.7 million).

In total, the net income before taxes generated in the first half of 2021 amounted to EUR 297.7 million (H1 2020: EUR -216.0 million). Taxes on income are stated at EUR -42.7 million (H1 2020: EUR 16.6 million). This amount includes regular taxes on income, as well as deferred taxes.

The net profit after tax generated in the first half of 2021 is EUR 254.9 million (H1 2020: EUR -199.4 million).

Operating income – calculated from net interest income, the result of investments accounted for using the equity method, net fee and commission income, net income from trading operations and other net operating income – amounted to EUR 650.7 million (H1 2020: EUR 336.3 million). Operating expenses, which correspond to the general administrative expenses line item, came to EUR -423.3 million (H1 2020: EUR -419.3 million). The Group therefore generated an operating profit of EUR 227.6 million (H1 2020: EUR -83.1 million).

Statement of comprehensive income

IN EUR M	1 Jan.– 30 June 2021	1 Jan.– 30 June 2020
After-tax profit for the period	**254.9**	**-199.4**
Remeasurement gains/losses on OCI debt instruments (FVOCI)	-37.4	-37.0
Remeasurement gains/losses on own credit risk for financial liabilities accounted for at fair value	-11.7	42.5
Share of other comprehensive income of equity-accounted companies	23.7	-62.2
Actuarial gains and losses	3.2	-0.4
Additional other net profit/loss	-1.4	0.2
Taxes recognised in respect of this amount	11.7	-1.8
Total other comprehensive income (OCI)	**-11.9**	**-58.7**
Total comprehensive income for the period	**243.0**	**-258.1**

The other results ("Other Comprehensive Income", OCI) in the first half of 2021 amounted to EUR -11.9 million (H1 2020: EUR -58.7 million).

The remeasurement gains/losses of OCI debt instruments in the amount of EUR -37.4 million and own credit risks of financial liabilities recognised at fair value in the first half of 2021 in the amount of EUR -11.7 million mainly result from an increase in interest rates for OCI debt instruments and a narrowing of liquidity spreads on the liabilities side.

The other results from companies accounted for using the equity method are mainly due to positive foreign currency effects from the participations in Raiffeisenbank International AG as well as Raiffeisenbank a.s.

The remaining other result – consisting of remeasurement gains/losses associated with the hedge of a net investment in foreign operations and foreign exchange differences – amounted to EUR -1.4 million in the first half of 2021 (H1 2020: EUR 0.2 million).

Deferred taxes recognised in respect of other comprehensive income increased to EUR 11.7 million, mainly due to remeasurement gains/losses in connection with OCI debt instruments and own credit risk (H1 2020: EUR -1.8 million). Overall, this produced a total result for the period in the first half of 2021 of EUR 243.0 million (H1 2020: EUR -258.1 million).

Changes in the balance sheet

The consolidated total assets of Raiffeisenlandesbank Oberösterreich rose as at the middle of 2021 by EUR 2,046 million or 4.2% to a value of EUR 50,615 million (31 Dec. 2020: EUR 48,569 million).

Assets	30 June 2021 IN EUR M	30 June 2021 IN %	31 Dec. 2020 IN EUR M	31 Dec. 2020 IN %	Change IN EUR M	Change IN %
Loans and advances to banks	13,812	27.3	11,263	23.2	2,549	22.6
(of which to Raiffeisen banks)	(1,381)	(2.7)	(1,191)	(2.5)	(190)	(16.0)
Loans and advances to customers	24,493	48.4	24,745	50.9	-251	-1.0
Trading assets	1,918	3.8	2,396	4.9	-479	-20.0
Financial assets	5,590	11.0	5,753	11.8	-163	-2.8
Equity-accounted companies	2,260	4.5	2,103	4.3	158	7.5
Other assets	2,542	5.0	2,310	4.8	233	10.1
Total	**50,615**	**100.0**	**48,569**	**100.0**	**2,046**	**4.2**

Loans and advances to banks rose by EUR 2,549 million or 22.6% to EUR 13,812 million compared to 31 Dec. 2020 (31 Dec. 2020: EUR 11,263 million). The increase is mainly due to higher liquidity reserves held in the deposit facility of the OeNB. Of the total loans and advances to banks, EUR 1,381 million (31 Dec. 2020: EUR 1,191 million) relates to refinancing to Upper Austrian Raiffeisen banks. As part of its participation in the OeNB's long-term tender, Raiffeisenlandesbank Oberösterreich also passed on part of the funds to the Upper Austrian Raiffeisen banks. This is the reason for the increase in volume compared to the Raiffeisen banks.

Loans and advances to customers fell by EUR 251 million or 1.0% to EUR 24,493 million (31 Dec. 2020: EUR 24,745 million).

Trading assets – consisting of bonds and other fixed-income securities plus derivatives with positive market values – had a carrying amount of EUR 1,918 million as at 30 June 2021 (31 Dec. 2020: EUR 2,396 million). This was a change of EUR -479 million, or -20.0%, and was due largely to changes in the fair value of derivative exposures.

Financial assets amounted to EUR 5,590 million, a decline of EUR 163 million, or 2.8%, compared with the figure as at 31 Dec. 2020 (31 Dec. 2020: EUR 5,753 million).

The carrying amount of companies accounted for using the equity method reported as of 30 June 2021 was EUR 2,260 million (31 Dec. 2020: EUR 2,103 million). Please refer to the section "Equity-accounted companies" in the Notes for details.

Other items - consisting of cash and cash equivalents, value adjustments from portfolio fair value hedge, intangible assets, property, plant and equipment, investment property, current and deferred tax assets, other assets and assets held for sale - increased by EUR 233 million or 10.1% to EUR 2,542 million (31 Dec. 2020: EUR 2,310 million).

Equity and liabilities	30 June 2021 IN EUR M	IN %	31 Dec. 2020 IN EUR M	IN %	Change IN EUR M	IN %
Amounts owed to banks	20,679	41	17,896	36.8	2,783	15.6
(of which to Raiffeisen banks)	(7,370)	(14.6)	(7,428)	(-15.3)	(-58.0)	(-0.8)
Amounts owed to customers	12,227	24	12,618	26.0	-391	-3.1
Trading liabilities	1,499	3	1,911	3.9	-412	-21.6
Liabilities evidenced by certificates	9,117	18	9,439	19.4	-321	-3.4
Subordinated capital	1,078	2	1,016	2.1	62	6.1
Other assets	1,051	2	923	1.9	128	13.9
Equity	4,964	10	4,766	9.8	198	4.1
Total	**50,615**	**100.0**	**48,569**	**100.0**	**2,046**	**4.2**

Amounts owed to banks changed by EUR 2,783 million or 15.6% to EUR 20,679 million compared with 31 Dec. 2020 (31 Dec. 2020: EUR 17,896 million). The increase primarily results from the participation once again in the ECB's long-term tender (TLTRO III). Of the amounts owed to banks, EUR 7,370 million (31 Dec. 2020: EUR 7,428 million) is owed to Upper Austrian Raiffeisen banks.

Amounts owed to customers decreased by EUR 391 million or 3.1% to EUR 12,227 million (31 Dec. 2020: EUR 12,618 million). This decrease partially compensates for the strong increase in the previous year. Our customers are increasingly drawing on the liquidity reserves. Trading liabilities – consisting of interest rate/foreign exchange/equity/index-related and other business – show as of 30 June 2021 a carrying amount of EUR 1,499 million (31 Dec. 2020: EUR 1,911 million). This corresponds to a reduction of EUR 412 million or 21.6%, which is mainly due to interest rate transactions.

Liabilities evidenced by certificates decreased by EUR 321 million or 3.4% to a carrying amount of EUR 9,117 million as at 30 June 2021 (31 Dec. 2020: EUR 9,439 million) and were comprised as follows:

- bonds issued in the amount of EUR 4,768 million (31 Dec. 2020: EUR 4,860 million),
- listed and unlisted mortgage/municipal bonds amounting to EUR 442 million (31 Dec. 2020: EUR 447 million) and
- other securitised liabilities amounting to EUR 3,907 million (31 Dec. 2020: EUR 4,131 million).

Of the securitised liabilities, EUR 2,679 million (31 Dec. 2020: EUR 2,829 million) is attributable to covered bonds. Subordinated capital is reported with a value of EUR 1,078 million as at 30 June 2021 (31 Dec. 2020: EUR 1,016 million), an increase of EUR 62 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 2,623 million (31 Dec. 2020: EUR 2,793 million) of the total outstanding volume.

The remaining liability items – consisting of provisions, current and deferred tax liabilities and other liabilities – rose to EUR 1,051 million (31 Dec. 2020: EUR 923 million).

Equity capital was comprised as follows as at 30 June 2021:

IN EUR M	30 June 2021	31 Dec. 2020
Share capital	277.6	277.6
Capital reserves	972.0	972.0
Retained earnings	3,528.9	3,340.9
Non-controlling interests	185.1	175.6
Total	**4,963.6**	**4,766.1**

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 basis RBG OÖ Verbund eGen) as per capital requirements regulations (CRR) are as follows:

At the close of the first half of 2021, the Common Equity Tier 1 capital (CET 1) amounted to EUR 4,238.2 million (31 Dec. 2020: EUR 4,333.3 million). The Tier 1 capital (T1) is also reported at EUR 4,238.2 million (31 Dec. 2020: EUR 4,333.3 million). The decline as at 30 June 2021 is mainly due to deductions during the year, while the results of the current financial year cannot yet be attributed.

As at 30 June 2021, Tier 2 capital (T 2) was stated at EUR 466.0 million (31 Dec. 2020: EUR 448.2 million). The increase is due to the fact that new issues in the first half of 2021 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 4,704.2 million as at 30 June 2021 (31 Dec. 2020: EUR 4,781.5 million).

Risk-weighted assets (RWAs) amounted to EUR 28,391.7 million as at 30 June 2021 (31 Dec. 2020: EUR 27,907.1 million). The increase is mainly due to the business performance in the area of banking, corporate and real estate financing.

At the close of the first half of 2021, in accordance with CRR, a Common Equity Tier 1 capital ratio of 14.9% (31 Dec. 2020: 15.5%), a Tier 1 capital ratio of 14.9% (31 Dec. 2020: 15.5%) and a Total capital ratio of 16.6% (31 Dec. 2020: 17.1%) were 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

Raiffeisenlandesbank Oberösterreich Group's long-term success has largely been due to active risk management. In order to achieve this objective, Raiffeisenlandesbank Oberösterreich has implemented a risk management and internal control system with structures that enable it to identify and measure all risks (credit risk, market risk, equity investment risk, liquidity risk, macroeconomic risk, and operational and other risks) and then to proactively manage them.

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.

Please refer to the risk report in the Disclosures for more detailed information on all the financial risks in the Raiffeisenlandesbank Oberösterreich Group for 2021, the goals and methods of risk management, and information related to COVID-19.

Risks from the coronavirus pandemic

Measures taken

The start of 2021 was marked by the extension of the lockdown and the associated consequences for the catering and hotel industry. The winter season, which is so important for a tourist country such as Austria, was thus completely or partially cancelled.

The result was that the working group set up at the beginning of the pandemic – consisting of employees from the Market, Group Accounting and Risk Management departments – at Raiffeisenlandesbank Oberösterreich proposed to the Managing Board that the sectors classified as red in a specially developed traffic light logic, which include tourism, leisure and the hotel industry in particular, should be subject to a collective transfer to "Stage 2" according to IFRS, irrespective of the exposure, and that these provisions should still be taken into account retroactively in the 2020 statement of financial position.

It is now clear that these sectors of the economy were hit the hardest. However, these industries have largely been spared a wave of insolvencies thanks to the government's support measures (from funds for fixed costs to short-time work) and the liquidity-supporting measures of the banks (from deferrals to partially state-guaranteed interim financial aid).

In general, the credit risk was surprisingly favourable in the first half of 2021. It is possible that portfolio provisions may be reversed due to the strong improvements in the economy. However, these potentials were deliberately not used in the first half of the year due to the uncertainty regarding the further course of the economy and the portfolio quality, and any potential reversal was prevented for the time being by a management override. A decision will be taken on how to proceed once most of the corporate statements of financial position for the 2020 financial year are available in the second half of 2021.

There were only a few defaults in "Stage 3", as the number of insolvencies is still below that of 2019 and few economists expect a sharp increase this year.

The working group set up at the beginning of the pandemic is still analysing the impact of the individual sectors on the basis of the incoming balance sheets and interim reports.

At present, Raiffeisenlandesbank Oberösterreich is assuming that the working group can be dissolved, the traffic light system for the sectors can be replaced by the normal sector assessment again and the collective stage transfer can be cancelled if no new hard lockdown has to be imposed in autumn and there are prospects for a normal winter season in tourism.

As far as corporate liquidity is concerned, the increased need for interim financing in the first half of 2021 has decreased significantly, as many of these liquidity cushions have now been returned by customers. The excellent liquidity situation was reinforced by the TLTRO programmes (= targeted longer-term refinancing options; offered by the ECB to the banks). Participation in the TLTRO programme took place not least due to the bonus interest that can be and was taken advantage of with corresponding credit growth.

The positive economic situation and the accompanying development of stock market prices also had a positive effect on the investment positions of Raiffeisenlandesbank Oberösterreich. This has had a positive impact on the equity ratios and the cover funds in both Pillar I and Pillar II. However, this was counteracted by the fact that Tier 2 capital – in accordance with the new supervisory requirements – can no longer be taken into account as cover funds as of 30 June 2021 in the economic perspective of the risk-bearing capacity analysis.

Operational protective measures

A number of operational restrictions and protective measures were lifted from the end of the first half of the year, due to the strong decrease in the incidences of COVID-19 infection.

This development was also facilitated by the fact that Raiffeisenlandesbank Oberösterreich offered vaccinations for its employees, which was very well received by all those who had not yet had the opportunity to be vaccinated at that time.

The wearing of masks is now only obligatory for those employees with customer contact. In addition, the “3G” rule applies in the critical areas. Employees must accordingly have recovered, or been vaccinated or tested when they are in the office.

New solutions and digital processes that have proven themselves during the crisis will continue to be used. These include e.g., the ability to produce documents electronically or the use of hybrid meetings that can be attended in person or by video. The reduced travel activities associated with this also make a sustainable contribution towards climate protection.

Employees may also work from home for up to two days per week in future and this may be increased again at any time in the event of a renewed rise in the incidence of infections.

3. OUTLOOK

The Austrian Institute for Economic Research WIFO is confident about economic growth in Austria in the coming months and raised its medium-term forecast in the summer, according to which there will be a strong recovery in 2021 and 2022, and the pre-crisis GDP level should be reached by the end of the second quarter of 2021. By 2024, the gap with the pre-crisis growth path will be closed – from 2021 to 2025, Austria will grow by an average of 2.8% per year. Growth is expected to be particularly high in 2022 at 5%, following growth in GDP of 4% this year. The reason for the respectable growth this year and next year is the sturdy recovery of the global economy as well as the strong return of private consumption and service exports. However, many sectors are still dependent on the general incidence of infections. A high vaccination coverage rate therefore remains a key factor in economic recovery.

The credit risk at Raiffeisenlandesbank Oberösterreich was favourable in the first half of 2021 due to a strongly improved economy. However, the potential for reversing portfolio provisions was deliberately not used in the first half of the year. The situation will be reassessed as soon as most of the company statements of financial position for the 2020 financial year are available in the second half of 2021.

Based on the positive result for the first half of the year, and assuming that the COVID-19 situation remains stable, good operating business performance and a continued positive environment for valuation and risk issues in the Raiffeisenlandesbank Oberösterreich Group are also expected for the second half of 2021.

A major milestone for the future of the company will be the merger of HYPO Salzburg and Raiffeisenlandesbank Oberösterreich, which will be completed in mid-September. HYPO Salzburg has long been part of the Raiffeisenlandesbank Oberösterreich Group and is therefore subject to all the regulatory requirements of a bank audited by the European Central Bank. This results in high costs and sometimes a duplication of effort. In addition, increasing digitalisation of the banking business poses major challenges for the banking sector. Customer focus and efficiency must come first in order to continue to be successful in a highly competitive environment. Therefore, the decision has been taken to implement not only a merger under company law, but also an organisational merger that combines the strengths of both companies.

In addition to efficient and targeted liquidity planning and management and comprehensive risk management in combination with precise controlling, Raiffeisenlandesbank Oberösterreich will also continue to focus intensively on the customer. Building on numerous projects and initiatives, future-oriented strategies in this context are also planned and implemented efficiently in the Raiffeisen Banking Group Upper Austria. More than ever, customers and their needs are at the centre of all considerations. The core task is and remains providing comprehensive support to companies, institutions and private customers as a stable partner and supporting them with their projects.

IFRS CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2021 OF RAIFFEISENLANDESBANK OBERÖSTERREICH AKTIENGESELLSCHAFT

INCOME STATEMENT

IN EUR '000	Note(s)	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Interest and interest-related income	(1)	475,357	464,019
Interest income using the effective interest method		279,610	255,779
Other interest income, similar income and current income		195,747	208,240
Interest and interest-related expenses	(1)	-274,566	-275,162
Net interest income	**(1)**	**200,791**	**188,857**
Loan loss allowances	(2)	5,001	-72,483
Net interest income after loan loss allowances		**205,792**	**116,374**
Share of profit or loss of equity-accounted companies	(3)	110,869	-164,362
Fee and commission income	(4)	127,638	112,505
Fee and commission expenses	(4)	-27,184	-25,701
Net fee and commission income	**(4)**	**100,454**	**86,804**
Net income from trading operations	(5)	4,935	6,200
Net income from financial instruments carried at fair value	(6)	65,565	-59,744
Net income from other financial instruments	(7)	-462	-739
Other net financial income		**70,038**	**-54,283**
General administrative expenses	(8)	-423,268	-419,321
Revenue and miscellaneous other operating income	(9)	540,790	483,735
Cost of sales and miscellaneous other expenses	(9)	-307,008	-264,935
Other net operating income	**(9)**	**233,782**	**218,800**
Pre-tax profit for the period		**297,667**	**-215,988**
Taxes on income and earnings	(10)	-42,740	16,580
After-tax profit for the period		**254,927**	**-199,408**
of which attributable to equity holders of the parent company		244,104	-206,261
of which attributable to non-controlling interests		10,823	6,853

STATEMENT OF COMPREHENSIVE INCOME

IN EUR '000	Note(s)	1 Jan.–30 June 2021	1 Jan.–30 June 2020
After-tax profit for the period		**254,927**	**-199,408**
Items that cannot be reclassified to profit or loss		**2,614**	**34,839**
Actuarial gains and losses on defined benefit plans	(31)	2,428	-299
Amounts recognised in equity		3,240	-397
Taxes recognised in respect of this amount		-812	98
Share of other comprehensive income of equity-accounted companies	(18), (31)	8,990	3,235
Amounts recognised in equity		8,990	3,275
Taxes recognised in respect of this amount		0	-40
Remeasurements due to change in own credit risk in respect of financial liabilities designated at fair value	(31)	-8,804	31,903
Amounts recognised in equity		-11,738	42,537
Taxes recognised in respect of this amount		2,935	-10,634
Items that can be reclassified to profit or loss		**-14,552**	**-93,493**
Remeasurement gains/losses of financial assets at fair value through other comprehensive income (FVOCI)	(31)	-28,055	-27,782
Amounts recognised in equity		-36,721	-36,194
Amounts reclassified to profit or loss		-686	-849
Taxes recognised in respect of this amount		9,352	9,261
Gain or loss from the hedging of net investments	(31)	-774	1,347
Amounts recognised in equity		-1,033	1,796
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		258	-449
Currency differences	(31)	-394	-1,565
Amounts recognised in equity		-394	-1,565
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		0	0
Share of other comprehensive income of equity-accounted companies	(18), (31)	14,671	-65,493
Amounts recognised in equity		14,671	-65,457
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		0	-36
Total other comprehensive income		**-11,938**	**-58,654**
Total comprehensive income for the period		**242,988**	**-258,062**
of which attributable to equity holders of the parent company		231,752	-264,264
of which attributable to non-controlling interests		11,236	6,202

STATEMENT OF FINANCIAL POSITION

ASSETS

IN EUR '000	Note(s)	30 June 2021	31 Dec. 2020
Cash and cash equivalents	(11), (12)	143,251	145,913
Loans and advances to banks	(11), (13), (15)	13,812,070	11,263,162
Loans and advances to customers	(11), (14), (15)	24,493,233	24,744,714
Value adjustments from portfolio fair value hedges	(11)	-22,138	16,328
Trading assets	(11), (16)	1,917,500	2,396,240
Financial assets	(11), (17)	5,589,551	5,752,542
Equity-accounted companies	(18)	2,260,216	2,102,513
Intangible assets	(19)	70,144	72,717
Property, plant and equipment	(20)	554,648	561,676
Investment property	(20)	750,171	748,106
Current tax assets	(10)	5,888	6,657
Deferred tax assets	(10)	44,652	45,524
Other assets	(21)	755,746	712,235
Assets held for sale	(11), (22)	239,931	343
Total		**50,614,862**	**48,568,669**

EQUITY AND LIABILITIES

IN EUR '000	Note(s)	30 June 2021	31 Dec. 2020
Amounts owed to banks	(11), (23)	20,679,206	17,896,062
Amounts owed to customers	(11), (24)	12,226,812	12,618,055
Value adjustments from portfolio fair value hedges	(11)	0	0
Trading liabilities	(11), (25)	1,498,748	1,911,178
Liabilities evidenced by certificates	(11), (26)	9,117,368	9,438,623
Provisions	(15), (27)	287,965	293,900
Current tax liabilities	(10)	27,075	23,953
Deferred tax liabilities	(10)	44,461	39,397
Other liabilities	(28)	689,743	565,755
Liabilities in conjunction with assets held for sale	(22), (29)	1,783	0
Subordinated capital	(11), (30)	1,078,077	1,015,676
Equity	(31)	4,963,623	4,766,072
of which attributable to equity holders of the parent company		4,778,518	4,590,511
of which attributable to non-controlling interests		185,105	175,561
Total		**50,614,862**	**48,568,669**

STATEMENT OF CHANGES IN EQUITY

IN EUR '000	Share capital	Capital reserves	Retained earnings	Sub-total	Non-controlling interests	Total
Equity 1 Jan. 2021	**277,630**	**971,973**	**3,340,908**	**4,590,511**	**175,561**	**4,766,072**
Total comprehensive income for the period	0	0	231,753	231,753	11,236	242,989
of which after-tax profit for the period	0	0	244,104	244,104	10,823	254,927
of which total other comprehensive income	0	0	-12,351	-12,351	413	-11,938
Dividends	0	0	-45,000	-45,000	-1,707	-46,707
Change in basis of consolidation	0	0	0	0	-32	-32
Shareholding changes, restructuring	0	0	0	0	0	0
Capital increases	0	0	0	0	41	41
Other changes in capital	0	0	1,255	1,255	6	1,261
Equity 30 June 2021	**277,630**	**971,973**	**3,528,915**	**4,778,518**	**185,105**	**4,963,623**

IN EUR '000	Share capital	Capital reserves	Retained earnings	Sub-total	Non-controlling interests	Total
Equity 1 Jan. 2020	**277,630**	**971,973**	**3,268,112**	**4,517,715**	**165,632**	**4,683,347**
Total comprehensive income for the period	0	0	-264,264	-264,264	6,202	-258,062
of which after-tax profit for the period	0	0	-206,261	-206,261	6,853	-199,408
of which total other comprehensive income	0	0	-58,003	-58,003	-651	-58,654
Dividends	0	0	0	0	-21,718	-21,718
Change in basis of consolidation	0	0	0	0	0	0
Shareholding changes, restructuring	0	0	-186	-186	17,536	17,350
Capital increases	0	0	0	0	0	0
Other changes in capital	0	0	2,501	2,501	3	2,504
Equity 30 June 2020	**277,630**	**971,973**	**3,006,163**	**4,255,766**	**167,655**	**4,423,421**

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

CASH FLOW STATEMENT

IN EUR '000	Notes	1 Jan.–30 June 2021	1 Jan.–30 June 2020
After-tax profit for the period		**254,927**	**-199,408**
Non-cash items contained in the profit for the period and reconciliation to the cash flow from operating activities:		-276,490	124,571
Change in assets and liabilities from operating activities after adjusting for non-cash items		-190,007	351,452
Dividends received		24,812	5,487
Interest received		516,477	498,890
Interest paid		-331,819	-284,430
Taxes paid on income		-21,755	-26,807
Cash flow from operating activities		**-23,855**	**469,755**
Cash proceeds from the sale of:			
Financial assets and shares in companies		379,762	212,784
Property, plant and equipment, intangible assets and investment property		40,043	50,721
Payments to acquire:			
Financial assets and shares in companies		-340,452	-352,094
Property, plant and equipment, intangible assets and investment property		-92,480	-104,032
Acquisition of subsidiaries (net of acquired cash and cash equivalents)		0	-54,030
Disposal of subsidiaries (net of sold cash and cash equivalents)		926	0
Cash flow from investing activities		**-12,201**	**-246,651**
Issue of subordinated capital	(30)	80,609	23,330
Repayment/repurchase of subordinated capital	(30)	-550	-132,367
Purchase of non-controlling interests		41	17,349
Dividends		-46,707	-21,718
Cash flow from financing activities		**33,393**	**-113,406**
Cash at the end of the previous period		**145,913**	**62,644**
Cash flow from operating activities		-23,855	469,755
Cash flow from investing activities		-12,201	-246,651
Cash flow from financing activities		33,393	-113,406
Cash and cash equivalents at the end of the period		**143,250**	**172,342**

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

Within the cash flow from operating activities, EUR 43.4 million had to be adjusted in the first half of 2020, as a shift between the items “Non-cash items included in net profit for the period” and “Change in assets and liabilities from operating activities”.

NOTES

BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

Principles

The consolidated financial statements of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft 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. 245a (1) Austrian Commercial Code). These condensed interim financial statements as at 30 June 2021 are in accordance with IAS 34.

The same accounting and valuation principles and consolidation methods were applied for the interim reporting as for the preparation of the consolidated financial statements as at 31 December 2020.

The consolidated interim financial statements as at 30 June 2021 have not been subjected to a complete audit, nor have they been inspected by a statutory auditor.

Unless noted otherwise, the figures in these financial statements are stated in thousands of euros. Minor discrepancies may arise in calculations because of rounding in the individual items in the financial statements.

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 January 2021. The accounting and valuation methods 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
Changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR Reform Phase 2	1 Jan. 2021	Yes
Amendments to IFRS 4 – Insurance Contracts – Deferral of the effective date of IFRS 9 for insurance entities	1 Jan. 2021	Yes

Changes to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – IBOR Reform Phase 2

The IASB published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in August 2020 as a result of the "Interest Rate Benchmark Reform" (hereafter the IBOR reform). The amendments issued are a supplement to the specifications of the first phase of the IBOR reform project. Phase 2 addresses issues with regard to the implementation of the reform and starts with the replacement of a reference interest rate by another reference interest rate.

The amendments come into force for financial years beginning on or after 1 January 2021, but earlier adoption was permitted. These changes are not expected to have any material impact on the consolidated interim financial statements of Raiffeisenlandesbank Oberösterreich.

Amendments to IFRS 4 – Insurance Contracts – Deferral of the effective date of IFRS 9 for insurance entities

Insurance entities are exempt from the application of IFRS 9 "Financial Instruments". This temporary exemption has now been extended for two years (from 31 December 2020 to 31 December 2022). This relief provision has no material impact on the Raiffeisenlandesbank Oberösterreich Group.

Standards and interpretations that are not yet mandatory

The following new or amended standards and interpretations were already published as at 30 June 2021. However, they were not yet in force for the financial year beginning 1 January 2021 and have therefore not been applied in these consolidated interim financial statements:

Standard/Interpretation	To be applied in financial years from	Already adopted by the EU
Extension to IFRS 16 – Lease concessions related to the COVID-19 pandemic	1 April 2021	No
Annual improvements (2018 – 2020)	1 Jan. 2022	Yes
Amendments to IFRS 3, IAS 16 and IAS 37	1 Jan. 2022	Yes
Amendments to IAS 1 – Classification of liabilities by maturity	1 Jan. 2023	No
Amendments to IAS 1 – Disclosure of Accounting Policies	1 Jan. 2023	No
Amendments to IAS 8 – Definition of accounting estimates	1 Jan. 2023	No
IFRS 17 – "Insurance contracts"	1 Jan. 2023	No

Changes in the basis of consolidation and their effects

The number of fully consolidated companies accounted for using the equity method developed during the financial year as follows:

	Fully consolidated		Equity method	
	2021	2020	2021	2020
As at 1 Jan.	147	148	10	10
Included for the first time during the reporting period	0	5	0	0
of which additions due to newly established company	0	2	0	0
of which additions from business acquisitions	0	2	0	0
of which additions due to change in consolidation method	0	1	0	0
Merged during the reporting period	1	1	0	0
Deconsolidated during the reporting period	2	1	0	0
thereof disposals due to divestiture	2	0	0	0
thereof disposals due to liquidation	0	1	0	0
thereof disposals due to change in accounting consolidation method	0	0	0	0
As at 30 June	144	151	10	10

For the consolidated interim financial statements as at 30 June 2021, the basis of consolidation of Raiffeisenlandesbank Oberösterreich covers 144 group companies, incl. Raiffeisenlandesbank Oberösterreich as Group parent (31 Dec. 2020: 151), that are fully consolidated in the Group, and 10 (31 Dec. 2020: 10) companies reported under the equity method.

IMPULS Bilina s.r.o. and Raiffeisen-IMPULS-Epsilon Immobilien GmbH were sold in the first half of 2021 and subsequently left Raiffeisenlandesbank Oberösterreich's scope of consolidation.

The assets and liabilities of these previously fully consolidated companies totalled EUR 12,049 thousand and EUR 11,687 thousand respectively at the time of their deconsolidation and are shown in the following table:

IN EUR '000	1 Jan.–30 June 2021
Cash and cash equivalents	7
Loans and advances to banks	12,012
Financial assets	0
Investment property	15
Other assets	15
Amounts owed to banks	3,044
Amounts owed to customers	8,556
Tax liabilities	77
Other liabilities	10

The merger of Raiffeisen-IMPULS-Immobilienleasing GmbH into Raiffeisen-IMPULS-Liegenschaftsverwaltung Gesellschaft m.b.H. did not lead to any changes in assets or liabilities from the Group's perspective.

Outlook in connection with planned additions and disposals in the second half of 2021

The following purchases and sales were already agreed contractually before the reporting date of 30 June 2021 of these consolidated interim financial statements, meaning that the initial consolidation or deconsolidation of the companies concerned had not yet taken place by 30 June 2021. However, the closing for the respective transactions had already taken place by the time these consolidated interim financial statements were prepared.

In this regard, IMPULS-LEASING Slovakia s.r.o. was classified as held for sale in the first half of 2021 and its assets and liabilities were reported in separate balance sheet items as at 30 June 2021. For the details, please refer to the descriptions of the balance sheet item “Assets held for sale” in the Notes.

In addition, VIVATIS Capital Invest GmbH acquired 74% of WOJNAR Beteiligungs GmbH in the first half of 2021. WOJNAR Beteiligungs GmbH is the ultimate parent company of the WOJNAR Group, which produces food products such as spreads, salads, sandwiches and convenience products at operating sites in Vienna and Leutkirch im Allgäu (Germany). In the last financial year, the WOJNAR Group achieved sales revenues of EUR 84 million and had around 600 employees.

In addition, 100% of Gerstner Catering Betriebs GmbH was acquired by GMS GOURMET GmbH in the first half of 2021. Gerstner Catering Betriebs GmbH is one of the leading providers in the upscale event catering segment and also operates coffee houses at well-known locations in Vienna. It achieved sales revenues of EUR 6 million in the last financial year and had around 150 employees.

Disclosures in connection with the LISA 2.1 project

As part of the Raiffeisenlandesbank Oberösterreich Group, Hypo Salzburg is subject to the regulatory requirements of a bank supervised by the European Central Bank.

This results in high costs and sometimes a duplication of effort. The “Regularien 2.0” project was the start of an important process in 2018 aimed at investigating synergy opportunities between Raiffeisenlandesbank Oberösterreich and Hypo Salzburg and at developing joint opportunities for the future. We achieved a significant milestone towards a common future once Raiffeisenlandesbank Oberösterreich had acquired all of the shares. Following the adoption of resolutions by the boards of both joint stock companies, the merger agreement was signed by the management boards of both banks on 5 May 2021. With this agreement, Salzburger Landes-Hypothekenbank Aktiengesellschaft will be merged with Raiffeisenlandesbank Oberösterreich by way of absorption. The merger will take place based on the annual financial statements as at 31 December 2020 as the closing balance sheet. The merger will take place under company law on 10 September 2021. The approvals from the supervisory authorities for the merger to take effect were granted as of 26 July 2021.

Foreign currency translation

The consolidated interim 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 period-end exchange rate method in accordance with IAS 21. Generally, the national currency is the same as the functional currency.

When the modified period-end exchange 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 reporting date for the consolidated statement of financial position). 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 in the consolidation for currency translation:

	2021		2020	
Rates in currency per euro	**Closing rate 30 June**	**Average rate 1 Jan. – 30 June**	**Closing rate 30 June**	**Average rate 1 Jan. – 30 June**
Croatian kuna (HRK)	7.4913	7.5450	7.5708	7.5308
Polish zloty (PLN)	4.5201	4.5470	4.4560	4.4105
Romanian leu (RON)	4.9280	4.9024	4.8397	4.8193
Czech koruna (CZK)	25.4880	25.9179	26.7400	26.2969
Hungarian forint (HUF)	351.6800	358.0186	356.5800	346.1714

ACCOUNTING AND VALUATION METHODS

The same accounting and valuation principles were applied for the interim reporting as at 30 June 2021 as for the compilation of the consolidated financial statements as at 31 December 2020. There were also no material amendments to the accounting standards in the first half of 2021 (see section "First-time adoption of new and revised standards and interpretations"). Please refer to the following sections with regard to the application of valuation methods connected with the COVID-19 pandemic and the expansion of the scope for portfolio fair value hedges in the first half of 2021.

Valuation methods in connection with COVID-19

Application of the accounting and valuation methods in the consolidated interim financial statements as at 30 June 2021 of Raiffeisenlandesbank Oberösterreich gave rise to some particular challenges in the following areas of application involving management judgement and estimates, due to the increased uncertainties connected with the COVID-19 crisis.

Company valuations

Company valuations are required both in order to determine the fair value of investments or investment instruments measured at fair value as well as for impairment tests for investments accounted for using the equity method and goodwill.

As with 31 December 2020, the focus of the gains or losses remains on the impact of the COVID-19 crisis. An almost V-shaped recovery was observed on the one hand in the first half of the year. On the other, there is still uncertainty regarding the long-term impact and further progress of the pandemic. The developments of the individual companies are subject to ongoing monitoring in order to identify risks in good time. For companies directly affected by the impact of the COVID-19 crisis, the increased risk as well as the expected economic losses were taken into account in the cash flows and in the valuation. This approach was therefore continued in the same way as at 31 December 2020.

Valuation of expected credit losses

The basic impairment method is described in more detail in the "Impairment according to IFRS 9" section in the 2020 Annual Report, in which the key characteristics of the expected credit loss calculation are also listed. No changes were made to the basic methodology in the first half of 2021. Some important management judgements are required for measuring the expected credit loss, such as:

- Defining criteria for a significant increase in the credit risk,
- Selecting suitable models and assumptions,
- Defining the number and relative weighting of future-oriented scenarios, and
- Defining groups of similar financial assets.

The following table shows the most important quarterly macroeconomic realisations and forecasts for Corporates and Retail:

Gross domestic product* Quarter	**baseline**	**optimistic**	**pessimistic**
Q4 2019	0.30%	0.30%	0.30%
Q1 2020	-2.80%	-2.80%	-2.80%
Q2 2020	-11.60%	-11.60%	-11.60%
Q3 2020	12.00%	12.00%	12.00%
Q4 2020	-2.70%	-2.14%	-3.26%
Q1 2021	-1.10%	-0.42%	-1.78%
Q2 2021	2.10%	2.63%	1.57%
Q3 2021	2.40%	2.98%	1.82%
Q4 2021	1.10%	1.63%	0.57%
Q1 2022	0.90%	1.45%	0.35%
Q2 2022	0.60%	1.11%	0.09%
Q3 2022	0.50%	1.09%	-0.09%
Q4 2022	0.50%	1.07%	-0.07%
Q1 2023	0.50%	1.06%	-0.06%
Q2 2023	0.50%	1.05%	-0.05%

*Change in gross domestic product on previous quarter in %, in real terms on basis of previous year's prices – reference year 2015, seasonally adjusted (sources: baseline: OeNB; optimistic, pessimistic: Raiffeisenlandesbank Oberösterreich)

Consumer Price Index* Quarter	**baseline**	**optimistic**	**pessimistic**
Q4 2019	1.80%	1.80%	1.80%
Q1 2020	1.60%	1.60%	1.60%
Q2 2020	1.10%	1.10%	1.10%
Q3 2020	1.20%	1.20%	1.20%
Q4 2020	1.00%	-0.23%	2.23%
Q1 2021	2.00%	-1.24%	5.24%
Q2 2021	2.10%	-1.19%	5.39%
Q3 2021	2.10%	0.91%	3.29%
Q4 2021	2.10%	1.08%	3.12%
Q1 2022	1.80%	0.70%	2.90%
Q2 2022	1.80%	0.53%	3.07%
Q3 2022	1.80%	0.86%	2.74%
Q4 2022	1.80%	0.84%	2.76%
Q1 2023	1.80%	0.85%	2.75%
Q2 2023	1.80%	0.83%	2.77%

*Harmonised consumer price index; change on previous year in % (source: OeNB)

Unemployment rate* Quarter	baseline	optimistic	pessimistic
Q4 2019	-1.44%	-1.44%	-1.44%
Q1 2020	-7.15%	-7.15%	-7.15%
Q2 2020	16.65%	16.65%	16.65%
Q3 2020	20.67%	20.67%	20.67%
Q4 2020	19.07%	4.41%	33.73%
Q1 2021	23.05%	-13.24%	59.35%
Q2 2021	-0.62%	-35.56%	34.33%
Q3 2021	-12.16%	-26.68%	2.37%
Q4 2021	-12.76%	-24.76%	-0.75%
Q1 2022	-14.54%	-26.37%	-2.70%
Q2 2022	-9.72%	-22.12%	2.68%
Q3 2022	-2.06%	-13.22%	9.10%
Q4 2022	-4.17%	-15.23%	6.89%
Q1 2023	-4.17%	-15.14%	6.80%
Q2 2023	6.32%	-17.27%	4.63%

*Logarithmic change rate of unemployment rate for the same quarter in previous year according to Eurostat, seasonally adjusted, in % (source: OeNB)

The macroeconomic baseline forecasts shown in the table above (or their basis before further transformation) were taken from the OeNB's website and published on 11 June 2021. Based on the historical development of these time series, Raiffeisenlandesbank Oberösterreich uses macroeconomic models to determine a pessimistic and optimistic scenario for the respective macroeconomic variable. The corresponding IFRS 9 risk parameters (PD and LGD) are then calculated for each scenario and weighted with 60-20-20 proportions for baseline, optimistic and pessimistic. We then use the weighted risk parameters for staging and for determining the expected credit loss. In order to better estimate the change in parameters and their impact on the expected credit loss, sensitivity analyses were calculated that include the indirect change in loan loss allowances due to macroeconomic shifts (+/-1% GDP growth rate, +/-5% real estate price fluctuation). Further details and results of this analysis can be found in the Disclosures on the statement of financial position in the chapter “Sensitivity information on loan loss allowances”.

As part of the process for recognising loan loss allowances for significant customer exposures, specific allowances for losses on individual bank loan accounts or provisions for contingent liabilities and lending commitments are formed on a case-by-case basis. The following important evaluations are required for this:

- Estimation of the financial position and development with the relevant customer,
- Determination and weighting of scenarios,
- Estimation of expected returns from realising securities.

Valuation of expected credit losses in connection with COVID-19

The provision models developed as part of the implementation of IFRS 9 contain macroeconomic forecasts which have a procyclical effect, also in times of crisis. This means that banks form provisions at the portfolio level before a wave of insolvencies occurs, and Raiffeisenlandesbank Oberösterreich does the same. However, the macroeconomic historical data used by Raiffeisenlandesbank Oberösterreich in the development of the IFRS 9 model had never previously observed the type of swings brought about by the pandemic. For example, the highest decline in gross domestic product (GDP) in a quarter was observed during the financial crisis of 2008 with -1.5%, while a decline in GDP of more than -11% was now being observed in the second quarter of 2020. Through further development of the IFRS 9 PD models, these comparatively extreme macroeconomic values could be processed accordingly.

Because of the uncertain economic outlook in individual sectors due to COVID-19, which cannot be fully represented by existing models, a sector-specific collective stage transfer was carried out as a post-model adjustment. For this purpose, we assigned traffic-light colours – Green, Yellow, Orange or Red – to all sectors in a separate COVID-19 working group according to their risk exposure from the pandemic. Subsequently, we generally transferred collectively to Stage 2 all of those customers belonging to the sectors “transport/warehousing”, “mechanical and plant engineering” and “metalworking/manufacturing”, which are marked with the traffic light colour “Orange”, and which have an exposure of less than EUR 5 million. In addition, all customers in the red sectors “leisure” and “tourism, accommodation and catering” as well as “hotels and spas” were transferred in their entirety to Stage 2. Thus, in accordance with IFRS 9, an increased portfolio provision was created for these customer groups by applying the lifetime expected loss instead of the one-year expected loss as a loan loss allowance. The collective stage transfer led to an increase in the portfolio provision of approximately EUR 12 million in the 2020 annual financial statements and was maintained in the first half of 2021.

Due to the positive economic development in the first half of 2021, there is a reversal potential in the balance sheet portfolio provision as compared with the 2020 annual financial statements. Due to the uncertainty regarding further economic development and also with regard to the development of the portfolio quality, a management override was decided with the aim of stabilising the portfolio provisions. Specifically, the time window of the macroeconomic time series used to determine the IFRS 9 risk parameters was “frozen” as of the key date 31 December 2020. This means that although the macroeconomic time series have most probably been updated, the same time window as at 31 December 2020 has been used to determine the risk parameters as at 30 June 2021. There was no release of portfolio provisions as this time frame still includes the economic slump caused by COVID-19 in 2020. Further details can be found in the

Disclosures on the statement of financial position under “Loan loss allowances”.

Hedge Accounting – Portfolio Fair Value Hedges

Raiffeisenlandesbank Oberösterreich applies the provisions of IFRS 9 in the area of micro hedge accounting. Portfolio fair value hedge accounting was launched in the first half of 2020 in accordance with IAS 39. The bottom layer approach is applied in accordance with the EU carve-out regulations on IAS 39. The hedged risk here is the fair value risk resulting from changes in the swap rate with fixed interest rate transactions. As of 1 January 2021, the credit portfolio also began to hedge the optional fixed interest rate risk by means of corresponding hedging transactions (caps/floors), thereby expanding the scope for fair value hedging in the portfolio. The portfolio fair value hedge enables the economic reality and the risk management strategy to be reflected on the balance sheet accordingly.

With regard to the reporting of the underlying and hedging transactions on the statement of financial position and in the income statement, there were no changes compared to the accounting methods described in the previous consolidated financial statements as at 31 December 2020.

With regard to further details on the use, strategy and impact of portfolio fair value hedge accounting as well as the expansion of the area of application in the first half of 2021, please refer to the tables and explanations in connection with “Disclosure of financial instruments” in the subsection “Hedge accounting” in the Notes.

SEGMENT REPORTING

Segment reporting first half of 2021

IN EUR '000	Corporates	Retail & Private Banking	Financial Markets	Equity Investments	Corporate Center	Total
Net interest income	**140,892**	**17,306**	**26,667**	**15,547**	**379**	**200,791**
Loan loss allowances	-3,122	1,465	6,547	57	54	5,001
Net interest income after loan loss allowances	**137,770**	**18,771**	**33,214**	**15,604**	**433**	**205,792**
Share of profit or loss of equity-accounted companies	0	0	0	110,869	0	110,869
Net fee and commission income	24,699	20,353	11,730	41,007	2,665	100,454
Net income from trading operations	1,483	597	3,862	-456	-551	4,935
Net income from financial instruments carried at fair value	27	0	37,906	27,632	0	65,565
Net income from other financial instruments	0	0	75	–537	0	-462
General administrative expenses	-46,759	-32,181	-18,960	-283,968	-41,400	-423,268
Revenue and miscellaneous other operating income	514	575	823	517,595	21,283	540,790
Cost of sales and miscellaneous other expenses	-20,182	–2,042	-1,262	-275,302	-8,220	-307,008
Pre-tax profit for the period	**97,552**	**6,073**	**67,388**	**152,444**	**-25,790**	**297,667**
Operating profit*	100,648	4,608	22,861	125,292	-25,846	227,563
Average equity	1,541,184	170,270	1,022,591	1,956,642	174,162	4,864,849
Assets as at 30 June	17,769,766	2,264,821	17,622,216	10,713,627	2,244,432	50,614,862

Segment reporting H1 2020

IN EUR '000	Corporates	Retail & Private Banking	Financial Markets	Equity Investments	Corporate Center	Total
Net interest income	**126,006**	**17,815**	**29,829**	**14,551**	**656**	**188,857**
Loan loss allowances	-55,910	-2,304	-2,390	-11,530	-349	-72,483
Net interest income after loan loss allowances	**70,096**	**15,511**	**27,439**	**3,021**	**307**	**116,374**
Share of profit or loss of equity-accounted companies	0	0	0	-164,362	0	-164,362
Net fee and commission income	23,896	18,767	6,091	35,204	2,846	86,804
Net income from trading operations	758	1,095	3,581	956	-190	6,200
Net income from financial instruments carried at fair value	-3	0	-46,427	-13,314	0	-59,744
Net income from other financial instruments	0	0	-586	-153	0	-739
General administrative expenses	-45,437	-32,289	-19,954	-280,210	-41,431	-419,321
Revenue and miscellaneous other operating income	419	622	779	462,575	19,340	483,735
Cost of sales and miscellaneous other expenses	-22,941	-2,527	-1,498	-228,188	-9,781	-264,935
Pre-tax profit for the period	**26,788**	**1,179**	**-30,575**	**-184,471**	**-28,909**	**-215,988**
Operating profit*	82,701	3,483	18,828	-159,474	-28,560	-83,022
Average equity	1,948,987	205,558	848,529	1,366,241	184,069	4,553,384
Assets as at 30 June	18,768,070	2,381,574	14,667,113	10,153,228	1,925,606	47,895,591

* Operating profit is the difference between operating income and operating expenses. At group level, it is calculated by deducting general administrative expenses from the sum of net interest income, the result of companies accounted for using the equity method, net fee and commission income, the result of trading transactions, and other operating income.

INCOME STATEMENT DISCLOSURES

1. Net interest income

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Interest income using the effective interest method	**279,610**	**255,779**
from financial assets in the "At amortised cost" (AC) category	202,814	208,816
from financial liabilities in the "At amortised cost" (AC) category	46,666	13,393
from financial assets in the "At fair value through other comprehensive income" (FVOCI) category	30,129	33,570
Other interest income	**191,990**	**204,701**
from financial assets in the "At fair value through profit or loss" (FVTPL) category	938	1,126
from financial assets in the "Designated at fair value through profit or loss" (FVO) category	2,684	2,909
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 derivative financial instruments in the "At fair value through profit or loss" (FVTPL) category	151,060	160,860
from lease financing in accordance with IFRS 16	37,307	39,806
Other interest-related income	**72**	**14**
Current income from financial assets in the "At fair value through profit or loss" (FVTPL) category	**3,685**	**3,525**
Interest and interest-related income	**475,357**	**464,019**
Interest expenses	**-273,594**	**-274,869**
for non-derivative financial liabilities in the "At amortised cost" (AC) category	-91,330	-100,292
for non-derivative financial liabilities in the "At fair value through profit or loss" (FVTPL) category	0	0
for non-derivative financial liabilities in the "Designated at fair value through profit or loss" (FVO) category	-34,727	-39,876
for non-derivative financial assets in the "At amortised cost" (AC) category	-30,141	-14,522
for non-derivative financial assets in the "At fair value through other comprehensive income" (FVOCI) category	0	0
for non-derivative financial assets in the "At fair value through profit or loss" (FVTPL) category	-284	-267
for non-derivative financial assets in the "Designated at fair value through profit or loss" (FVO) category	0	0
for derivative financial instruments in the "At fair value through profit or loss" (FVTPL) category	-116,757	-119,516
for lease liabilities in accordance with IFRS 16	-354	-396
Other interest-related expenses	**-972**	**-293**
Interest and interest-related expenses	**-274,566**	**-275,162**
Net interest income	**200,791**	**188,857**

2. Loan loss allowances

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Loan loss allowances	**5,001**	**-72,483**
Changes to the loan loss allowance through profit and loss under IFRS 9	-10,437	-77,886
Direct impairment losses	-1,693	-3,899
Amounts received against loans and advances written off	17,131	9,302

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

3. Share of profit or loss of equity-accounted companies

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Share of profit or loss of equity-accounted companies	**110,869**	**-164,362**
Pro rate net income	123,448	-51,473
Impairment from companies accounted for using the equity method	-12,579	-112,889
Reversal of impairment from companies accounted for using the equity method	0	0

Please refer to the "Companies accounted for using the equity method" section in the Notes for further details regarding the results from companies accounted for using the equity method as well as the gains or losses in this regard (impairment or reversal of impairment). The above amounts are assigned to the "Equity investments" segment.

4. Net fee and commission income

H1 2021 IN EUR '000	Corporates	Retail & Private Banking	Financial Markets	Equity Investments	Corporate Center	Total
Fee and commission income	**26,151**	**22,758**	**23,217**	**51,587**	**3,925**	**127,638**
from payment transactions	6,631	5,900	51	3,410	2,023	18,015
from funding transactions	18,450	1,285	866	1,664	1,361	23,626
from securities business	38	11,536	21,303	19,676	399	52,952
from foreign exchange, currency and precious metals transactions	992	735	997	273	95	3,092
from other service business	40	3,302	0	26,564	47	29,953
Fee and commission expenses	**-1,452**	**-2,405**	**-11,487**	**-10,580**	**-1,260**	**-27,184**
from payment transactions	-159	–465	-186	-393	-716	–1,919
from funding transactions	–1,136	-221	0	-152	-280	-1,789
from securities business	0	-1,701	-11,272	-290	-100	-13,363
from foreign exchange, currency and precious metals transactions	0	0	0	0	0	0
from other service business	-157	-18	-29	-9,745	-164	-10,113
Net fee and commission income	**24,699**	**20,353**	**11,730**	**41,007**	**2,665**	**100,454**

H1 2020 IN EUR '000	Corporates	Retail & Private Banking	Financial Markets	Equity Investments	Corporate Center	Total
Fee and commission income	**26,118**	**20,584**	**18,157**	**43,737**	**3,909**	**112,505**
from payment transactions	6,244	5,575	29	3,548	1,654	17,050
from funding transactions	17,385	1,289	359	685	1,519	21,237
from securities business	56	9,558	16,930	16,756	397	43,697
from foreign exchange, currency and precious metals transactions	2,382	840	839	255	205	4,521
from other service business	51	3,322	0	22,493	134	26,000
Fee and commission expenses	**-2,222**	**-1,817**	**-12,066**	**-8,533**	**-1,063**	**-25,701**
from payment transactions	-134	-382	-191	-378	-556	-1,641
from funding transactions	-1,883	-302	0	241	-265	-2,209
from securities business	0	-1,106	-11,825	-210	-95	-13,236
from foreign exchange, currency and precious metals transactions	0	0	0	0	0	0
from other service business	-205	-27	-50	-8,186	-147	-8,615
Net fee and commission income	**23,896**	**18,767**	**6,091**	**35,204**	**2,846**	**86,804**

5. Net income from trading operations

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Net income from trading operations	**4,935**	**6,200**
Interest rate-related business	1,309	2,092
Currency related business	3,057	3,048
Other transactions	569	1,060

6. Net income from financial instruments carried at fair value

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Net income from financial instruments carried at fair value	**65,565**	**-59,744**
from financial assets and liabilities classified as ”At fair value through profit or loss” (FVTPL)	1,222	-24,399
from financial assets in the “Designated at fair value through profit or loss” (FVO) category	-10,019	8,729
from financial liabilities in the “Designated at fair value through profit or loss” (FVO) category	74,362	-44,074

7. Net income from other financial instruments

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Gain or loss on disposal	**129**	**363**
of securities in the “At amortised cost” (AC) category	184	12
of securities in the “At fair value through other comprehensive income” (FVOCI) category	-54	351
Gain or loss arising from hedge accounting	**-854**	**-937**
Gain or loss arising from fair value hedges	**-1,047**	**-1,181**
from underlying transactions in fair value hedges	105,161	-121,565
from hedging instruments in fair value hedges	-106,208	120,384
Gain or loss arising from portfolio fair value hedges	**193**	**244**
from underlying transactions in portfolio fair value hedges	-38,225	13,585
from hedging instruments in portfolio fair value hedges	38,418	-13,341
Net income on disposal	**0**	**0**
of loans and advances to banks in the ”At amortised cost” (AC) category	0	0
of loans and advances to customers in the ”At amortised cost” (AC) category	0	0
Modification result	**-301**	**-72**
Modification income	**456**	**0**
from financial assets in the ”At amortised cost” (AC) category	456	0
from financial assets in the “At fair value through other comprehensive income” (FVOCI) category	0	0
Modification expenditure	**-757**	**-72**
from financial assets in the ”At amortised cost” (AC) category	-757	-72
from financial assets in the “At fair value through other comprehensive income” (FVOCI) category	0	0
Gain or loss from initial consolidation and deconsolidation	**565**	**-94**
Total	**-462**	**-739**

In the first half of 2021, there was an effect of EUR +565 thousand (H1 2020: EUR -94 thousand) in connection with first-time consolidations and deconsolidations. The table showing the individual disposals in the first half of 2021 can be seen under the “Basis of presentation of the consolidated financial statements in accordance with IFRS”.

8. General administrative expenses

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Personnel expenses	-212,419	-214,397
Administrative expenses	-149,771	-145,922
(Write-ups)/depreciations and impairment losses on property, plant and equipment and on financial assets	-61,079	-59,002
Total	**-423,268**	**-419,321**

In the first half of 2021, the "General administrative expenses" include approximately EUR -137.6 million (H1 2020: EUR -138.2 million) from companies in the food 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 net operating income and General administrative expenses.

The general administrative expenses from the "OÖ Wohnbau" companies were EUR -17.3 million in the first half of 2021 (H1 2020: EUR -16.9 million).

Expenses from real estate held as financial investments amounted to EUR -7.2 million in the first half of 2021 (H1 2020: EUR -6.8 million).

In the Raiffeisenlandesbank Oberösterreich Group, the relief provisions were applied to the COVID-19 pandemic-related lease concessions, as a result of which an amount of EUR 136 thousand was offset against the variable lease payments included in the general administrative expenses in the first half of 2021.

9. Other net operating income

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Revenues and miscellaneous other operating income	**540,790**	**483,735**
Sales revenue from non-banking activities	472,179	417,920
Income from real estate held as financial investments	16,456	20,138
Miscellaneous operating income	52,155	45,677
Cost of sales and miscellaneous other expenses	**-307,008**	**-264,935**
Cost of sales from non-banking activities	-205,452	-179,900
Changes in inventory	-497	-3,258
Other tax and fees	-5,341	-17,896
Miscellaneous operating expenses	-95,719	-63,881
Total	**233,782**	**218,800**

In the first half of 2021, total expenses of EUR -4.1 million (H1 2020: EUR -16.7 million) were posted for the stability fee in Raiffeisenlandesbank Oberösterreich and in SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT. All expenses in connection with the stability fee are stated in the item "Other tax and fees". The expenses for the 2021 annual contributions to the resolution fund and deposit guarantee scheme for both financial institutions amounting to EUR -31.5 million (H1 2020: EUR -23.1 million) are posted under "Other operating expenses".

In total, "other net operating income" of the companies in the VIVATIS/efko Group amounts to around EUR +145.8 million (H1 2020: EUR +141.4 million). Companies from the food industry are, as their business is unrelated to banking, mainly reported in the income statement under Other net operating income and General administrative expenses.

The Upper Austrian residential building companies (OÖ Wohnbau) contribute around EUR +25.7 million to the "Other operating income" (H1 2020: EUR +23.6 million).

In certain Group companies that have been particularly affected by the COVID 19 pandemic – above all the food industry – allowances for short-time work and other grants in connection with the COVID-19 pandemic were claimed in the first half of 2021. The subsidies for short-time work amount to EUR 4.8 million in the first half of 2021 (H1 2020: EUR 6.0 million). The grants from other subsidies mainly come from the loss replacement, the lockdown revenue replacement I and II as well as the funds for fixed costs and amounted to a total of EUR 4.7 million in the first half of 2021 (H1 2020: EUR 0.0 million). The respective grants are reported in the item “Miscellaneous operating income”.

In addition, investment premiums of EUR 6.4 million have been applied for in connection with the COVID-19 pandemic, of which EUR 0.4 million were recognised in the first half of 2021 due to capitalised investments in this period. The balance as of 30 June 2021 is EUR 0.7 million (31 Dec. 2020: EUR 0.3 million). The investment premiums are reported in a separate item under “Other liabilities”. In the item “Miscellaneous operating income”, the investment premiums recognised are released over the economic life of the respective investment object from the time of implementation.

The income from non-banking activity is 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 June 2021	1 Jan.–30 June 2020
Sales revenue from non-banking activities	**472,179**	**417,920**
from the food industry	295,312	290,558
from the real estate industry	96,737	50,820
from the IT group	57,756	56,269
Others	22,374	20,273

The following table breaks down income from non-banking activities by key product groups. These costs are disclosed in the “Equity investments” segment.

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Cost of sales from non-banking activities	**-205,452**	**-179,900**
from the food industry	-148,550	-147,291
from the real estate industry	-55,647	-31,273
from the IT group	–1,255	-1,336
Others	0	0

Of the Revenue from non-banking activities and Cost of sales from non-banking activities, by far the largest portion comes from companies in the food industry (VIVATIS/efko Group).

10. Taxes on income

IN EUR '000	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Taxes on income and earnings	**-42,740**	**16,580**

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

11. Financial instruments disclosures

Categories of financial assets and financial liabilities as at 30 June 2021:

ASSETS IN EUR '000	**Measured at amortised cost (AC)**	**Measured at fair value through other comprehensive income (FVOCI)**	**Designated 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 2021**	**Fair value total 30 June 2021**
Cash and cash equivalents	143,251	0	0	0	0	143,251	143,251
Loans and advances to banks	13,551,842	0	0	260,229	0	13,812,071	13,848,184
Loans and advances to customers	24,282,405	0	0	95,785	115,043	24,493,233	25,469,412
Trading assets	0	0	0	1,917,500	0	1,917,500	1,917,500
Financial assets	153,942	4,532,486	0	745,436	157,687	5,589,551	5,602,144
Assets held for sale*	237,014	0	0	7	0	237,021	241,330
Carrying amount total 30 June 2021	**38,368,454**	**4,532,486**	**0**	**3,018,957**	**272,730**	**46,192,627**	**47,221,821**

* 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 951 thousand for the first half of 2021 (aggregate valuation gain EUR 4,968 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 2021 was EUR 272,730 thousand.

EQUITY AND LIABILITIES IN EUR '000	**Measured at amortised cost (AC)**	**Measured at fair value through profit or loss (FVTPL)**	**Designated at fair value through profit or loss (FVO)**	**Carrying amount total 30 June 2021**	**Fair value total 30 June 2021**
Amounts owed to banks	20,502,416	0	176,790	20,679,206	20,767,058
Amounts owed to customers	11,920,745	0	306,067	12,226,812	12,257,258
Trading liabilities	0	1,498,748	0	1,498,748	1,498,748
Liabilities evidenced by certificates	7,479,066	0	1,638,302	9,117,368	9,205,116
Liabilities in conjunction with assets held for sale*	0	0	0	0	0
Subordinated capital	733,964	0	344,113	1,078,077	1,101,734
Carrying amount total 30 June 2021	**40,636,191**	**1,498,748**	**2,465,272**	**44,600,211**	**44,829,914**

* only carrying amounts for financial instruments affected

As at 30 June 2021, Moody's gave Raiffeisenlandesbank Oberösterreich a Baa1 rating (previous year: Baa1). From the fair value changes in liabilities designated at fair value through profit or loss in the first half of 2021, a cumulative portion amounting to EUR 9,451 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 end of the previous financial year. The business data and yield curves as at the reporting date are used. The carrying amount of the liabilities designated at fair value through profit or loss amounts to EUR 2,465,272 thousand as at 30 June 2021. EUR 192 thousand of accumulated profit or loss within equity was reclassified as a result of repayments or redemptions in the first half of 2021.

The carrying amount of designated financial liabilities as at 30 June 2021 was EUR 81,713 thousand higher than the repayment sum agreed contractually.

Categories of financial assets and financial liabilities as at 31 Dec. 2020:

ASSETS IN EUR '000	**Measured at amortised cost (AC)**	**Measured at fair value through other comprehensive income (FVOCI)**	**Designated 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 31 Dec. 2020**	**Fair value total 31 Dec. 2020**
Cash and cash equivalents	145,913	0	0	0	0	145,913	145,913
Loans and advances to banks	10,977,574	0	0	285,588	0	11,263,162	11,311,389
Loans and advances to customers	24,522,449	0	0	98,251	124,014	24,744,714	25,950,603
Trading assets	0	0	0	2,396,240	0	2,396,240	2,396,240
Financial assets	190,061	4,656,097	0	734,746	171,638	5,752,542	5,766,440
Assets held for sale*	0	0	0	0	0	0	0
Carrying amount total 31 Dec. 2020	**35,835,997**	**4,656,097**	**0**	**3,514,825**	**295,652**	**44,302,571**	**45,570,585**

* 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 159 thousand for the 2020 financial year (aggregate valuation profit EUR 5,944 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. 2020 was EUR 295,652 thousand.

EQUITY AND LIABILITIES IN EUR '000	**Measured at amortised cost (AC)**	**Measured at fair value through profit or loss (FVTPL)**	**Designated at fair value through profit or loss (FVO)**	**Carrying amount total 31 Dec. 2020**	**Fair value total 31 Dec. 2020**
Amounts owed to banks	17,676,136	0	219,926	17,896,062	17,968,945
Amounts owed to customers	12,300,690	0	317,365	12,618,055	12,647,953
Trading liabilities	0	1,911,178	0	1,911,178	1,911,178
Liabilities evidenced by certificates	7,661,509	0	1,777,114	9,438,623	9,509,193
Subordinated capital	663,514	0	352,161	1,015,675	1,040,023
Carrying amount total 31 Dec. 2020	**38,301,849**	**1,911,178**	**2,666,566**	**42,879,593**	**43,077,292**

As of 31 Dec. 2020, Moody's gave Raiffeisenlandesbank Oberösterreich a Baa1 rating (previous year: Baa1). From the fair value changes in liabilities designated at fair value through profit or loss in the 2020 financial year, a cumulative portion amounting to EUR 20,997 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 end of the previous financial year. The business data and yield curves as at the reporting date are used. The carrying amount of the liabilities designated at fair value through profit or loss amounts to EUR 2,666,566 thousand as at 31 Dec. 2020. EUR 5 thousand of accumulated profit or loss within equity was reclassified as a result of repayments or redemptions in the 2020 financial year.

The carrying amount of designated financial liabilities as at 31 Dec. 2020 was EUR 139,893 thousand higher than the repayment sum agreed contractually.

Breakdown of the fair value of financial instruments as at 30 June 2021:

IN EUR '000	Financial instruments measured at fair value 30 June 2021	Thereof market prices listed in active markets (Level I)	Thereof measurement methods based on market data (Level II)	Thereof measurement methods not based on market data (Level III)
Measured at fair value through profit or loss (FVTPL)	3,018,957	26,275	2,185,843	806,839
Designated at fair value through profit or loss (FVO)	272,730	157,687	0	115,043
Measured at fair value through other comprehensive income (FVOCI)	4,532,486	4,142,441	390,045	0
Designated at fair value through other comprehensive income (FVOCI option)	0	0	0	0
Total financial assets measured at fair value	**7,824,173**	**4,326,403**	**2,575,888**	**921,882**
Measured at fair value through profit or loss (FVTPL)	1,498,748	0	1,498,748	0
Designated at fair value through profit or loss (FVO)	2,465,273	0	2,465,273	0
Total financial liabilities measured at fair value	**3,964,021**	**0**	**3,964,021**	**0**

Reclassifications between Level I and Level II in H1 2021:

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.

No reclassifications between Level I and Level II took place in the first half of 2021.

The calculation of translation reserves in H1 2021 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)	Measured at fair value through other comprehensive income (FVOCI)	Designated at fair value through other comprehensive income (FVOCI option)
As at 1 Jan. 2021	**769,903**	**124,014**	**0**	**0**
Purchases	22,542	12	0	0
Divestments	-4,933	-1,413	0	0
Change in the scope of consolidation	0	0	0	0
Effective results	19,327	-7,570	0	0
Effect-neutral results	0	0	0	0
Revalued at fair value	0	0	0	0
Reclassification to Level III	0	0	0	0
Reclassification from Level III	0	0	0	0
As at 30 June 2021	**806,839**	**115,043**	**0**	**0**

There was no reclassification from Level II to Level III in the first half of 2021. 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 at the end of the financial year amounts to EUR +11,749 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
- Net income from 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 net income from other financial instruments.

Sensitivity analysis as at 30 June 2021:

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value gain -100 basis points IN %
Loans and advances	211,061	2.19%
Securities	295,617	20.34%
Equity Investments	314,240	38.85%

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value loss +100 basis points IN %
Loans and advances	211,061	-5.88%
Securities	295,617	-13.13%
Equity Investments	314,240	-26.14%

Credit spreads of 100 basis points in each case are varied for all fixed-interest securities and loans and advances measured 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).

No interest rate shift was conducted for non-significant investments and non-fixed interest securities. The carrying amount and fair value of these financial assets (amounting to EUR 100,965 thousand) is consequently not included in the above table.

Breakdown of the fair value of financial instruments as at 31 Dec. 2020:

IN EUR '000	Financial instruments measured at fair value 31 Dec. 2020	Thereof market prices listed in active markets (Level I)	Thereof measurement methods based on market data (Level II)	Thereof measurement methods not based on market data (Level III)
Measured at fair value through profit or loss (FVTPL)	3,514,825	51,349	2,693,573	769,903
Designated at fair value through profit or loss (FVO)	295,652	171,638	0	124,014
Measured at fair value through other comprehensive income (FVOCI)	4,656,097	4,240,161	415,936	0
Designated at fair value through other comprehensive income (FVOCI option)	0	0	0	0
Total financial assets measured at fair value	**8,466,574**	**4,463,148**	**3,109,509**	**893,917**
Measured at fair value through profit or loss (FVTPL)	1,911,178	0	1,911,178	0
Designated at fair value through profit or loss (FVO)	2,666,566	0	2,666,566	0
Total financial liabilities measured at fair value	**4,577,744**	**0**	**4,577,744**	**0**

Reclassifications between Level I and Level II in H1 2020:

There were neither reclassifications from Level I to Level II nor from Level II to Level I in the first half of 2020.

The calculation of translation reserves in H1 2020 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)	Measured at fair value through other com-prehensive income (FVOCI)	Designated at fair value through other comprehensive income (FVOCI option)
As at 1 Jan. 2020	**765,814**	**117,193**	**0**	**0**
Purchases	12,170	199	0	0
Divestments	-10,935	-3,156	0	0
Change in the scope of consolidation	0	0	0	0
Effective results	-5,927	10,295	0	0
Effect-neutral results	0	0	0	0
Revalued at fair value	0	0	0	0
Reclassification to Level III	0	0	0	0
Reclassification from Level III	0	0	0	0
As at 30 June 2020	**761,122**	**124,531**	**0**	**0**

There was no reclassification from Level II to Level III in the first half of 2020. 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 at the end of the financial year amounted to EUR +4,383 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
- Net income from 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 net income from other financial instruments.

Sensitivity analysis as at 31 Dec. 2020:

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value gain -100 basis points IN %
Loans and advances	222,523	2.46%
Securities	281,212	20.34%
Equity Investments	299,546	38.85%

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value loss +100 basis points IN %
Loans and advances	222,523	-6.34%
Securities	281,212	-13.13%
Equity Investments	299,546	-26.14%

Credit spreads of 100 basis points in each case are varied for all fixed-interest securities and loans and advances measured 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). No interest rate shift was conducted for non-significant investments and non-fixed interest securities. The carrying amount and fair value of these financial assets (amounting to EUR 90,636 thousand) is consequently not included in the above table.

In the case of equity investments and profit participation rights, variations were also made, e.g. as to parameters within the framework of the associated company valuations. In contrast to the case with the discount interest rate, in each case a partial amount of the company valuations was taken as the basis for which the parameters or parameter shift makes sense or is possible respectively. This led to the following results:

- A change of +100 base points or -100 base points in the interest rate for the “perpetual annuity” leads, in view of underlying company valuations with a fair value in total of EUR 259.5 million, to an increase of +7.48% or to a reduction of -7.48% respectively.
- A change of +100 base points or -100 base points in the absolute “lease price” leads, in view of underlying company valuations (of real estate companies) with a fair value in total of EUR 112.3 million, to an increase of +2.59% or to a reduction of -2.62% respectively.
- A change of +€5/MWh or -€5/MWh in the long-term energy price level leads, in view of underlying company valuations (of energy supply companies) with a fair value in total of EUR 158.9 million, to an increase of +9.05% or to a reduction of -8.54% respectively.

Valuation procedures and input factors in 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; CDS spreads of contracting parties; observable credit spreads for banks by rating category; external rating of contracting parties
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 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 counterparties*
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 counterparties*
II	Derivatives	Over the counter	Capital value oriented	Cash flows already fixed or determined using forward rates; observable yield curve; observable credit spreads of contracting parties 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 Cash flow ("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 equity investments and profit participation rights	Net Asset Value ("NAV")	The NAV is used for valuations in the real estate portfolio and for the sum of the parts valuation ("SoP") of 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 securities/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 securities/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 securities/seniority) which also include own credit risk
II	Subordinated capital		Capital value oriented	Cash flows already fixed or determined using forward rates; observable yield curve; observable liquidity costs (differentiation by maturity and securities/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 balance sheet loan loss allowances and staging in accordance with IFRS 9. The equity premiums are calculated on the basis of the interest 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 2021:

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	67,000	269,781	3,467,106	3,782,852
Fair value hedges – Liabilities				
Nominal amount	237,612	394,884	3,778,877	3,148,175

Hedging instruments as at 30 June 2021 or in H1 2021:

IN EUR '000	Carrying amount of hedging instruments 30 June 2021	Nominal amount 30 June 2021	Change in the fair value which is used as the basis for recording hedge ineffectiveness 1 Jan – 30 June 2021
Micro fair value hedge derivatives – Assets (fixed interest rate risk)	406,808	6,012,775	-148,096
Interest rate swaps	406,808	6,012,775	-148,096
Swaptions	0	0	0
Micro fair value hedge derivatives – Liabilities (fixed interest rate risk)	261,009	4,494,293	41,743
Interest rate swaps	261,009	4,494,293	41,743
Swaptions	0	0	0
Portfolio fair value hedge derivatives – Assets (fixed interest rate risk)	14,167	1,573,963	0
Interest rate swaps	12,449	1,234,411	0
Caps/Floors	1,718	339,552	0
Portfolio fair value hedge derivatives – Liabilities (fixed interest rate risk)	74,153	3,065,256	38,418
Interest rate swaps	67,952	2,045,960	33,306
Caps/Floors	6,201	1,019,296	5,112

Underlying transactions as at 30 June 2021 or in H1 2021:

IN EUR '000	Carrying amount of the underlying transactions 30 June 2021	Cumulative amount of the hedge adjustment in the carrying amount of the underlying transaction 30 June 2021	Change in the value of the underlying transaction which is used as the basis for recording hedge ineffectiveness in the period 1 Jan – 30 June 2021	Cumulative amount of the hedge adjustment remaining in the statement of financial position and no longer adjusted by hedging gains and losses 30 June 2021
Micro fair value hedges – Assets (fixed interest rate risk)	4,151,093	117,984	-67,313	0
Loans and advances to banks	46,892	2,716	-1,258	0
Loans and advances to customers	778,228	34,522	-18,264	0
Financial assets	3,325,973	80,746	-47,791	0
Micro fair value hedges – Liabilities (fixed interest rate risk)	7,077,718	356,239	172,600	148
Amounts owed to banks	716,467	18,008	8,967	148
Amounts owed to customers	573,641	60,366	18,359	0
Liabilities evidenced by certificates	5,424,642	272,210	135,141	0
Subordinated capital	362,968	5,655	10,133	0
Portfolio fair value hedges – Assets (fixed interest rate risk)	3,991,322	-22,138	-38,225	n/a
Loans and advances to banks	182,454	-861	n/a	n/a
Loans and advances to customers	3,766,799	-21,270	n/a	n/a
Financial assets	40,969	-4	n/a	n/a
Assets held for sale	1,100	-3	n/a	n/a

Ineffectiveness in H1 2021

IN EUR '000	Hedge ineffectiveness 1 Jan – 30 June 2021
Micro fair value hedges – Assets (fixed interest rate risk)	
Loans and advances to banks	20
Loans and advances to customers	199
Financial assets	-601
Micro fair value hedges – Liabilities (fixed interest rate risk)	
Amounts owed to banks	-124
Amounts owed to customers	-261
Liabilities evidenced by certificates	-17
Subordinated capital	-282
Portfolio fair value hedges – Assets (fixed interest rate risk)	
Financial assets – AC	193

Application of hedge accounting

Fixed interest rate risk positions as part of the ordinary business activities of Raiffeisenlandesbank Oberösterreich result from the conclusion of loans and term deposits with customers as well as from the purchase of securities and from issues. These fixed interest rate risk positions are hedged at Raiffeisenlandesbank Oberösterreich either by means of portfolio fair value hedge or micro hedge accounting.

With fair value hedge accounting on a portfolio basis ("portfolio fair value hedge"), interest rate risks at Raiffeisenlandesbank Oberösterreich are managed at the macro level. Raiffeisenlandesbank Oberösterreich's risk management identifies fixed-interest underlying transactions on the basis of defined criteria and allocates these to the macro hedge portfolio. The underlying transactions of the asset portfolios represent fixed-interest loans and securities in euros in the category "At amortised cost" (AC). These transactions also meet other general criteria (e.g. no underlying transactions in a micro hedge or no inter-company transactions).

Variable instruments in which caps and floors are embedded also have a fixed interest rate risk, at least temporarily, if the figures exceed or fall below the interest rate limits. These variable-interest transactions with interest rate options have been managed in a separate portfolio since 2021. Currently, loans, promissory note loans and securities with floors are allocated to these types of portfolios. These transactions fulfil the identical requirements as in the above portfolio.

Hedging transactions as at 30 June 2020:

	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	26,000	170,000	2,234,238	3,909,512
Fair value hedges – Liabilities				
Nominal amount	84,030	289,429	2,255,057	2,986,389

Hedging instruments as at 30 June 2020 or in H1 2020:

IN EUR '000	Carrying amount of hedging instruments 30 June 2020	Nominal amount 30 June 2020	Change in the fair value which is used as the basis for recording hedge ineffectiveness 1 Jan – 30 June 2020
Micro fair value hedge derivatives – Assets (fixed interest rate risk)	576,498	6,339,750	165,096
Interest rate swaps	576,493	6,320,750	165,107
Swaptions	5	19,000	-11
Micro fair value hedge derivatives – Liabilities (fixed interest rate risk)	303,334	3,496,148	-44,847
Interest rate swaps	303,334	3,496,148	-44,847
Swaptions	0	0	0
Portfolio fair value hedge derivatives – Assets (fixed interest rate risk)	0	0	0
Interest rate swaps	0	0	0
Caps/Floors	0	0	0
Portfolio fair value hedge derivatives – Liabilities (fixed interest rate risk)	128,704	2,118,757	-13,341
Interest rate swaps	128,704	2,118,757	-13,341
Caps/Floors	0	0	0

Underlying transactions as at 30 June 2020 or in H1 2020:

IN EUR '000	Carrying amount of the underlying transactions 30 June 2020	Cumulative amount of the hedge adjustment in the carrying amount of the underlying transaction 30 June 2020	Change in the value of the underlying transaction which is used as the basis for recording hedge ineffectiveness in the period 1 Jan – 30 June 2020	Cumulative amount of the hedge adjustment remaining in the statement of financial position and no longer adjusted by hedging gains and losses 30 June 2020
Micro fair value hedges – Assets (fixed interest rate risk)	3,511,565	193,663	47,584	0
Loans and advances to banks	52,762	4,144	1,447	0
Loans and advances to customers	760,635	53,942	20,720	0
Financial assets	2,698,168	135,577	25,417	0
Micro fair value hedges – Liabilities (fixed interest rate risk)	7,166,253	547,284	-169,021	176
Amounts owed to banks	670,924	29,342	-7,172	176
Amounts owed to customers	588,284	81,162	-16,368	0
Liabilities evidenced by certificates	5,651,033	419,585	-133,842	0
Subordinated capital	256,012	17,195	-11,639	0
Portfolio fair value hedges – Assets (fixed interest rate risk)	1,702,972	13,432	13,586	n/a
Loans and advances to banks	100,466	679	n/a	n/a
Loans and advances to customers	1,563,428	12,514	n/a	n/a
Financial assets	39,078	239	n/a	n/a
Assets held for sale	0	0	n/a	n/a

Ineffectiveness in H1 2020:

IN EUR '000	Hedge ineffectiveness 1 Jan – 30 June 2020
Micro fair value hedges – Assets (fixed interest rate risk)	
Loans and advances to banks	-6
Loans and advances to customers	-90
Financial assets	45
Micro fair value hedges – Liabilities (fixed interest rate risk)	
Amounts owed to banks	-193
Amounts owed to customers	260
Liabilities evidenced by certificates	-1,476
Subordinated capital	272
Portfolio fair value hedges – Assets (fixed interest rate risk)	
Financial assets – AC	244

Impact in conjunction with IBOR reform

As part of the replacement of the Interbank Offered Rates (IBOR) with new risk-free interest rates, Raiffeisenlandesbank Oberösterreich changed the valuation from the reference interest rate EONIA to €STR in the first half of 2021 for a derivative volume of around EUR 10.2 billion (H1 2020: EUR 0), including EUR 1.4 billion of this in micro fair value hedges and EUR 1.2 billion in portfolio fair value hedges. The compensation payments in this context totalled EUR +4,730 thousand in the first half of 2021 (H1 2020: EUR 0) and were recognised immediately in profit or loss. A derivative volume of around EUR 14.9 billion currently is expected to be converted by the turn of the year, including EUR 4.7 billion of this in micro fair value hedges and EUR 2.2 billion in portfolio fair value hedges.

Raiffeisenlandesbank Oberösterreich has been following the developments surrounding the reform of the reference interest rates very closely for some time. The Group-wide impact analyses have largely been completed and preparatory measures for the adjustment of the reference interest rates are already being implemented tailored to the respective customer group and type of financial instrument. These are expected to be fully completed by November 2021.

The ongoing developments regarding legal substitute reference values at the European and national levels are of major relevance. Raiffeisenlandesbank Oberösterreich assumes that the European Commission will make use of the power granted to it in Article 23b (1) (a) of Regulation (EU) 2016/1011 to determine one or more substitute reference values or, in the interest of legal certainty, to create a national regulation at least for individual reference interest rates along the lines of section 2 1. Euro-Justice Accompanying Act and section 2 of the Austrian Federal Act on the determination of weighted average yields for federal loans (UDRBG). These decisions are expected in the third quarter of 2021 and will be taken into account accordingly.

Any structural differences between suitable substitute reference values that are as close as possible to the economic figures and existing LIBOR reference values are compensated in the portfolio business by means of objective premiums or discounts. The transition to alternative reference interest rates is not expected therefore to have any significant impact on the Raiffeisenlandesbank Oberösterreich Group.

The extent of the volumes affected by the LIBOR conversions at Raiffeisenlandesbank Oberösterreich can be seen in the table below. The migration for the US dollar will take place as of 1 July 2023 at the latest, the migration for the remaining foreign currencies affected is planned for 1 Jan. 2022.

Raiffeisenlandesbank Oberösterreich uses micro fair value hedges and portfolio fair value hedges. Only a few individual cases in micro hedging in the US dollar and Swiss franc currencies are affected by the IBOR migration.

ASSETS

IN EUR '000	USD LIBOR	CHF LIBOR	JPY LIBOR	GBP LIBOR
Cash and cash equivalents	0	0	0	0
Loans and advances to banks	396,451	144,098	640	193
Loans and advances to customers	38,300	123,576	8,564	180
Trading assets*	19,513	1,636	0	0
Financial assets	0	0	0	0
Assets held for sale	0	0	0	0
Carrying amounts as at 30 June 2021	**454,264**	**269,310**	**9,204**	**373**

*the carrying amount results entirely from positive market values of derivatives

EQUITY AND LIABILITIES

IN EUR '000	USD LIBOR	CHF LIBOR	JPY LIBOR	GBP LIBOR
Amounts owed to banks	40,222	1,458	45,204	2,506
Amounts owed to customers	235,593	15,986	2,750	11,325
Trading liabilities*	12,386	2,363	0	0
Liabilities evidenced by certificates	160,032	0	0	0
Subordinated capital	0	0	0	0
Carrying amounts as at 30 June 2021	**448,233**	**19,807**	**47,954**	**13,831**

*the carrying amount results entirely from negative market values of derivatives

Non-significant modifications

Non-significant modifications in H1 2021:

IN EUR '000	Stage 1	Stage 2	Stage 3
Gross carrying amount before modification	30,150	9,077	0
Net modification effect	-594	293	0

There were no financial assets in the first half of 2021 with a non-significant modification that were in Stage 2 or Stage 3 or whose classification would have changed from Stage 2 or Stage 3 to Stage 1.

The financial assets with non-significant modification recognised in the table above are related to interest rate changes and caused modification losses of EUR -594 thousand in the first half of 2021.

Non-significant modifications in H1 2020:

IN EUR '000	Stage 1	Stage 2	Stage 3
Gross carrying amount before modification	3,000	0	0
Net modification effect	-71	0	0

There were no financial assets in the first half of 2020 with a non-significant modification that were in Stage 2 or Stage 3 or whose classification would have changed from Stage 2 or Stage 3 to Stage 1.

The financial assets with non-significant modification recognised in the table above are related to interest rate changes and caused modification losses of EUR -71 thousand in the first half of 2020.

Derecognition of financial assets in the “Measured at amortised cost” category

Financial assets in the category “At amortised cost” (AC) in the amount of EUR 313 thousand (H1 2020: EUR 11,009 thousand), for which specific valuation allowances had already been recognised in accordance with Stage 3, were sold in the first half of 2021. The derecognition resulted in profits in the amount of EUR +493 thousand (H1 2020: EUR +1,602 thousand) and losses in the amount of EUR 0 thousand (H1 2020: EUR -3 thousand), which are shown on the Income Statement under the item “Loan loss allowances”. 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 interim 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 securities.

Assets

		Unrecognised amounts		
IN EUR '000	Financial assets (gross) = recognised financial assets (net)	Effect of offsetting framework agreements	Cash securities	Net amount
Loans and advances to banks	13,812,070	-94,504	-613,678	13,103,888
Positive fair values generated from derivative financial instruments	1,909,352	-857,238	-568,367	483,747
Total 30 June 2021	**15,721,422**	**-951,742**	**-1,182,045**	**13,587,635**

		Unrecognised amounts		
IN EUR '000	Financial assets (gross) = recognised financial assets (net)	Effect of offsetting framework agreements	Cash securities	Net amount
Loans and advances to banks	11,263,162	-96,257	-782,064	10,384,841
Positive fair values generated from derivative financial instruments	2,390,582	-1,098,324	-716,446	575,812
Total 31 Dec. 2020	**13,653,744**	**-1,194,581**	**-1,498,510**	**10,960,653**

Liabilities

		Unrecognised amounts		
IN EUR '000	Financial liabilities (gross) = recognised financial liabilities (net)	Effect of offsetting framework agreements	Cash securities	Net amount
Amounts owed to banks	20,679,206	-94,504	-568,868	20,015,834
Negative fair values from derivative financial instruments	1,498,748	-857,238	-613,177	28,333
Total 30 June 2021	**22,177,954**	**-951,742**	**-1,182,045**	**20,044,167**

		Unrecognised amounts		
IN EUR '000	Financial liabilities (gross) = recognised financial liabilities (net)	Effect of offsetting framework agreements	Cash securities	Net amount
Amounts owed to banks	17,896,062	-96,257	-739,085	17,060,720
Negative fair values from derivative financial instruments	1,911,178	-1,098,324	-759,425	53,429
Total 31 Dec. 2020	**19,807,240**	**-1,194,581**	**-1,498,510**	**17,114,149**

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

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

12. Cash and cash equivalents

IN EUR '000	30 June 2021	31 Dec. 2020
Cash in hand	37,371	42,024
Balances at central banks	105,880	103,889
Total	**143,251**	**145,913**

13. Loans and advances to banks

IN EUR '000	30 June 2021	31 Dec. 2020
Loans and advances to central banks	6,967,892	4,702,974
Payment on demand loans and advances to banks	4,542,012	4,337,675
Money market transactions	469,221	593,322
Loans to banks	1,416,432	1,243,159
Purchased receivables	416,514	386,034
Total	**13,812,070**	**11,263,162**
In Austria	12,735,714	9,995,324
Abroad	1,076,356	1,267,838
Total	**13,812,070**	**11,263,162**

14. Loans and advances to customers

IN EUR '000	30 June 2021	31 Dec. 2020
Money-market transactions	953,053	1,309,570
Loan transactions	20,610,256	20,457,799
Purchased receivables	650,939	646,987
Lease financing	2,259,052	2,311,034
Others	19,933	19,323
Total	**24,493,233**	**24,744,714**
In Austria	14,549,371	14,895,905
Abroad	9,943,862	9,848,809
Total	**24,493,233**	**24,744,714**

15. Loan loss allowances

Loan loss allowances 1 Jan. – 30 June 2021

IN EUR '000	As at 1 Jan. 2021	Allocations as a result of additions	Reversals as a result of disposals	Changes due to changed default risk*	Reclassifications due to stage transfer
Loans and advances to banks	**15,500**	**561**	**-1,230**	**-7,396**	**0**
thereof Stage 1 – Non POCI	6,738	560	-522	-2,099	135
thereof Stage 2 – Non POCI	8,470	1	-708	-5,297	-135
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	**323,918**	**77,343**	**-51,217**	**-2,840**	**0**
thereof Stage 1 – Non POCI	40,299	6,810	-3,812	-5,304	5,349
thereof Stage 2 – Non POCI	74,766	4,704	-3,287	3,550	-4,653
thereof Stage 3 – Non POCI	219,958	65,394	-54,516	-193	-696
thereof POCI	-11,105	435	10,398	-893	0
Loans and advances to customers – Lease financing	**47,125**	**1,175**	**-2,856**	**1,872**	**0**
thereof Stage 1 – Non POCI	1,720	820	-59	-258	-104
thereof Stage 2 – Non POCI	5,480	66	-140	64	167
thereof Stage 3 – Non POCI	39,925	289	-2,657	2,066	-63
thereof POCI	0	0	0	0	0
Financial assets – excluding FVOCI	**201**	**20**	**-86**	**1**	**0**
thereof Stage 1 – Non POCI	121	20	-41	5	0
thereof Stage 2 – Non POCI	80	0	-45	-4	0
thereof Stage 3 – Non POCI	0	0	0	0	0
thereof POCI	0	0	0	0	0
Financial assets – FVOCI	**8,000**	**317**	**-194**	**-5,339**	**0**
thereof Stage 1 – Non POCI	2,941	241	-178	-4,642	4,201
thereof Stage 2 – Non POCI	5,059	76	-16	-755	-4,201
thereof Stage 3 – Non POCI	0	0	0	0	0
thereof POCI	0	0	0	0	0
Assets held for sale	**0**	**128**	**-90**	**526**	**0**
thereof Stage 1 – Non POCI	0	117	-4	-26	-9
thereof Stage 2 – Non POCI	0	9	-12	-40	6
thereof Stage 3 – Non POCI	0	2	-74	592	3
thereof POCI	0	0	0	0	0
Subtotal	**394,744**	**79,544**	**-55,673**	**-13,176**	**0**
Provisions for off-balance-sheet obligations	**59,451**	**6,050**	**-3,697**	**-5,502**	**0**
thereof Stage 1 – Non POCI	9,493	2,863	-2,040	-7,706	7,868
thereof Stage 2 – Non POCI	10,594	1,115	-320	-1,233	-1,984
thereof Stage 3 – Non POCI	39,364	2,072	-1,337	3,437	-5,884
thereof POCI	0	0	0	0	0
Held for sale in accordance with IFRS 5 – off balance sheet	**0**	**0**	**-6**	**-4**	**0**
thereof Stage 1 – Non POCI	0	0	-6	0	0
thereof Stage 2 – Non POCI	0	0	0	0	0
thereof Stage 3 – Non POCI	0	0	0	-4	0
thereof POCI	0	0	0	0	0
Total	**454,195**	**85,594**	**-59,376**	**-18,682**	**0**

* in the case of POCI assets, these are changes in the respective net book value.

The additions and reversals also include effects which reduce the loan loss allowances from revaluations without an effect on profit or loss in connection with Currency translations of foreign subsidiaries in the total amount of EUR 33 thousand.

Changes due to modification	Changes due to changed methodology	Utilised	Change in basis of consolidation	Other adjustments	As at 30 June 2021
0	**0**	**0**	**0**	**0**	**7,435**
0	0	0	0	0	4,812
0	0	0	0	0	2,331
0	0	0	0	0	292
0	0	0	0	0	0
37	**0**	**-14,450**	**0**	**-3,575**	**329,216**
37	0	-1	0	-321	43,057
0	0	-2	0	-373	74,705
0	0	-14,447	0	-2,881	212,619
0	0	0	0	0	-1,165
0	**0**	**-2,794**	**-11**	**-6,113**	**38,398**
0	0	0	-11	-106	2,002
0	0	0	0	-456	5,181
0	0	-2,794	0	-5,551	31,215
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**136**
0	0	0	0	0	106
0	0	0	0	0	30
0	0	0	0	0	0
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**2,784**
0	0	0	0	0	2,563
0	0	0	0	0	163
0	0	0	0	0	0
0	0	0	0	0	58
0	**0**	**-487**	**0**	**9,688**	**9,765**
0	0	0	0	427	505
0	0	0	0	829	792
0	0	-487	0	8,432	8,468
0	0	0	0	0	0
37	**0**	**-17,731**	**-11**	**0**	**387,734**
0	**0**	**0**	**0**	**-17**	**56,285**
0	0	0	0	-12	10,466
0	0	0	0	-1	8,171
0	0	0	0	-4	37,648
0	0	0	0	0	0
0	**0**	**0**	**0**	**17**	**7**
0	0	0	0	12	6
0	0	0	0	1	1
0	0	0	0	4	0
0	0	0	0	0	0
37	**0**	**-17,731**	**-11**	**0**	**444,026**

Loan loss allowances 1 Jan. – 30 June 2020

IN EUR '000	As at 1 Jan. 2020	Allocations as a result of additions	Reversals as a result of disposals	Changes due to changed default risk*	Reclassifications due to stage transfer
Loans and advances to banks	**1,052**	**147**	**-405**	**1,772**	**0**
thereof Stage 1 – Non POCI	758	120	-405	1,048	-95
thereof Stage 2 – Non POCI	2	27	0	724	95
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	**253,627**	**56,847**	**-26,600**	**43,222**	**0**
thereof Stage 1 – Non POCI	33,447	8,084	-2,129	2,755	1,227
thereof Stage 2 – Non POCI	22,731	2,547	-1,171	17,044	-158
thereof Stage 3 – Non POCI	208,191	46,215	-23,443	22,871	-1,069
thereof POCI	-10,742	1	143	552	0
Loans and advances to customers – Lease financing	**35,956**	**1,115**	**-793**	**6,005**	**0**
thereof Stage 1 – Non POCI	1,742	398	-32	-25	-205
thereof Stage 2 – Non POCI	1,197	483	-26	2,030	270
thereof Stage 3 – Non POCI	33,017	234	-735	4,000	-65
thereof POCI	0	0	0	0	0
Financial assets – excluding FVOCI	**228**	**0**	**-10**	**-92**	**0**
thereof Stage 1 – Non POCI	228	0	-10	-92	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	**691**	**297**	**-9**	**944**	**0**
thereof Stage 1 – Non POCI	662	125	-9	627	26
thereof Stage 2 – Non POCI	29	172	0	317	-26
thereof Stage 3 – Non POCI	0	0	0	0	0
thereof POCI	0	0	0	0	0
Subtotal	**291,554**	**58,406**	**-27,817**	**51,851**	**0**
Provisions for off-balance-sheet obligations	**53,046**	**5,280**	**-3,856**	**-9,037**	**0**
thereof Stage 1 – Non POCI	6,884	2,558	-724	-152	-322
thereof Stage 2 – Non POCI	1,948	710	-340	2,176	378
thereof Stage 3 – Non POCI	44,214	2,012	-2,792	-11,061	-56
thereof POCI	0	0	0	0	0
Total	**344,600**	**63,686**	**-31,673**	**42,814**	**0**

* in the case of POCI assets, these are changes in the respective net book value.

The additions and reversals also include effects which reduce the loan loss allowances from revaluations without an effect on profit or loss in connection with Currency translations of foreign subsidiaries in the total amount of EUR -763 thousand.

Changes due to modification	Changes due to changed methodology	Utilised	Change in basis of consolidation	Other adjustments	As at 30 June 2020
0	**0**	**0**	**0**	**0**	**2,566**
0	0	0	0	0	1,426
0	0	0	0	0	848
0	0	0	0	0	292
0	0	0	0	0	0
1	**0**	**-16,770**	**0**	**10**	**310,337**
1	0	0	0	-10	43,375
0	0	-73	0	10	40,930
0	0	-16,697	0	10	236,078
0	0	0	0	0	-10,046
0	**0**	**-2,195**	**0**	**0**	**40,088**
0	0	0	0	7	1,885
0	0	0	0	-7	3,947
0	0	-2,195	0	0	34,256
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**126**
0	0	0	0	0	126
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**1,923**
0	0	0	0	0	1,431
0	0	0	0	0	492
0	0	0	0	0	0
0	0	0	0	0	0
1	**0**	**-18,965**	**0**	**10**	**355,040**
0	**0**	**0**	**0**	**0**	**45,433**
0	0	0	0	0	8,244
0	0	0	0	0	4,872
0	0	0	0	0	32,317
0	0	0	0	0	0
1	**0**	**-18,965**	**0**	**10**	**400,473**

Significant changes in the gross carrying amount for 1 Jan. – 30 June 2021:

Gross carrying amounts IN EUR '000	As at 1 Jan. 2021	Additions, disposals, balance changes	Reclassifica-tions due to stage transfer	Utilised	Direct amortisa-tions	Other adjustments	As at 30 June 2021
Loans and advances to banks	**10,993,074**	**2,569,195**	**0**	**0**	**0**	**-2,991**	**13,559,278**
thereof Stage 1 – Non POCI	10,867,873	2,596,613	12,281	0	0	-2,686	13,474,081
thereof Stage 2 – Non POCI	124,909	-27,418	-12,281	0	0	-305	84,905
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 cus-tomers – excl. lease financing	**22,535,333**	**-35,016**	**0**	**-14,450**	**-475**	**-132,823**	**22,352,569**
thereof Stage 1 – Non POCI	17,617,538	223,993	-58,911	-1	-6	-94,089	17,688,524
thereof Stage 2 – Non POCI	4,358,760	-219,143	-1,230	-2	-1	-34,821	4,103,563
thereof Stage 3 – Non POCI	502,287	-27,852	60,141	-14,447	-468	-3,913	515,748
thereof POCI	56,748	-12,014	0	0	0	0	44,734
Loans and advances to customers – Lease financing	**2,358,159**	**47,852**	**0**	**-2,794**	**0**	**-105,766**	**2,297,451**
thereof Stage 1 – Non POCI	1,502,723	210,007	-178,655	0	0	-46,014	1,488,061
thereof Stage 2 – Non POCI	749,103	-138,936	138,691	0	0	-49,619	699,239
thereof Stage 3 – Non POCI	106,333	-23,219	39,964	-2,794	0	-10,133	110,151
thereof POCI	0	0	0	0	0	0	0
Financial assets – excluding FVOCI	**190,263**	**-36,186**	**0**	**0**	**0**	**0**	**154,077**
thereof Stage 1 – Non POCI	166,409	-15,360	0	0	0	0	151,049
thereof Stage 2 – Non POCI	23,854	-20,826	0	0	0	0	3,028
thereof Stage 3 – Non POCI	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0
Financial assets – FVOCI	**4,325,195**	**-43,795**	**0**	**0**	**0**	**0**	**4,281,400**
thereof Stage 1 – Non POCI	4,054,260	101,602	97,435	0	0	0	4,253,297
thereof Stage 2 – Non POCI	268,846	-145,133	-97,435	0	0	0	26,278
thereof Stage 3 – Non POCI	878	-266	0	0	0	0	612
thereof POCI	1,211	2	0	0	0	0	1,213
Assets held for sale	**0**	**5,686**	**0**	**-487**	**0**	**241,580**	**246,779**
thereof Stage 1 – Non POCI	0	10,834	0	0	0	142,789	153,623
thereof Stage 2 – Non POCI	0	-6,304	0	0	0	84,745	78,441
thereof Stage 3 – Non POCI	0	1,156	0	-487	0	14,046	14,715
thereof POCI	0	0	0	0	0	0	0
Subtotal	**40,402,024**	**2,507,736**	**0**	**-17,731**	**-475**	**0**	**42,891,554**
Off-balance-sheet commitments	**9,866,718**	**287,407**	**0**	**0**	**0**	**-13,155**	**10,140,970**
thereof Stage 1 – Non POCI	8,239,954	432,365	190,842	0	0	-10,438	8,852,723
thereof Stage 2 – Non POCI	1,503,108	-120,586	-166,365	0	0	-2,717	1,213,440
thereof Stage 3 – Non POCI	123,656	-24,372	-24,477	0	0	0	74,807
thereof POCI	0	0	0	0	0	0	0
Held for sale in accordance with IFRS 5 – off balance sheet	**0**	**921**	**0**	**0**	**0**	**13,155**	**14,076**
thereof Stage 1 – Non POCI	0	-227	0	0	0	10,438	10,211
thereof Stage 2 – Non POCI	0	1,148	0	0	0	2,717	3,865
thereof Stage 3 – Non POCI	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0
Total	**50,268,742**	**2,796,064**	**0**	**-17,731**	**-475**	**0**	**53,046,600**

Significant changes in the gross carrying amount for 1 Jan. – 30 June 2020:

Gross carrying amounts IN EUR '000	As at 1 Jan. 2020	Additions, disposals, balance changes	Reclassifications due to stage transfer	Utilised	Direct amortisations	Other adjustments	As at 30 June 2020
Loans and advances to banks	**8,607,308**	**1,956,481**	**0**	**0**	**0**	**0**	**10,563,789**
thereof Stage 1 – Non POCI	8,604,995	1,963,656	-215,107	0	0	0	10,353,544
thereof Stage 2 – Non POCI	2,021	-7,175	215,107	0	0	0	209,953
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	**21,205,757**	**1,127,324**	**0**	**16,770**	**-3,767**	**0**	**22,346,084**
thereof Stage 1 – Non POCI	19,208,202	1,343,711	-782,969	0	0	0	19,768,944
thereof Stage 2 – Non POCI	1,493,475	-150,518	651,100	73	-30	0	1,994,100
thereof Stage 3 – Non POCI	440,796	-66,129	131,869	16,697	-2,254	0	520,979
thereof POCI	63,284	260	0	0	-1,483	0	62,061
Loans and advances to customers – Lease financing	**2,309,803**	**26,180**	**0**	**2,195**	**-28**	**0**	**2,338,150**
thereof Stage 1 – Non POCI	2,074,681	68,288	-247,058	0	0	0	1,895,911
thereof Stage 2 – Non POCI	146,302	-19,166	216,366	0	0	0	343,502
thereof Stage 3 – Non POCI	88,820	-22,942	30,692	2,195	-28	0	98,737
thereof POCI	0	0	0	0	0	0	0
Financial assets – excluding FVOCI	**214,650**	**-17,306**	**0**	**0**	**0**	**0**	**197,344**
thereof Stage 1 – Non POCI	214,650	-17,306	0	0	0	0	197,344
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	**4,224,506**	**131,304**	**0**	**0**	**-104**	**0**	**4,355,706**
thereof Stage 1 – Non POCI	4,220,926	127,298	-10,499	0	0	0	4,337,725
thereof Stage 2 – Non POCI	1,675	3,930	10,499	0	0	0	16,104
thereof Stage 3 – Non POCI	1,905	76	0	0	-104	0	1,877
thereof POCI	0	0	0	0	0	0	0
Subtotal	**36,562,024**	**3,223,983**	**0**	**18,965**	**-3,899**	**0**	**39,801,073**
Off-balance-sheet commitments	**9,353,118**	**615,244**	**0**	**0**	**0**	**0**	**9,968,362**
thereof Stage 1 – Non POCI	8,960,138	643,123	-302,162	0	0	0	9,301,099
thereof Stage 2 – Non POCI	263,930	-6,915	278,156	0	0	0	535,171
thereof Stage 3 – Non POCI	129,050	-20,964	24,006	0	0	0	132,092
thereof POCI	0	0	0	0	0	0	0
Total	**45,915,142**	**3,839,227**	**0**	**18,965**	**-3,899**	**0**	**49,769,435**

Sensitivity information on loan loss allowances in Stages 1 and 2

In accordance with IFRS 9, “forward looking information” – meaning macroeconomic forecasts – is used to calculate the balance sheet loan loss allowances. Based on this, statistical models are used to determine the IFRS 9 risk parameters and subsequently the balance sheet loan loss allowances. Both the macroeconomic forecasts and the calculated risk parameters are subject to estimation uncertainty in the model. In order to be able to better assess and estimate this uncertainty due to changed parameters, Raiffeisenlandesbank Oberösterreich calculates several sensitivity analyses of the balance sheet loan loss allowances in Stages 1 and 2 and presents them on the following pages. Due to the uncertain economic outlook caused by COVID-19, the sensitivity of the balance sheet loan loss allowances in Stages 1 and 2 is a particular focus.

GDP shift: +/-1% point: from Raiffeisenlandesbank Oberösterreich's perspective, GDP represents the most important macroeconomic parameter and is the central explanatory variable in most of Raiffeisenlandesbank Oberösterreich's IFRS 9 PD models and was therefore identified as the relevant parameter for the sensitivity analysis. The one percentage point shift in the annual GDP growth rate is used to show the sensitivity to the PD risk parameter. A parallel shift is performed on all annual GDP forecast values. For quarterly GDP growth rates, the 1% point shift is distributed over one year by means of a geometric mean. The parallel shift over the entire forecast horizon is used to avoid applying shifts with different effects to models with different time lags. Based on the changed GDP growth rates, alternative IFRS 9 PDs are determined, which are subsequently used for staging and for the calculation of the balance sheet loan loss allowances per shift scenario. The amount of the shift was chosen on the basis of an expert estimate and represents a mean change in the risk parameters.

Real estate price shift +/-5% points: the fluctuation of the real estate price growth rate is the central explanatory factor in the IFRS 9 LGD models of Raiffeisenlandesbank Oberösterreich and was therefore identified as a relevant parameter for the sensitivity analysis. Specifically, both the current projected property price growth rate per year and the property collateral are reduced or increased by 5% points. This results in an indirect shift of the IFRS 9 LGD and thus increased or reduced balance sheet loan loss allowances. The amount of the shift was chosen on the basis of an expert estimate and represents a mean change in the risk parameters.

Sensitivity analysis for Gross Domestic Product (GDP) as at 30 June 2021

IN EUR '000	As at 30 June 2021	Delta	Status PD GDP -1% point
Loans and advances to banks	**7,143**	**3,478**	**10,621**
thereof Stage 1 – Non POCI	4,778	2,334	7,112
thereof Stage 1 with transfer in Stage 2 – Non POCI	34	18	52
thereof Stage 2 – Non POCI	2,331	1,126	3,457
Loans and advances to customers – excl. lease financing	**117,762**	**947**	**118,709**
thereof Stage 1 – Non POCI	42,892	21	42,913
thereof Stage 1 with transfer in Stage 2 – Non POCI	165	387	552
thereof Stage 2 – Non POCI	74,705	539	75,244
Loans and advances to customers – Lease financing	**7,183**	**37**	**7,220**
thereof Stage 1 – Non POCI	1,996	0	1,996
thereof Stage 1 with transfer in Stage 2 – Non POCI	6	4	10
thereof Stage 2 – Non POCI	5,181	33	5,214
Financial assets – excluding FVOCI	**136**	**1**	**137**
thereof Stage 1 – Non POCI	106	0	106
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	30	1	31
Financial assets – FVOCI	**2,726**	**880**	**3,606**
thereof Stage 1 – Non POCI	2,508	803	3,311
thereof Stage 1 with transfer in Stage 2 – Non POCI	55	60	115
thereof Stage 2 – Non POCI	163	17	180
Assets held for sale	**1,297**	**5**	**1,302**
thereof Stage 1 – Non POCI	505	0	505
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	792	5	797
Subtotal	**136,247**	**5,348**	**141,595**
Provisions for off-balance-sheet obligations	**18,637**	**412**	**19,049**
thereof Stage 1 – Non POCI	10,340	291	10,631
thereof Stage 1 with transfer in Stage 2 – Non POCI	126	68	194
thereof Stage 2 – Non POCI	8,171	53	8,224
Held for sale in accordance with IFRS 5 – off balance sheet	**7**	**0**	**7**
thereof Stage 1 – Non POCI	6	0	6
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	1	0	1
Total	**154,891**	**5,760**	**160,651**

IN EUR '000	As at 30 June 2021	Delta	Stand PD GDP +1 % point
Loans and advances to banks	**7,143**	**-2,341**	**4,802**
thereof Stage 1 – Non POCI	4,812	-1,574	3,238
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	2,331	-767	1,564
Loans and advances to customers – excl. lease financing	**117,762**	**-619**	**117,143**
thereof Stage 1 – Non POCI	43,057	-15	43,042
thereof Stage 2 with transfer in Stage 1 – Non POCI	146	-93	53
thereof Stage 2 – Non POCI	74,559	-511	74,048
Loans and advances to customers – Lease financing	**7,183**	**-40**	**7,143**
thereof Stage 1 – Non POCI	2,002	0	2,002
thereof Stage 2 with transfer in Stage 1 – Non POCI	20	-8	12
thereof Stage 2 – Non POCI	5,161	-32	5,129
Financial assets – excluding FVOCI	**136**	**-1**	**135**
thereof Stage 1 – Non POCI	106	0	106
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	30	-1	29
Financial assets – FVOCI	**2,726**	**-570**	**2,156**
thereof Stage 1 – Non POCI	2,563	-557	2,006
thereof Stage 2 with transfer in Stage 1 – Non POCI	31	-12	19
thereof Stage 2 – Non POCI	132	-1	131
Assets held for sale	**1,297**	**-5**	**1,292**
thereof Stage 1 – Non POCI	505	0	505
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	792	-5	787
Subtotal	**136,247**	**-3,576**	**132,671**
Provisions for off-balance-sheet obligations	**18,637**	**-289**	**18,348**
thereof Stage 1 – Non POCI	10,466	-235	10,231
thereof Stage 2 with transfer in Stage 1 – Non POCI	32	-14	18
thereof Stage 2 – Non POCI	8,139	-40	8,099
Held for sale in accordance with IFRS 5 – off balance sheet	**7**	**0**	**7**
thereof Stage 1 – Non POCI	6	0	6
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	1	0	1
Total	**154,891**	**-3,865**	**151,026**

Sensitivity analysis for Gross Domestic Product (GDP) as at 31 Dec. 2020

IN EUR '000	As at 31 Dec. 2020	Delta	Status PD GDP -1% point
Loans and advances to banks	**15,208**	**7,177**	**22,385**
thereof Stage 1 – Non POCI	6,685	3,299	9,984
thereof Stage 1 with transfer in Stage 2 – Non POCI	53	27	80
thereof Stage 2 – Non POCI	8,470	3,851	12,321
Loans and advances to customers – excl. lease financing	**115,065**	**2,624**	**117,689**
thereof Stage 1 – Non POCI	39,845	542	40,387
thereof Stage 1 with transfer in Stage 2 – Non POCI	454	969	1,423
thereof Stage 2 – Non POCI	74,766	1,113	75,879
Loans and advances to customers – Lease financing	**7,200**	**70**	**7,270**
thereof Stage 1 – Non POCI	1,720	15	1,735
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	5,480	55	5,535
Financial assets – excluding FVOCI	**201**	**4**	**205**
thereof Stage 1 – Non POCI	121	2	123
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	80	2	82
Financial assets – FVOCI	**8,000**	**8,277**	**16,277**
thereof Stage 1 – Non POCI	2,344	713	3,057
thereof Stage 1 with transfer in Stage 2 – Non POCI	597	5,029	5,626
thereof Stage 2 – Non POCI	5,059	2,535	7,594
Subtotal	**145,674**	**18,152**	**163,826**
Provisions for off-balance-sheet obligations	**20,087**	**822**	**20,909**
thereof Stage 1 – Non POCI	9,463	490	9,953
thereof Stage 1 with transfer in Stage 2 – Non POCI	30	14	44
thereof Stage 2 – Non POCI	10,594	318	10,912
Total	**165,761**	**18,974**	**184,735**

IN EUR '000	As at 31 Dec. 2020	Delta	Stand PD GDP +1 % point
Loans and advances to banks	**15,208**	**-5,022**	**10,186**
thereof Stage 1 – Non POCI	6,738	-2,219	4,519
thereof Stage 2 with transfer in Stage 1 – Non POCI	164	-117	47
thereof Stage 2 – Non POCI	8,306	-2,686	5,620
Loans and advances to customers – excl. lease financing	**115,065**	**-1,682**	**113,383**
thereof Stage 1 – Non POCI	40,299	-515	39,784
thereof Stage 2 with transfer in Stage 1 – Non POCI	225	-113	112
thereof Stage 2 – Non POCI	74,541	-1,054	73,487
Loans and advances to customers – Lease financing	**7,200**	**-73**	**7,127**
thereof Stage 1 – Non POCI	1,720	-22	1,698
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	5,480	-51	5,429
Financial assets – excluding FVOCI	**201**	**-4**	**197**
thereof Stage 1 – Non POCI	121	-2	119
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	80	-2	78
Financial assets – FVOCI	**8,000**	**-3,877**	**4,123**
thereof Stage 1 – Non POCI	2,941	-681	2,260
thereof Stage 2 with transfer in Stage 1 – Non POCI	3,017	-2,581	436
thereof Stage 2 – Non POCI	2,042	-615	1,427
Subtotal	**145,674**	**-10,658**	**135,016**
Provisions for off-balance-sheet obligations	**20,087**	**-625**	**19,462**
thereof Stage 1 – Non POCI	9,493	-366	9,127
thereof Stage 2 with transfer in Stage 1 – Non POCI	108	-29	79
thereof Stage 2 – Non POCI	10,486	-230	10,256
Total	**165,761**	**-11,283**	**154,478**

Sensitivity analysis for real estate prices as at 30 June 2021

IN EUR '000	As at 30 June 2021	Delta	Status LGD real estate price -5 percent-age points
Loans and advances to banks	**7,143**	**0**	**7,143**
thereof Stage 1 – Non POCI	4,812	0	4,812
thereof Stage 2 – Non POCI	2,331	0	2,331
Loans and advances to customers – excl. lease financing	**117,762**	**5,540**	**123,302**
thereof Stage 1 – Non POCI	43,057	2,156	45,213
thereof Stage 2 – Non POCI	74,705	3,384	78,089
Loans and advances to customers – Lease financing	**7,183**	**58**	**7,241**
thereof Stage 1 – Non POCI	2,002	22	2,024
thereof Stage 2 – Non POCI	5,181	36	5,217
Financial assets – excluding FVOCI	**136**	**0**	**136**
thereof Stage 1 – Non POCI	106	0	106
thereof Stage 2 – Non POCI	30	0	30
Financial assets – FVOCI	**2,726**	**0**	**2,726**
thereof Stage 1 – Non POCI	2,563	0	2,563
thereof Stage 2 – Non POCI	163	0	163
Assets held for sale	**1,297**	**33**	**1,330**
thereof Stage 1 – Non POCI	505	16	521
thereof Stage 2 – Non POCI	792	17	809
Subtotal	**136,247**	**5,631**	**141,878**
Provisions for off-balance-sheet obligations	**18,637**	**338**	**18,975**
thereof Stage 1 – Non POCI	10,466	162	10,628
thereof Stage 2 – Non POCI	8,171	176	8,347
Held for sale in accordance with IFRS 5 – off balance sheet	**7**	**0**	**7**
thereof Stage 1 – Non POCI	6	0	6
thereof Stage 2 – Non POCI	1	0	1
Total	**154,891**	**5,969**	**160,860**

IN EUR '000	As at 30 June 2021	Delta	Status LGD real estate price +5 percent-age points
Loans and advances to banks	**7,143**	**0**	**7,143**
thereof Stage 1 – Non POCI	4,812	0	4,812
thereof Stage 2 – Non POCI	2,331	0	2,331
Loans and advances to customers – excl. lease financing	**117,762**	**-5,709**	**112,053**
thereof Stage 1 – Non POCI	43,057	-2,224	40,833
thereof Stage 2 – Non POCI	74,705	-3,485	71,220
Loans and advances to customers – Lease financing	**7,183**	**-49**	**7,134**
thereof Stage 1 – Non POCI	2,002	-18	1,984
thereof Stage 2 – Non POCI	5,181	-31	5,150
Financial assets – excluding FVOCI	**136**	**0**	**136**
thereof Stage 1 – Non POCI	106	0	106
thereof Stage 2 – Non POCI	30	0	30
Financial assets – FVOCI	**2,726**	**0**	**2,726**
thereof Stage 1 – Non POCI	2,563	0	2,563
thereof Stage 2 – Non POCI	163	0	163
Assets held for sale	**1,297**	**-35**	**1,262**
thereof Stage 1 – Non POCI	505	-17	488
thereof Stage 2 – Non POCI	792	-18	774
Subtotal	**136,247**	**-5,793**	**130,454**
Provisions for off-balance-sheet obligations	**18,637**	**-349**	**18,288**
thereof Stage 1 – Non POCI	10,466	-168	10,298
thereof Stage 2 – Non POCI	8,171	-181	7,990
Held for sale in accordance with IFRS 5 – off balance sheet	**7**	**0**	**7**
thereof Stage 1 – Non POCI	6	0	6
thereof Stage 2 – Non POCI	1	0	1
Total	**154,891**	**-6,142**	**148,749**

Sensitivity analysis for real estate prices as at 31 Dec. 2020

IN EUR '000	As at 31 Dec. 2020	Delta	Status LGD real estate price -5 percent-age points
Loans and advances to banks	**15,208**	**5**	**15,213**
thereof Stage 1 – Non POCI	6,738	0	6,738
thereof Stage 2 – Non POCI	8,470	5	8,475
Loans and advances to customers – excl. lease financing	**115,065**	**5,590**	**120,655**
thereof Stage 1 – Non POCI	40,299	2,002	42,301
thereof Stage 2 – Non POCI	74,766	3,588	78,354
Loans and advances to customers – Lease financing	**7,200**	**36**	**7,236**
thereof Stage 1 – Non POCI	1,720	15	1,735
thereof Stage 2 – Non POCI	5,480	21	5,501
Financial assets – excluding FVOCI	**201**	**0**	**201**
thereof Stage 1 – Non POCI	121	0	121
thereof Stage 2 – Non POCI	80	0	80
Financial assets – FVOCI	**8,000**	**0**	**8,000**
thereof Stage 1 – Non POCI	2,941	0	2,941
thereof Stage 2 – Non POCI	5,059	0	5,059
Subtotal	**145,674**	**5,631**	**151,305**
Provisions for off-balance-sheet obligations	**20,087**	**294**	**20,381**
thereof Stage 1 – Non POCI	9,493	132	9,625
thereof Stage 2 – Non POCI	10,594	162	10,756
Total	**165,761**	**5,925**	**171,686**

IN EUR '000	As at 31 Dec. 2020	Delta	Status LGD real estate price +5 percent-age points
Loans and advances to banks	**15,208**	**-5**	**15,203**
thereof Stage 1 – Non POCI	6,738	0	6,738
thereof Stage 2 – Non POCI	8,470	-5	8,465
Loans and advances to customers – excl. lease financing	**115,065**	**-5,756**	**109,309**
thereof Stage 1 – Non POCI	40,299	-2,064	38,235
thereof Stage 2 – Non POCI	74,766	-3,692	71,074
Loans and advances to customers – Lease financing	**7,200**	**-44**	**7,156**
thereof Stage 1 – Non POCI	1,720	-19	1,701
thereof Stage 2 – Non POCI	5,480	-25	5,455
Financial assets – excluding FVOCI	**201**	**0**	**201**
thereof Stage 1 – Non POCI	121	0	121
thereof Stage 2 – Non POCI	80	0	80
Financial assets – FVOCI	**8,000**	**0**	**8,000**
thereof Stage 1 – Non POCI	2,941	0	2,941
thereof Stage 2 – Non POCI	5,059	0	5,059
Subtotal	**145,674**	**-5,805**	**139,869**
Provisions for off-balance-sheet obligations	**20,087**	**-300**	**19,787**
thereof Stage 1 – Non POCI	9,493	-132	9,361
thereof Stage 2 – Non POCI	10,594	-168	10,426
Total	**165,761**	**-6,105**	**159,656**

16. Trading assets

IN EUR '000	30 June 2021	31 Dec. 2020
Bonds and other fixed-income securities	**8,147**	**5,657**
Municipal bonds that can be refinanced	0	0
Other public-sector debt instruments	5,636	0
Bonds and debt securities from other issuers	2,511	5,657
Positive fair values from derivative transactions	**1,909,352**	**2,390,582**
Interest rate transactions	1,856,211	2,321,723
Currency exchange transactions	53,142	68,859
Stock- and index-related business	0	0
Other transactions	0	0
Total	**1,917,500**	**2,396,240**

17. Financial assets

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

IN EUR '000	30 June 2021	31 Dec. 2020
Bonds and other fixed-income securities	**613**	**621**
Municipal bonds that can be refinanced	0	0
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	613	621
Tier 2 capital	0	0
Shares and other variable-yield securities	**384,796**	**390,802**
Shares	16,424	15,003
Investment fund units/shares	2,443	2,449
Other variable yield securities	365,928	373,350
Shares in companies	**360,027**	**343,324**
Interests in affiliated companies	117,166	101,520
Other investments	242,861	241,804
Total	**745,436**	**734,746**

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

IN EUR '000	30 June 2021	31 Dec. 2020
Bonds and other fixed-income securities	**157,687**	**171,638**
Municipal bonds that can be refinanced	21,361	21,482
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	136,326	150,155
Total	**157,687**	**171,638**

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

IN EUR '000	30 June 2021	31 Dec. 2020
Bonds and other fixed-income securities	**4,532,486**	**4,656,097**
Municipal bonds that can be refinanced	2,584,218	2,501,106
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	1,948,268	2,154,991
Total	**4,532,486**	**4,656,097**

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

IN EUR '000	30 June 2021	31 Dec. 2020
Bonds and other fixed-income securities	**153,942**	**190,061**
Municipal bonds that can be refinanced	0	0
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	153,942	190,061
Total	**153,942**	**190,061**

18. Equity-accounted companies

IN EUR '000	30 June 2021	31 Dec. 2020
Banks	1,394,919	1,286,782
Non-banks	865,297	815,731
Total	**2,260,216**	**2,102,513**

Among other items, the share of Raiffeisenlandesbank Oberösterreich in the Raiffeisen Bank International (RBI) Group amounting to approximately 9.5% (previous year: approximately 9.5%) is reported under credit institutions accounted for 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.

With new infections falling due to increased progress with vaccinations, the first half of 2021 saw a gradual reduction in restrictions on business and many countries are expected to return to pre-crisis macroeconomic levels as early as the end of 2021. RBI's positive earnings development in the first quarter of 2021 continued in the second quarter, with consolidated net profit increasing by 66% to EUR 612 million compared with the previous year. The net interest income, which was burdened by reductions in key interest rates and currency devaluations, was stabilised by business expansions and the net fee and commission income with growth of 11%, reaching the level before the pandemic once again. Loan loss allowances of EUR 110 million, which were EUR 202 million lower than in the same period of the previous year, and reversals of impairment losses on equity investments also made a significant positive contribution. The NPE ratio also fell slightly compared to the end of the year to 1.7%. The CET 1 ratio stood at 13.3% (fully loaded) as at 30 June 2021, deducting the dividend originally proposed for 2019, which has a 0.4% effect on the ratio. On 1 July 2021, RBI announced the completion of the acquisition of 100% of Equa Bank by Czech Raiffeisenbank as. This acquisition is part of RBI's strategy to expand its presence in selected markets. For the second half of the year, RBI expects credit growth (not including Equa Bank) in the mid to high single-digit percentage range. The net provisioning ratio for loan loss allowances is expected to be around 50 basis points, subject to renewed lockdowns. The medium-term target of a 13% CET 1 ratio is confirmed and a Group return on equity of 11% is being targeted in the medium term.

Due to a quoted market price that was significantly below the carrying amount of the investment, the holding in the RBI Group was subjected to an impairment test as at 30 June 2021. The fair value less sales costs as at 30 June 2021 was determined to be EUR 19.10 per share, based on the stock exchange rate of RBI on the Vienna Stock Exchange (31 Dec. 2020: EUR 16.68 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 assessment contains three scenarios (Low, Mid and High Case). The mid-case scenario represents the expected value, which is why this scenario was used to calculate 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 equity after tax of 12.61% (31 Dec. 2020: 12.85%) was used for the business 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 rise or fall of the correspondingly determined company value of the RBI Group by -9.07% or +10.75% respectively.

The recoverable amount as at 30 June 2021 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 changes in equity capital, the impairment amounted to EUR -12,579 thousand in the first half of 2021 (H1 2020: EUR -112,889 thousand), resulting in an IFRS carrying amount of EUR 885,952 thousand (31 Dec. 2020: EUR 850,276 thousand) as at 30 June 2021.

In the case of voestalpine AG, the stock market price on the Vienna Stock Exchange as at 30 June 2021 was EUR 34.34 per share (31 Dec. 2020: EUR 29.30 per share), and in the case of AMAG Austria Metall AG, the price was EUR 37.80 per share (31 Dec. 2020: EUR 29.90 per share), meaning that there was a significant excess of the stock market value in both cases compared with the IFRS carrying amount of the investments accounted for using the equity method as at 30 June 2021.

19. Intangible assets

IN EUR '000	30 June 2021	31 Dec. 2020
Customer base	17,898	19,276
Brand	9,338	10,434
Goodwill	11,186	11,186
Other intangible assets	31,722	31,821
Total	**70,144**	**72,717**

20. Property, plant and equipment and investment property

IN EUR '000	30 June 2021	31 Dec. 2020
Property, plant and equipment	**554,648**	**561,676**
Land and buildings used for bank operations	186,782	192,161
Right of use of land and buildings used for operations	86,206	91,294
Other property, plant and equipment	258,824	259,316
Rights of use of other property, plant and equipment	8,271	8,936
Property under construction	14,565	9,969
Investment property	**750,171**	**748,106**
Investment property	632,349	652,189
Rights of use of investment properties	22,469	23,048
Property under construction	95,353	72,869
Total	**1,304,819**	**1,309,781**

With regard to the investment property, by far the largest portion – EUR 438.1 million (31 Dec. 2020: EUR 458.8 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 2021	31 Dec. 2020
Receivables from non-bank activities	171,138	147,051
Prepaid expenses	36,348	31,138
Inventories	272,566	287,137
Assets	6,686	1,875
Other assets	269,007	245,034
Total	**755,746**	**712,235**

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 amount of the (deployed) inventories which was recorded as expenditure in the reporting period is EUR -204.7 million. (30 June 2020: EUR -181.9 million).

The proportion of "Other assets" attributable to the "OÖ Wohnbau" companies amounted to EUR 92.9 million (31 Dec. 2020: EUR 108.1 million).

Revenue recognised in the reporting period, which was included in the balance of contractual obligations at the beginning of the period, amounts to EUR 294 thousand (H1 2020: EUR 437 thousand).

22. Assets held for sale

IN EUR '000	30 June 2021	31 Dec. 2020
Sales groups which are classified as being held for sale	239,588	0
Individual assets which are classified as being held for sale	343	343
Total	**239,931**	**343**

Long-term assets or sales groups encompassing assets and debts are classified as being held for sale in accordance with IFRS 5.6 if a high probability exists that they will be predominantly realised through sale and not through continued usage. In order to ensure that this is the case, the asset or the sales group must be current, conventional and capable of being sold immediately and such a sale must be highly likely to occur.

Sales groups which are classified as being held for sale

In the disposal groups classified as held for sale as at 30 June 2021, EUR 191.6 million originates from IMPULS-LEASING Slovakia s.r.o. Due to the interest of Tatra-Leasing s.r.o. in IMPULS-LEASING Slovakia s.r.o., it was contractually agreed in the first half of 2021 to sell the Slovakian leasing company as part of a share deal. Consequently, all of its assets and liabilities were classified as held for sale as at 30 June 2021.

The assets of the disposal group) are broken down as follows:

IN EUR '000	30 June 2021
Cash and cash equivalents	1
Loans and advances to banks	3,446
Loans and advances to customers	185,628
Financial assets	7
Intangible assets	68
Property, plant and equipment	1,017
Deferred tax assets	524
Other assets	958
Total	**191,649**

The liabilities of the disposal group are broken down as follows:

IN EUR '000	30 June 2021
Provisions	17
Other liabilities	1,766
Total	**1,783**

The presentation is made after consolidation, which essentially comprises the refinancing of the leasing company with Raiffeisenlandesbank Oberösterreich.

After comparing the carrying amounts of the assets and liabilities of the sales group with their fair value less costs to sell, impairment losses of EUR -1.7 million were recognised on property, plant and equipment as at 30 June 2021. The disclosure was made in the item "(Write-ups)/depreciations and impairment losses on property, plant and equipment, intangible assets and investment property under general administrative expenses. The transaction was already closed before these consolidated interim financial statements were prepared. The disposal group shown is assigned to the “Equity Investments” segment.

A Czech loan portfolio of EUR 47.9 million was also classified as held for sale at Raiffeisenlandesbank Oberösterreich as at 30 June 2021 in the context of the increasing complexity of regulatory obligations and the particular challenge of servicing foreign markets. At the current stage of negotiations with the interested party, no material impact on earnings is expected upon completion of the transaction, which had not yet taken place by the time these consolidated interim financial statements were being prepared. The credit portfolio is allocated to the Retail & Private Banking segment

Individual assets which are classified as being held for sale

In addition to the disposal groups described above, a property from a company in the food sector (VIVATIS/efko) with a carrying amount of EUR 343 thousand (31 December 2020: EUR 343 thousand) was classified as held for sale in the balance sheet item "Assets held for sale" as at 30 June 2021. The asset amount is assigned to the “Equity Investments” segment.

23. Amounts owed to banks

IN EUR '000	30 June 2021	31 Dec. 2020
Liabilities payable on demand	4,832,757	5,232,552
Money market transactions	11,414,962	8,293,781
Long-term financing	4,190,743	4,123,823
Others	240,744	245,906
Total	**20,679,206**	**17,896,062**
In Austria	17,881,754	15,297,191
Abroad	2,797,452	2,598,871
Total	**20,679,206**	**17,896,062**

As at 30 June 2021, the portfolio of tender transactions amounts to EUR 7.4 billion. (31 Dec. 2020: EUR 4.4 billion) and is reported under the item “Money market transactions”. The increase since the last reporting date is exclusively due to TLTRO III drawings in the first half of 2021. EUR 618 million (31 Dec. 2020: EUR 314 million) of this was subsequently made available to the Upper Austrian Raiffeisen banks. The growth in loans required for the bonus interest by 31 March 2021 was achieved as expected and Raiffeisenlandesbank Oberösterreich assumes that the required growth in loans by 31 Dec. 2021 for the next phase of the bonus interest will also be achieved. Therefore, the basic interest rate of -50 BP and the bonus interest rate of -50 BP with a pro rata positive effect of EUR 30.4 million in net interest income in the first half of 2021 were taken into account in the preparation of the financial statements as at 30 June 2021. The terms of the long-term tender are not considered a government subsidy within the meaning of IAS 20.

24. Amounts owed to customers

IN EUR '000	30 June 2021	31 Dec. 2020
Demand deposits	7,236,878	7,455,945
Term deposits	3,475,158	3,633,177
Savings deposits	1,383,687	1,379,821
Others	131,090	149,112
Total	**12,226,812**	**12,618,055**
In Austria	9,321,875	9,691,407
Abroad	2,904,937	2,926,648
Total	**12,226,812**	**12,618,055**

25. Trading liabilities

IN EUR '000	30 June 2021	31 Dec. 2020
Interest rate transactions	1,443,978	1,820,894
Currency exchange transactions	54,770	90,284
Stock- and index-related business	0	0
Other transactions	0	0
Total	**1,498,748**	**1,911,178**

26. Liabilities evidenced by certificates

IN EUR '000	30 June 2021	31 Dec. 2020
Bonds issued	4,768,375	4,860,436
Listed mortgage bonds/municipal bonds	92,324	94,051
Non-listed mortgage bonds/municipal bonds	349,909	353,268
Other securitised liabilities	3,906,760	4,130,868
Total	**9,117,368**	**9,438,623**

27. Provisions

IN EUR '000	30 June 2021	31 Dec. 2020
Provisions for personnel expenses	**172,005**	**176,782**
of which severance provisions	100,318	102,882
of which pension provisions	48,977	51,353
of which bonus fund provisions	22,710	22,547
Other provisions	**115,960**	**117,118**
of which provisions for off-balance-sheet obligations	56,285	59,451
of which Other provisions	59,675	57,667
Total	**287,965**	**293,900**

Due to the current level of interest rates, the valuation interest rate for calculating the provisions for personnel expenses as at 30 June 2021 was adjusted to 0.50% (31 Dec. 2020: 0.25%).

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. In the 2018 financial year, an amount of approximately EUR 10.6 million was refunded to consumer customers and consumer customers consortia. For the cases of the remaining customers, a provision was created starting with the 2017 financial year for the period from 2015 and subsequently further adjusted. The net allocations for this provision amounted to EUR 3.6 million in the first half of 2021 (H1 2020: EUR 2.5 million). The amount of the provision as at 30 June 2021 was EUR 36.0 million (31 Dec. 2020: EUR 32.4 million). The amount is 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 2021	31 Dec. 2020
Liabilities from non-bank activities	136,931	150,128
Deferred income	19,392	21,992
Liabilities	14,470	4,995
Leasing liabilities	104,881	112,438
Other liabilities	414,069	276,203
Total	**689,743**	**565,755**

29. Liabilities in conjunction with assets held for sale

IN EUR '000	30 June 2021	31 Dec. 2020
Liabilities in connection with assets held for sale	-1,783	0
Total	**-1,783**	**0**

The liabilities in connection with assets held for sale in the amount of EUR -1.8 million originate from IMPULS-LEASING Slovakia s.r.o. For the details, please refer to the section “Assets held for sale” in the Notes.

30. Subordinated capital

IN EUR '000	30 June 2021	31 Dec. 2020
Tier 2 capital and subordinated liabilities and participation capital	1,078,077	1,015,676
Total	**1,078,077**	**1,015,676**

Change in liabilities stemming from financial activities

IN EUR '000	2021	2020
As at 1 Jan.	**1,015,676**	**1,059,247**
Changes affecting payments	80,059	-109,037
of which deposit from issues	80,609	23,330
of which buyback/repayment	-550	-132,367
Changes not affecting payments	-17,658	-9,611
of which net income from financial instruments carried at fair value	-14,217	13,444
thereof evaluation due to change in own credit risk	-750	-15,177
of which other changes	-2,691	-7,878
As at 30 June	**1,078,077**	**940,599**

31. Equity

IN EUR '000	30 June 2021	31 Dec. 2020
Share capital	277,630	277,630
Capital reserves	971,973	971,973
Retained earnings	3,528,915	3,340,908
Non-controlling interests	185,105	175,561
Total	**4,963,623**	**4,766,072**

In the first half of 2021, dividends of EUR 45,000 thousand were paid on the ordinary shares, in accordance with the decision made at the annual general meeting on 5 May 2021 concerning the use of the net profit from 2020. This means that the planned dividend for each ordinary share will be EUR 23.17.

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

IN EUR '000	2021	2020
As at 1 Jan.	**-36,435**	**-34,657**
Remeasurements of reserves of actuarial gains/losses on defined benefit plans	3,240	-397
Amounts reclassified to the profit reserve	0	0
Taxes recognised in respect of these amounts	-812	98
As at 30 June	**-34,007**	**-34,956**

Change in the reserve for own credit risks

IN EUR '000	2021	2020
As at 1 Jan.	**15,748**	**7,266**
Remeasurements due to change in own credit risk in respect of financial liabilities designated at fair value	-11,738	42,537
Amounts reclassified to the profit reserve	192	227
Taxes recognised in respect of these amounts	2,886	-10,692
As at 30 June	**7,088**	**39,338**

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 2021, an amount of EUR +144 thousand was reclassified to retained earnings after taking deferred taxes into account (H1 2020: EUR +170 thousand).

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

IN EUR '000	2021	2020
As at 1 Jan.	**158,239**	**154,078**
Remeasurement gains/losses in the reserve for financial assets in the category "measured at fair value through other comprehensive income" (FVOCI)	-36,721	-36,194
Amounts reclassified to profit or loss	-685	-849
Taxes recognised in respect of these amounts	9,352	9,261
As at 30 June	**130,185**	**126,296**

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 allowances for financial assets in the category "fair value through other comprehensive income" (FVOCI) in accordance with IFRS 9.

In the first half of 2021, the fair value measurement of debt instruments classified as "measured at fair value through other comprehensive income" amounted to EUR 36,721 thousand (H1 2020: EUR +36,194 thousand). In addition, an amount of EUR -685 thousand (H1 2020: EUR -849 thousand) was reclassified to the income statement in the first half of 2021. Of this amount, EUR -491 thousand (H1 2020: EUR -870 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 -194 thousand (H1 2020: EUR +21 thousand) relate to loan loss allowances that were reclassified to the item "loan loss allowances" in the income statement.

Development of the gain or loss on remeasurement from the hedging of a net investment in a foreign business

IN EUR '000	2021	2020
As at 1 Jan.	**-381**	**-1,239**
Gain or loss from the hedging of net investments	-1,032	1,796
Amounts reclassified to profit or loss	0	0
Taxes recognised in respect of these amounts	258	-449
As at 30 June	**-1,155**	**108**

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 35.9 million as at 30 June 2021 (31. Dec. 2020: EUR 34.9 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	2021	2020
As at 1 Jan.	**-2,238**	**-973**
Changes in the basis of consolidation	0	0
Gain or loss from foreign currency translation	-394	-1,565
Amounts reclassified to profit or loss	0	0
As at 30 June	**-2,632**	**-2,538**

Due to a recalculation of the effects posted in the past in connection with the currency translation, there was an adjustment of EUR +1.4 million in the reserves as at 1 Jan. 2019 – and therefore also in the balance as at 1 Jan. 2020 – with a corresponding contrary effect of EUR -1.4 million in retained earnings.

Development of “other comprehensive income” of companies accounted for using the equity method

IN EUR '000	2021	2020
As at 1 Jan.	**-339,837**	**-250,974**
Change due to proportional “other comprehensive income”	23,662	-62,182
Taxes recognised in respect of these amounts	0	-76
As at 30 June	**-316,175**	**-313,232**

Due to a recalculation of the “other results” from the companies accounted for using the equity method, which were taken on proportionately in the past, there was an adjustment of EUR +13.9 million in the reserves as at 1 Jan. 2019 – and thus also in the reserve balance as at 1 Jan. 2020 – with a corresponding contrary effect of EUR -13.9 million in the retained earnings.

Development of retained earnings (incl. non-controlling interests)

IN EUR '000	2021	2020
As at 1 Jan.	**3,721,373**	**3,560,243**
After-tax profit for the period	254,927	-199,408
Dividends	-46,707	-21,718
Other changes	1,124	19,685
As at 30 June	**3,930,717**	**3,358,802**

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 in accordance with sections 39, 39a of the Austrian Banking Act (Bankwesengesetz – BWG) and the Austrian Regulation on Credit Institution Risk Management (Kreditinstitute-Risikomanagementverordnung – KI-RMV) which facilitates the identification and measurement of all risks in the group (market risks, credit risks, equity investment risks, liquidity risks, macroeconomic risks, operational risks and other risks) and their active managerial governance.

Raiffeisenlandesbank Oberösterreich generally only concentrates its commitments 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.

In accordance with the "ECB Guide to the internal capital adequacy assessment process (ICAAP)", Raiffeisenlandesbank Oberösterreich distinguishes between the economic perspective (99.9%) and the additional normative perspective: the economic perspective focuses on a present value risk assessment and utilisation of the risk coverage potential, whereas the normative perspective focuses on statement of financial position risks in the income statement and their impact on the capital ratios.

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

Market risks

Market risks take the form of changes in interest rates, spreads, currency, volatility 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 responsibilities 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 reporting on market risk.

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

In addition to value at risk, stop-loss limits and scenario analyses are also 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 refinancing via Raiffeisenlandesbank Oberösterreich.

The following table shows the value at risk figures for the Raiffeisenlandesbank Oberösterreich Group as at 30 June 2021 and 31 Dec. 2020 (confidence level 99.0%, holding period one month).

	30 June 2021 IN EUR '000	31 Dec. 2020 IN EUR '000
Total	75,313	81,853
Interest	75,361	66,323
Spread	50,368	75,165
Currency	156	8
Shares	4,065	7,250
Volatility	2,517	1,716

The total value at risk as at 30 June 2021 fell by EUR 6.5 million to EUR 75.3 million compared to 31 Dec. 2020.

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 loss potentials 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 2021 and as at 31 Dec. 2020:

	30 June 2021		31 Dec. 2020	
IN EUR '000	+200 BP	-200 BP	+200 BP	-200 BP
EUR	-315,075	416,342	-313,822	329,250
USD	735	-1,101	-420	138
GBP	-5	5	-19	19
CHF	-817	965	-760	911
JPY	494	-483	-169	237
CZK	-1,764	2,083	-3,226	3,538
Other currencies	-1,664	1,716	836	-849

The stress test shows the change in present value in the event of a parallel shift of the interest rate curve by +/-2 percentage points respectively.

Interest rate risk management

Interest rate risk management at Raiffeisenlandesbank Oberösterreich is carried out on the basis of management strategies agreed with the Managing Board as a whole and financial targets. The interest rate projections and the respective concerted positioning are continuously presented within the framework of the Asset Liability Committee. At the consolidated level, the aim is to achieve a fixed-interest surplus in order to capture maturity transformation outcomes. Interest rate risk is managed primarily through underlying transactions (loans, issues) or their hedging. For asset items in proprietary fund holdings, a "statement of financial position review" is carried out; the bonds thus enter into the hedging strategies of the consolidated banking book.

Underlying transactions can be classified as fair value options in order to reduce the statement of financial position fair value risk of the overall position. For this purpose, however, a partial or full hedging transaction must exist for this underlying transaction. It is also possible to link several underlying transactions with one hedging transaction if the business content is almost identical. An explicit increase in the interest rate risk of the FVPL position by including a transaction in the fair value option is avoided. The fair value option is used primarily for transactions on the liabilities side of the statement of financial position, usually for retail issues, term deposits and transactions with options requiring bifurcation.

In addition to hedges at the individual level of bonds and loans in the form of hedge accounting, Raiffeisenlandesbank Oberösterreich manages interest rate risks at the macro level within the framework of the application of the "portfolio fair value hedge". Fixed-interest loans in defined maturity bands are combined into an overall risk position and hedged with corresponding derivative hedging transactions. It should be noted that variable instruments in which caps/floors are embedded also have fixed interest rate risks. The bottom layer approach is applied in accordance with the EU carve-out regulations on IAS 39.

Macroeconomic risk

Raiffeisenlandesbank Oberösterreich interprets macroeconomic risk as an additional risk resulting from an assumed recession and its impact on the economic perspective of risk-bearing capacity. Stressed balance sheet loan loss allowances are simulated based on the pessimistic scenario from IFRS 9. The result is increased loan loss allowances due to the increased PDs and LGDs from this pessimistic scenario and the resulting increased stage transfers from Stage 1 to 2. The difference between the stressed risk provisioning from the pessimistic scenario and the booked loan loss allowances results in the Macroeconomic Risk Pillar 2. This amount is taken into account in the economic perspective (99.9%) of the risk-bearing capacity analysis as a deduction item in the cover assets and thus increases the risk utilisation. For the pessimistic scenario, the upper or lower 10% quantile of the forecast interval is used, depending on the direction of impact of the macroeconomic factor.

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. The credit risk is mainly generated by the loans and advances to customers and banks and 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 for assessing customers' creditworthiness are incorporated two manuals entitled "Rating Guideline" and "Group Securities Guidelines". 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 Institution 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 securities 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.

Against the backdrop of the coronavirus pandemic and its economic impact, the focus was on creditworthiness and collateral approaches.

The start of 2021 was marked by the extension of the lockdown and the associated consequences for the catering and hotel industry. The winter season, which is so important for a tourist country such as Austria, was thus completely or partially cancelled.

Based on a recommendation of the working group set up at the beginning of the pandemic – consisting of employees from the areas of market, accounting and risk management – the sectors classified as red in a specially developed traffic light logic, which include tourism, leisure and the hotel industry in particular, were subjected to a collective transfer to “Stage 2” in accordance with IFRS 9, regardless of the risk exposure, and the resulting provisions were still taken into account retroactively in the 2020 statement of financial position.

These sectors of the economy meanwhile also proved to be the ones most affected by the pandemic. However, these industries have been largely spared from a wave of insolvencies due to the government’s support measures and the banks’ liquidity-supporting measures.

The working group set up at the beginning of the pandemic is still analysing the impact of the individual sectors on the basis of the incoming balance sheets and interim reports. In general, the credit risk was surprisingly favourable in the first half of 2021, meaning that there was also potential for a reversal in portfolio provisions, although this was deliberately not exercised yet due to uncertainties regarding further progression with the economy. A decision will be made on how to proceed after receipt of the company statements of financial position for the 2020 financial year in the second half of 2021.

Credit value at risk

The overall risk of all assets exhibiting a counterparty default risk is determined on a monthly basis. Risk may arise due to credit default, deterioration in creditworthiness or a reduction in the intrinsic value of securities, 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 loss of 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 a probability of 99.9%.

Unexpected loss is calculated in a portfolio model that also takes into account concentration risks. 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.

The credit risk for customers with an economic rating of 5.2 is determined using the SRG model. The credit risk of customers for whom specific valuation allowances have been recognised (economic rating of 5.1) or of customers with a material overdraft lasting more than 90 days (economic rating of 5.0) is determined using a default model. The risks/opportunities from loan defaults or changes in creditworthiness for all other customers are simulated using a market valuation model.

Overall structure by item on the statement of financial position

Maximum credit risk exposure

IN EUR '000	30 June 2021	31 Dec. 2020
Cash and cash equivalents (credit balance at central banks)	105,880	103,889
Loans and advances to banks	13,812,070	11,263,162
Loans and advances to customers	24,493,233	24,744,714
Trading assets	1,917,500	2,396,240
Financial assets	4,847,171	5,020,866
Assets held for sale	237,013	0
Total	**45,412,867**	**43,528,871**
Financial guarantees	2,814,715	2,789,582
Loan approvals	7,269,973	7,017,686
Held for sale in accordance with IFRS 5 – off balance sheet	14,068	0
Total	**10,098,756**	**9,807,268**
Total maximum credit exposure	**55,511,623**	**53,336,139**

Securities values for overall structure

The stated securities 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.

Securities values

IN EUR '000	30 June 2021	31 Dec. 2020
Loans and advances to banks	54,298	50,214
Loans and advances to customers	13,702,368	13,460,758
Trading assets	413,523	504,809
Financial assets	36,583	146,504
Assets held for sale	198,686	0
Total	**14,405,458**	**14,162,285**
Financial guarantees	275,513	232,591
Loan approvals	1,088,061	969,025
Held for sale in accordance with IFRS 5 – off balance sheet	7,518	0
Total	**1,371,092**	**1,201,616**
Total securities values	**15,776,550**	**15,363,901**

As at 30 June 2021, 64.5% (previous year: 64.7%) of the total financial securities value consists of securities on immovable assets (e.g. mortgages, land register rankings).

Industry structure/concentration risks

Maximum credit risk exposure by industry

IN EUR '000	30 June 2021	31 Dec. 2020
Credit institutions in Austria	14,759,836	12,069,471
Public sector and non-profit organisations	4,445,895	4,671,992
Commercial and other real estate projects	3,797,970	3,820,019
Construction and ancillary building trade	3,308,439	3,097,638
Private households	2,115,994	2,093,197
Credit institutions in the EU, except Austria	2,105,224	2,589,041
Mechanical engineering and plant construction	2,061,251	2,104,130
Residential property developers for profit	1,986,630	2,135,222
Motor vehicles	1,569,993	1,575,736
Transport and warehousing	1,464,452	1,417,358
Metal production and processing	1,410,439	1,370,686
Consumer goods	1,380,136	1,352,891
Tourism, accommodation, gastronomy	1,184,136	1,129,101
Foodstuffs	1,170,975	1,078,870
Plastics, chemical products	1,115,447	1,086,538
Electronic/electrical	1,084,790	1,103,989
Credit institutions other	1,024,591	1,129,363
Real estate project operators	1,008,543	908,376
Other economic services	868,510	814,951
Agriculture and forestry	807,594	711,505
Health and social work	703,234	717,258
Energy supply	684,360	646,203
Investment companies	676,641	680,244
Financial and insurance services	674,561	748,974
Information and communication	636,641	621,481
Funds and private foundations	507,799	496,311
Residential property developers non-profit	459,360	618,063
Pharmaceutical industry and medical technology	404,501	195,545
Subtotal	**53,417,942**	**50,984,153**
Other sectors	2,093,681	2,351,986
Total	**55,511,623**	**53,336,139**

In the CRR basis of the finance holding (RBG OÖ Verbund eGen) there were 35 major loans* (without loans to Group members) as at 30 June 2021 (31 Dec. 2020: 23). Of these, 12 (31 Dec. 2020: 11) account for large exposures in the commercial sector, 3 (31 Dec. 2020: 3) for large exposures in the banking sector and 20 (31 Dec. 2020: 9) for large exposures to public authorities.

* Value (before applying exceptions and before deducting securities) greater than 10% of eligible own funds for large exposures under the CRR.

Loans and advances to customers by industry group and COVID-19 measures

IN EUR '000	30 June 2021	thereof with EBA-compliant moratoria	thereof with forbearance measures in connection with COVID-19	New loans with public guarantees in connection with COVID-19
Commercial and other real estate projects	3,337,558	0	21,601	5,016
Private households	1,762,036	0	3,770	21
Construction and ancillary building trade	1,693,491	351	379	21,921
Residential property developers for profit	1,550,992	0	0	463
Public sector and non-profit organisations	1,116,428	0	20	186
Motor vehicles	1,070,512	79	1,717	73,835
Mechanical engineering and plant construction	1,058,328	0	598	71,248
Metal production and processing	1,009,557	0	435	78,329
Transport and warehousing	1,003,165	633	8,938	17,050
Tourism, accommodation, gastronomy	975,819	5,726	67,131	54,942
Consumer goods	969,165	67	12,083	61,714
Foodstuffs	869,593	0	271	14,633
Real estate project operators	831,057	0	54	1,768
Plastics, chemical products	740,752	0	387	39,117
Other economic services	716,001	0	624	4,585
Electronic/electrical	569,973	0	142	17,374
Agriculture and forestry	566,635	0	281	2,299
Health and social work	564,440	28	87	1,086
Energy supply	507,915	0	0	610
Investment companies	488,065	0	0	14,749
Information and communication	428,150	3	423	25,051
Residential property developers non-profit	398,917	0	0	0
Pharmaceutical industry and medical technology	335,984	0	0	6,174
Furniture production and trade	267,846	0	95	2,812
Funds and private foundations	249,130	0	0	0
Leisure	236,804	132	2,726	37,525
Freelance/technical services	235,832	7	2,064	3,714
Petroleum, natural gas, other raw materials	226,538	0	4	17
Financial and insurance services	186,618	0	48	80
Paper and paperboard	185,298	0	0	3,560
Finance leases	151,486	0	0	0
Water supply and waste disposal	131,665	0	107	1,959
Subtotal	**24,435,750**	**7,026**	**123,985**	**561,838**
Other sectors	57,483	0	0	0
Total	**24,493,233**	**7,026**	**123,985**	**561,838**

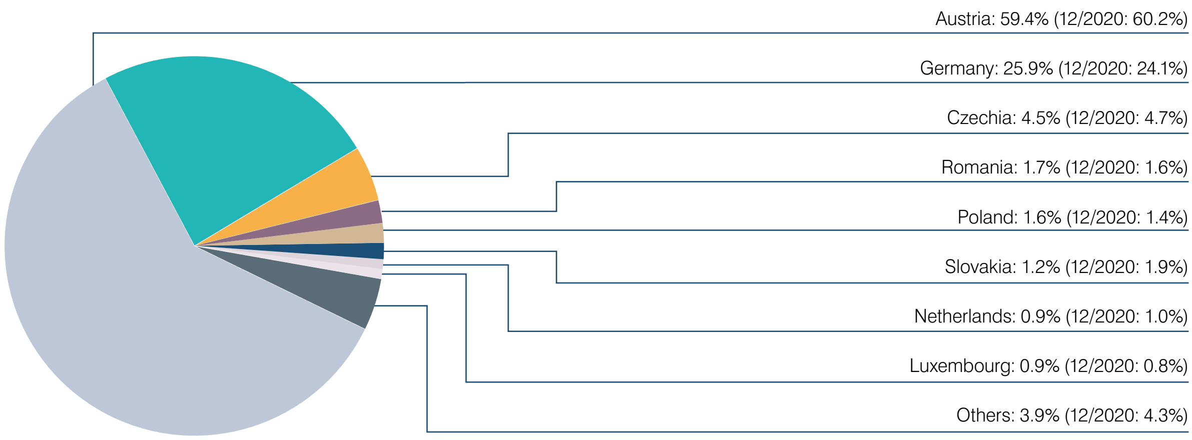
Loans and advances to customers by industry group and COVID-19 measures

IN EUR '000	31 Dec. 2020	thereof with EBA-compliant moratoria	thereof with forbearance measures in connection with COVID-19	New loans with public guarantees in connection with COVID-19
Commercial and other real estate projects	3,452,078	19,378	1,331	2,646
Private households	1,768,189	86,922	451	20
Construction and ancillary building trade	1,613,070	2,742	3,908	21,354
Residential property developers for profit	1,607,974	1,540	0	469
Public sector and non-profit organisations	1,386,927	3	23	97
Mechanical engineering and plant construction	1,113,459	6	2,856	79,703
Motor vehicles	1,046,100	2,270	4,465	97,166
Transport and warehousing	1,003,580	2,423	43,320	11,768
Metal production and processing	960,309	1,970	1,840	77,689
Tourism, accommodation, gastronomy	914,152	82,543	36,335	24,670
Consumer goods	912,505	2,458	1,683	53,886
Foodstuffs	820,890	401	562	12,410
Real estate project operators	770,616	0	19	1,803
Plastics, chemical products	700,554	249	1,620	43,376
Other economic services	685,886	6,216	2,156	2,137
Electronic/electrical	620,823	11	201	27,380
Agriculture and forestry	568,587	558	328	1,957
Health and social work	562,626	3,589	201	1,047
Investment companies	542,837	6,628	516	8,234
Residential property developers non-profit	536,341	0	0	0
Energy supply	423,313	0	0	131
Information and communication	410,401	1,108	326	22,484
Pharmaceutical industry and medical technology	311,491	225	30	6,028
Furniture production and trade	303,978	126	228	2,752
Funds and private foundations	268,646	0	0	0
Freelance/technical services	254,050	4,424	881	4,688
Leisure	232,643	1,862	1,316	32,867
Petroleum, natural gas, other raw materials	216,351	2,785	36	20
Financial and insurance services	200,183	313	274	180
Paper and paperboard	193,874	168	15	1,032
Finance leases	143,288	0	0	0
Water supply and waste disposal	142,023	160	293	1,197
Subtotal	**24,687,744**	**231,078**	**105,214**	**539,191**
Other sectors	56,970	0	0	0
Total	**24,744,714**	**231,078**	**105,214**	**539,191**

Loan loss allowances according to IFRS 9 for loans and advances to customers in industry groups particularly affected by COVID-19

IN EUR '000	30 June 2021		31 Dec. 2020		Change	
	Carrying amount	Loan loss allowances	Carrying amount	Loan loss allowances	Carrying amount	Loan loss allowances
Tourism, accommodation, gastronomy	975,819	33,033	914,152	30,853	61,667	2,180
Metal production and processing	1,009,557	26,223	960,309	20,765	49,248	5,458
Transport and warehousing	1,003,165	16,469	1,003,580	23,131	-415	-6,662
Mechanical engineering and plant construction	1,058,328	15,936	1,113,459	14,437	-55,131	1,499
Leisure	236,804	2,875	232,643	3,275	4,161	-400
Total	**4,283,673**	**94,536**	**4,224,143**	**92,461**	**59,530**	**2,075**

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)		Measured at fair value through profit or loss (FVTPL)		Designated at fair value through profit or loss (FVO)		Total	
	06/2021	12/2020	06/2021	12/2020	06/2021	12/2020	06/2021	12/2020
Ireland	173.9	164.1	0	0	0	0	173.9	164.1
Italy	147.5	131.4	0	0	0	0	147.5	131.4
Portugal	92.5	94.4	0	0	0	0	92.5	94.4
Spain	176.6	181.9	0	0	2.8	2.8	179.4	184.7
Total	**590.5**	**571.8**	**0**	**0**	**2.8**	**2.8**	**593.3**	**574.6**

As at 30 June 2021, 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 44.3 million (31. Dec. 2020: EUR 49.8 million). Beyond that, we held no credit default swaps (CDS) in connection with the aforementioned countries.

Structure of non-defaulted past due credit risk exposures and the related collateral*

The carrying amounts of overdue assets that are not in default* relate exclusively to the statement of financial position item "Loans and advances to customers". They are shown in the following table including the corresponding securities values:

	30 June 2021			31 Dec. 2020		
IN EUR '000	Gross balance	Carrying amount	Securities for overdue assets	Gross balance	Carrying amount	Securities for overdue assets
up to 30 days	674,246	665,942	506,489	590,148	586,904	446,406
31 to 60 days	58,704	58,408	50,423	120,401	119,606	99,307
61 to 90 days	10,728	10,649	8,133	14,775	14,656	11,257
over 90 days	32,115	31,685	29,941	9,720	9,644	8,007
Total	**775,793**	**766,684**	**594,986**	**735,044**	**730,810**	**564,977**

Securities 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 securities.

As at 30 June 2021, 33.7% (31 Dec. 2020: 15.1%) of the total securities values for non-defaulted* overdue credit risk exposures consisted of securities 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.

* Amounts relate to credit risk exposures in Stage 1 and 2

Loan loss allowances and securities for defaulted* credit risk exposures

The financial assets that were determined to be defaulted* on the reporting date have the following structure and following securities:

	Loans and advances to banks		Loans and advances to customers		Assets held for sale		Financial guarantees		Credit risks		Held for sale in accordance with IFRS 5 – off balance sheet	
IN EUR '000	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020
Gross value	292	292	672,741	667,455	14,716	0	37,652	59,248	37,156	64,409	0	0
Loan loss allowances	-292	-292	-244,197	-249,767	-8,468	0	-26,581	-24,157	-11,066	-15,207	0	0
of which: loan loss allowances FX financing	0	0	-26,455	-25,852	0	0	0	0	-241	-178	0	0
Carrying amount	**0**	**0**	**428,544**	**417,688**	**6,248**	**0**	**11,071**	**35,091**	**26,090**	**49,202**	**0**	**0**
Securities	**0**	**0**	**285,038**	**263,150**	**5,501**	**0**	**5,799**	**6,328**	**6,539**	**6,984**	**0**	**0**

* Amounts relate to credit risk exposures in Stage 3 including POCI or defaulted financial instruments in the IFRS 9 category FVTPL.

Loan loss allowances in accordance with 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.

The default definition of the Raiffeisenlandesbank Oberösterreich Group includes insolvencies, imminent insolvency, legal actions, deferred payments, restructuring, substantial credit risk adjustments, waivers of receivables, direct impairment losses, creditworthiness-related interest exemptions, acceleration of maturity with expected economic loss and moratoria/payment stoppages/withdrawal of licences at banks as well as material 90-day overdues (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.

To calculate the NPL ratio and the coverage ratios (in accordance with the definition of the EBA Risk Dashboard), in addition to the criteria in accordance with Article 178 of the CRR, also crisis-related restructurings (special changes to the loan agreement in favour of the borrower) that lead to non-performing loans are taken into account in accordance with the Implementing Regulation 680/2014 of the European Banking Authority.

In terms of asset quality, the Raiffeisenlandesbank Oberösterreich Group had the following key figures for loans and advances to customers and banks (including balances with central banks): the NPL ratio as at 30 June 2021 was 1.75% (31 Dec. 2020: 1.79%). Coverage Ratio I amounted as at 30 June 2021 to 37.36% (31 Dec. 2020: 40.25%), Coverage Ratio II was at 79.27% (31 Dec. 2020: 78.83%).

Structure of defaulted credit risk exposures* by past due bands

Gross carrying amounts of financial assets that are considered to be in default*:

	not impaired or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
IN EUR '000	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020
Loans and advances to banks	0	0	0	0	0	0	292	292
Loans and advances to customers	417,085	376,953	17,743	19,408	7,799	7,737	230,114	263,357
Financial assets	1,824	2,089	0	0	0	0	0	0
Assets held for sale	2,714	0	762	0	1,308	0	9,931	0
Financial guarantees	37,651	59,248	0	0	0	0	0	0
Loan approvals	37,156	64,409	0	0	0	0	0	0
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0	0	0	0	0	0
Total	**496,430**	**502,698**	**18,505**	**19,408**	**9,107**	**7,737**	**240,337**	**263,648**

Loan loss allowances of financial assets that are considered to be in default*:

	not impaired or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
IN EUR '000	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020
Loans and advances to banks	0	0	0	0	0	0	292	292
Loans and advances to customers	141,000	119,141	2,444	4,580	1,443	2,236	99,310	123,810
Financial assets	513	735	0	0	0	0	0	0
Assets held for sale	424	0	97	0	394	0	7,553	0
Financial guarantees	26,581	24,157	0	0	0	0	0	0
Loan approvals	11,066	15,207	0	0	0	0	0	0
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0	0	0	0	0	0
Total	**179,585**	**159,240**	**2,541**	**4,580**	**1,837**	**2,236**	**107,155**	**124,102**

Carrying amounts of defaulted* financial assets:

IN EUR '000	not impaired or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020
Loans and advances to banks	0	0	0	0	0	0	0	0
Loans and advances to customers	276,084	257,812	15,299	14,828	6,356	5,502	130,804	139,546
Financial assets	1,311	1,353	0	0	0	0	0	0
Assets held for sale	2,290	0	665	0	915	0	2,378	0
Financial guarantees	11,070	35,091	0	0	0	0	0	0
Loan approvals	26,090	49,202	0	0	0	0	0	0
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0	0	0	0	0	0
Total	**316,845**	**343,458**	**15,964**	**14,828**	**7,270**	**5,502**	**133,181**	**139,546**

* Amounts relate to credit risk exposures in Stage 3 including POCI or defaulted financial instruments in the IFRS 9 category FVTPL.

Securities for defaulted* credit risk exposure by past due bands

The following value-based securities apply to the defaulted* financial assets:

IN EUR '000	not impaired or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020
Loans and advances to banks	0	0	0	0	0	0	0	0
Loans and advances to customers	159,962	133,881	11,014	13,741	5,742	4,857	108,320	110,671
Financial assets	0	0	0	0	0	0	0	0
Assets held for sale	2,022	0	585	0	812	0	2,082	0
Financial guarantees	5,799	6,328	0	0	0	0	0	0
Loan approvals	6,539	6,984	0	0	0	0	0	0
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0	0	0	0	0	0
Total	**174,322**	**147,193**	**11,599**	**13,741**	**6,554**	**4,857**	**110,402**	**110,671**

* Amounts relate to credit risk exposures in Stage 3 including POCI or defaulted financial instruments in the IFRS 9 category FVTPL.

Securities 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 securities.

As at 30 June 2021, 49.4% (31 Dec. 2020: 50.0%) of the total securities values for defaulted credit risk exposures consisted of securities 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 securities

securities 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 receivable concerned. Appropriated securities are 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 amounted to EUR 0 thousand as at 30 June 2021 (previous year: EUR 1,512 thousand) and is broken down as follows:

	30 June 2021		31 Dec. 2020	
	Carrying amount IN EUR '000	**Number**	**Carrying amount** IN EUR '000	**Number**
Undeveloped land	0	0	41	1
Mixed use buildings	0	0	0	0
Residential property	0	0	1,471	1
Total of securities taken into possession	**0**	**0**	**1,512**	**2**

In the first half of 2021, no securities were taken into possession by the Raiffeisenlandesbank Oberösterreich Group.

Forbearance

Financial assets (carrying amounts) that were subjected to forbearance-relevant measures as at the end of the financial year were structured as follows:

Performing IN EUR '000	**31 Dec. 2020**	**Additions H1 2021**	**Disposals H1 2021**	**30 June 2021**
Loans and advances to customers	604,949	132,273	-143,426	593,795
Assets held for sale	0	30,814	0	30,814
Loan approvals	12,419	14,275	-3,496	23,196
Held for sale in accordance with IFRS 5 – off balance sheet	0	209	0	209
Total	**617,368**	**177,571**	**-146,922**	**648,014**
Loan loss allowances*	12,483	5,911	-3,879	14,514
Loan loss allowance for exposures held for sale in accordance with IFRS 5	0	353	0	353

Non-performing incl. POCI** IN EUR '000	**31 Dec. 2020**	**Additions H1 2021**	**Disposals H1 2021**	**30 June 2021**
Loans and advances to customers	236,356	60,311	-73,570	223,099
Assets held for sale	0	3,618	0	3,617
Loan approvals	16,095	1,639	-7,037	10,697
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0	0
Total	**252,451**	**65,568**	**-80,607**	**237,413**
Loan loss allowances*	106,520	28,970	-31,626	103,863
Loan loss allowance for exposures held for sale in accordance with IFRS 5	0	1,235	0	1,235

Performing IN EUR '000	**31 Dec. 2019**	**Additions H1 2020**	**Disposals H1 2020**	**30.06.2020**
Loans and advances to customers	130,226	320,993	-58,873	392,346
Credit risks	12,941	22,810	-7,408	28,343
Total	**143,167**	**343,803**	**-66,281**	**420,689**
Loan loss allowances*	0	0	0	0

Non-performing incl. POCI** IN EUR '000	**31 Dec. 2019**	**Additions H1 2020**	**Disposals H1 2020**	**30.06.2020**
Loans and advances to customers	196,512	88,475	-51,397	233,590
Credit risks	15,433	4,996	-3,581	16,848
Total	**211,945**	**93,471**	**-54,978**	**250,438**
Loan loss allowances*	118,179	166,358	-31,257	253,280

“Forbearance” refers to measures that are characterised by an alteration of conditions included in the credit agreement to the borrower’s advantage(e.g. deferrals) 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 always result in losses for the lending institution. If forbearance measures lead to losses for the bank, corresponding value adjustments are made in accordance with IFRS 9 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. Statutory and private moratoria were concluded in the context of the COVID-19 pandemic. Due to a Europe-wide directive from the European Banking Authority related to the coronavirus crisis, deferral measures within the scope of a moratorium are neither forbearance measures nor crisis-related restructurings if certain conditions are met. All other measures were subject to the usual review process at Raiffeisenlandesbank Oberösterreich.

* Loan loss allowances in accordance with IFRS 9
** Non-performing according to the European Banking Authority's Implementing Regulation 680/2014

Value adjustment stages pursuant to IFRS 9 by rating classes

The gross carrying amounts and the corresponding final balances of loan loss allowances for loans and advances to banks, loans and advances to customers, financial assets, financial guarantees and credit risks measured at Amortised cost (AC) or at fair value through other comprehensive income (FVTOCI) are broken down per stage according to the 10-level rating scale as follows:

IN EUR '000	30 June 2021				
Rating class	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amount per stage according to w-note					
0.5	7,815,056	64	0	0	7,815,120
1.0	10,789,334	41,582	0	0	10,830,916
1.5	9,695,534	475,189	0	0	10,170,723
2.0	8,902,163	928,752	0	1,786	9,832,701
2.5	4,512,791	977,177	0	2,194	5,492,162
3.0	2,967,249	1,325,091	0	0	4,292,340
3.5	1,168,651	1,889,349	0	465	3,058,465
4.0	88,151	405,182	0	0	493,333
4.5	75,854	166,212	0	1,709	243,775
5.0	0	0	716,325	39,793	756,118
No rating	56,786	4,161	0	0	60,947
Total	**46,071,569**	**6,212,759**	**716,325**	**45,947**	**53,046,600**
Loan loss allowances per stage according to w-note					
0.5	-112	0	0	0	-112
1.0	-5,251	-363	0	0	-5,614
1.5	-7,886	-5,223	0	0	-13,109
2.0	-11,339	-3,519	0	227	-14,631
2.5	-12,325	-4,718	0	1,421	-15,622
3.0	-14,809	-15,672	0	0	-30,481
3.5	-10,734	-41,093	0	861	-50,966
4.0	-696	-13,669	0	0	-14,365
4.5	-354	-7,109	0	-230	-7,693
5.0	0	0	-290,242	-1,172	-291,414
No rating	-11	-8	0	0	-19
Total	**-63,517**	**-91,374**	**-290,242**	**1,107**	**-444,026**
Total carrying amount	**46,008,052**	**6,121,385**	**426,083**	**47,054**	**52,602,574**

IN EUR '000 Rating class	31 Dec. 2020 Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount per stage according to w-note					
0.5	6,076,513	112	0	0	6,076,625
1.0	10,351,339	31,591	0	0	10,382,930
1.5	9,014,407	698,944	0	0	9,713,351
2.0	8,206,703	1,171,460	0	0	9,378,163
2.5	4,348,738	1,246,379	0	16,767	5,611,884
3.0	3,242,652	1,437,127	0	1,722	4,681,501
3.5	980,787	1,680,399	0	480	2,661,666
4.0	74,265	565,867	0	0	640,132
4.5	109,969	190,715	0	869	301,553
5.0	0	0	733,446	38,121	771,567
No rating	43,383	5,987	0	0	49,370
Total	**42,448,756**	**7,028,581**	**733,446**	**57,959**	**50,268,742**
Loan loss allowances per stage according to w-note					
0.5	-84	0	0	0	-84
1.0	-6,819	-192	0	0	-7,011
1.5	-8,252	-7,917	0	0	-16,169
2.0	-9,546	-5,225	0	0	-14,771
2.5	-11,079	-8,712	0	12,511	-7,280
3.0	-16,177	-17,311	0	175	-33,313
3.5	-8,216	-38,323	0	44	-46,495
4.0	-720	-19,172	0	0	-19,892
4.5	-408	-7,558	0	-50	-8,016
5.0	0	0	-299,539	-1,575	-301,114
No rating	-11	-39	0	0	-50
Total	**-61,312**	**-104,449**	**-299,539**	**11,105**	**-454,195**
Total carrying amount	**42,387,444**	**6,924,132**	**433,907**	**69,064**	**49,814,547**

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 must be ensured at all times.

Liquidity management and liquidity risk are managed under a standardised model for each sector 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 (liquidity coverage ratio) for the highest-level financial holding entity (Capital Requirements Regulation [CRR] basis of RBG OÖ Verbund eGen) as at 30 June 2021 was 187.61%, and therefore clearly exceeded the LCR of 100% that banks were required to meet. This demonstrates the good liquidity situation of the Raiffeisenlandesbank Oberösterreich Group. Moody's gave Raiffeisenlandesbank Oberösterreich a rating of Baa1 with regard to its long-term issuer rating (confirmed on 15 December 2020).

As far as the liquidity situation is concerned, the COVID-19 crisis did not lead to any undercutting of limits or deterioration of key figures. The uncertain economic outlook and lockdown measures led to a postponement of investments and an increased propensity to save. The expansive central bank measures led to a more than sufficient supply of liquidity in the capital markets. The liquidity position remains stable.

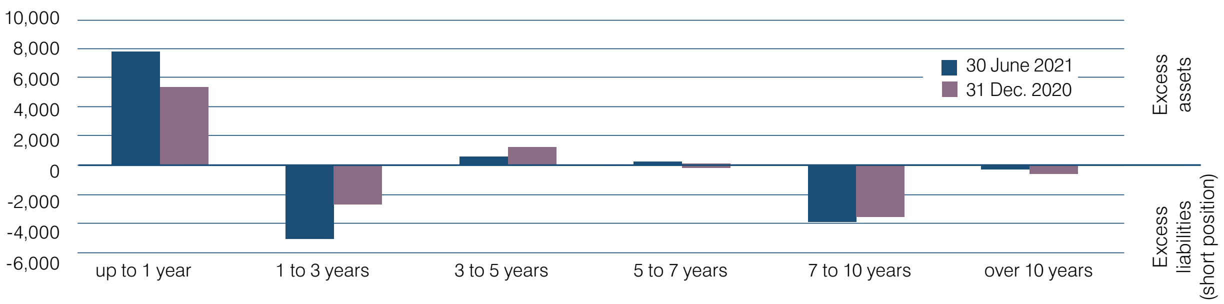
The following table summarises the maturities of the non-discounted liabilities including the respective interest payments and depicts the earliest possible utilisation of guarantees and credit approvals:

30 June 2021 **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	4,785,221	1,343,107	660,577	10,954,754	2,930,290	20,673,949
Amounts owed to customers	8,218,805	417,830	994,416	1,630,147	1,207,184	12,468,382
Liabilities evidenced by certificates	-3,473,482	250,163	735,896	4,066,470	7,739,664	9,318,711
Trading liabilities	0	34,887	137,739	680,016	1,372,260	2,224,902
Subordinated capital	25,000	7,324	107,096	482,212	603,638	1,225,269
Liabilities in conjunction with assets held for sale	0	0	0	0	0	0
Total	**9,555,544**	**2,053,311**	**2,635,724**	**17,813,599**	**13,853,036**	**45,911,213**
Contingent liabilities	2,814,715	0	0	0	0	2,814,715
Loan approvals	7,269,973	0	0	0	0	7,269,973
Held for sale in accordance with IFRS 5 – off balance sheet	14,068	0	0	0	0	14,068

31 Dec. 2020 **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	5,166,831	1,424,644	589,726	7,743,011	2,991,843	17,916,055
Amounts owed to customers	7,291,923	406,903	1,269,151	2,008,977	1,750,384	12,727,339
Liabilities evidenced by certificates	123,001	241,239	557,038	4,032,191	4,544,129	9,497,598
Trading liabilities	0	81,218	102,489	608,082	1,216,040	2,007,829
Subordinated capital	0	15,717	22,070	548,721	565,016	1,151,524
Liabilities in conjunction with assets held for sale	0	0	0	0	0	0
Total	**12,581,755**	**2,169,722**	**2,540,474**	**14,940,982**	**11,067,412**	**43.3000.345**
Contingent liabilities	2,789,582	0	0	0	0	2,789,582
Loan approvals	7,017,686	0	0	0	0	7,017,686
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0	0	0	0

From the gap analysis below it can be seen that the low liquidity risk in the individual maturity bands is low. For the ongoing liquidity balancing, there is a high potential for securities available for tender transactions with the ECB and the Swiss National Bank as well as for other repurchase agreements. In the years 2020/21, part (EUR 7.4 billion) of this collateral potential was already used, not least due to the favourable conditions of the ECB's long-term tender (TLTRO III). A large part of these funds is currently in the central bank account. This explains the most significant changes in the maturity bands up to three years compared to the previous reporting date. The maturity structure of the liquidity buffer does not show any significant 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.

Raiffeisenlandesbank Oberösterreich (Group of credit institutions) liquidity gaps in EUR millions*



* Items without a fixed capital commitment are analysed in light of more realistically described historical developments and are modelled as at 30 June 2021; values as at 31 Dec. 2020 are also described using this new method.

Equity investment risk

Equity investment 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 equity 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: 99.9%) with the expert valuation, hereby determining the corresponding risk potential for the economic perspective (99.9%) for each individual investment.

On a quarterly basis, the risk potentials determined in accordance with the simulation model (economic perspective 99.9%) and risk coverage from investment companies are used in the risk-bearing capacity analyses conducted periodically at the overall bank level. The Risk Controlling organisational unit produces a quarterly report on equity risk.

The following table presents the carrying amounts of equity investments held by Raiffeisenlandesbank Oberösterreich as at 30 June 2021 and 31 Dec. 2020, 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	06/2021	12/2020	06/2021	12/2020	06/2021	12/2020	06/2021	12/2020
Banks	1,428,619	1,312,612	0	0	8,645	8,645	403	404
Non-banks	645,450	617,113	801,394	868,945	117,899	26,324	177	132
Total	**2,074,069**	**1,929,725**	**801,394**	**868,945**	**126,544**	**34,969**	**580**	**536**

In the equity investment risk model, the exposure of the investments forms the starting point for determining the absolute risk value per investment. If market values in the sense of stock exchange prices are available for the investments, these are primarily used to determine the exposure. This is particularly the case for the major shareholdings in the RBI Group, voestalpine AG and AMAG Austria Metall AG.

Due to the collapsing listings of these investments and value adjustments of other participations in the first quarter of 2020 in the course of the coronavirus crisis, there was a significant reduction in the exposure values and thus in the reported equity investment risk. As a result of the recovery in stock market prices from the second quarter of 2020, there was a corresponding increase in risk due to the increase in exposure. As at 30 June 2021, a year-on-year comparison resulted in a corresponding increase in the reported risk of the investments due to the continued price recovery.

Operational risk

Raiffeisenlandesbank Oberösterreich defines operational risk as the risk of loss caused by the inappropriateness or failure of internal processes, people or systems, or caused by external events. Operational risk includes legal and reputational risks. Raiffeisenlandesbank Oberösterreich uses the basic indicator approach to quantify operational risk as part of its overall bank risk management.

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 code of conduct and directive, as well as scheduled and unscheduled audits by Internal Audit. 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).

In the wake of the COVID-19 crisis, unplanned crisis expenditures(e.g. disinfectants, physical protection devices) and unplanned personnel expenses(e.g. quarantine outages, special nursing leaves) were recorded as operational risks in the claims database. These operational risks were also reported in the course of the EBA's monthly COVID-19 reporting.

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, 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), operational risks and other risks (= strategic risks, equity capital risks and profit risks) to risk coverage. This comparison of the risks with the available coverage depicts the risk-bearing capacity from an economic perspective (99.9%).

As a result, the cover fund is composed of equity, hidden reserves/liabilities and deductible items. Macroeconomic risk, among other things, is taken into account in the deduction items.

This comparison enables the Raiffeisenlandesbank Oberösterreich Group to guarantee that it can cover unexpected losses from its own funds without major negative effects. Economic capital serves as a risk measure for calculating 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 2021, compared to the previous year (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 MILLIONS	06/2021	12/2020	06/2021	12/2020	06/2021	12/2020	06/2021	12/2020	06/2021	12/2020	06/2021	12/2020
Market risk[1]	0.0	13.3			447.8	460.0	34.5	29.5	2.3		484.5	502.8
Credit risk[2]	792.1	835.9	84.6	96.8	115.0	127.0	106.5	110.8	91.1	81.8	1,189.2	1,252.3
Equity investment risk	35.3	35.3					931.9	876.4			967.2	911.7
Refinancing risk					0.0	0.0					0.0	0.0
Operational risk[3]	43.2	42.2	10.0	10.7	18.1	9.6	37.6	45.9	5.0	5.3	113.8	113.8
Others risks/buffers [3]	13.3	13.0	3.1	3.3	5.6	3.0	11.6	14.1	1.5	1.6	35.0	35.0
Total	**883.8**	**939.7**	**97.7**	**110.7**	**586.4**	**599.6**	**1,122.0**	**1,076.7**	**99.8**	**88.8**	**2,789.7**	**2,815.6**
RWA	**16,876.5**	**16,715.8**	**1,460.3**	**1,465.6**	**1,292.8**	**1,164.9**	**5,515.4**	**5,527.0**	**3,246.7**	**3,033.7**	**28,391.7**	**27,907.0**

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 SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT is included in its entirety in the Investments section of the IFRS statements. The spread risk from bonds which are purchased by Corporates Market (= 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.

Institutional protection scheme

Raiffeisen Banking Group Upper Austria

The Raiffeisen Banking Group Austria (RBG Ö) is Austria's largest banking group with 343 local Raiffeisen Banks, eight regional Raiffeisen Banks and Raiffeisen Bank International AG in Vienna. Some 1.7 million Austrians are members and thus co-owners of Raiffeisen banks.

Raiffeisen Banking Group Upper Austria (RBG OÖ) is made up of a central institution, Raiffeisenlandesbank Oberösterreich AG, and 75 Raiffeisen banks with a total of 404 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, the Austrian Raiffeisen banks, together with the eight regional centres and Raiffeisen Bank International AG, have signed an agreement to set up an institutional protection scheme. This institutional protection 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 ÖRS regulations (ÖRS = Österreichische Raiffeisen-Sicherungseinrichtung eGen, the organisation managing the deposit guarantee scheme).

The overall risk council monitors and manages the development of the entire R-IPS within the institutional protection system. The state of Upper Austria is represented in the Overall Risk Council by the General Director of Raiffeisenlandesbank Oberösterreich AG, Heinrich Schaller, and the Managing Director of Raiffeisenbank Region Grieskirchen, Erwin Schützeneder. The institutional protection scheme was approved by the ECB.

Aid association of the RBG OÖ Raiffeisen-Kredit-Garantiegesellschaft m.b.H.

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

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 scheme 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 insufficient in the event of loss, 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). Covered deposits must be reimbursed within seven working days of the occurrence of a collateral event.

Due to the deposit guarantee scheme cases Anglo Austrian AAB AG (formerly Meinl Bank AG) and Commerzialbank Mattersburg im Burgenland AG there are additional burdens on the fund contributions. In the Raiffeisen sector, this led to the establishment of a separate Raiffeisen deposit guarantee scheme, which will be active from 30 November 2021.

The tried and tested internal sector protection schemes operated by the Raiffeisen Banking Group at regional and federal levels (R-IPS) are still in force, in addition to the deposit guarantee, and guarantee the safety of the deposits.

Bank Recovery and Resolution Act (BaSAG)

The Banking Recovery and Resolution Directive (BRRD) came into force with effect from 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 January 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 created the 2020 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 2020 recovery plan, the operational relief for the submission of the 2020 recovery plan due to COVID-19 was used in accordance with the ECB request of 7 April 2020 and the number of stress scenarios was reduced from 4 to 1. This scenario meets the criteria of the EBA Guideline 2014/06 with regard to severity. The stress-specific recovery potential of the institution/group, if significantly changed by the COVID-19 pandemic compared to the baseline situation (as at 31 December 2019), was adjusted in accordance with the supervisory requirements by the effects that have already occurred by the reporting date of 30 June 2020.

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 a total set of 28 indicators is monitored 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 RBG OÖ 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, incl. the companies accounted for using 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 2021

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associated companies	Joint enterprises
Loans and advances to banks	0	0	4,422,094	0
Loan loss allowance for loans and advances to banks	0	0	2,819	0
Loans and advances to customers	0	144,903	844,035	975
Loan loss allowance for loans and advances to customers	0	124	2,590	2
Trading assets	0	0	210,353	0
Financial assets	403	117,310	789,096	26
Loan loss allowance for securities	0	0	987	30
Equity-accounted companies	0	0	1,694,267	565,949
Other assets	0	7,020	3,782	0
Loan loss allowance for receivables from non-bank activities	0	0	0	0
Assets held for sale	0	7	1,694	0
Amounts owed to banks	0	20,387	704,671	0
Amounts owed to customers	5,662	62,860	269,901	109
Trading liabilities	0	0	0	0
Liabilities evidenced by certificates	0	0	0	0
Provisions	0	0	0	0
Other liabilities	0	1,066	521	0
Liabilities in conjunction with assets held for sale	0	0	0	0
Subordinated capital	0	0	0	0
Granted credit commitments, financial guarantees and other commitments	0	3,545	454,853	6,768
Received credit commitments, financial guarantees and other commitments	0	0	58,735	0

Related party disclosures for H1 2021

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associated companies	Joint enterprises
Net interest income	0	1,596	27,106	880
Additions to allowances for losses on loans and advances	0	-164	-826	-34
Loan loss allowance reversal	0	120	3,730	30
Share of profit or loss of equity-accounted companies	0	0	78,650	32,219
Direct impairment losses	0	0	0	0
Amounts received against loans and advances written off	0	0	0	0

Information regarding associated companies and persons as at 31 Dec. 2020

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associated companies	Joint enterprises
Loans and advances to banks	0	0	4,102,278	0
Loan loss allowance for loans and advances to banks	0	0	3,790	0
Loans and advances to customers	0	126,004	824,193	0
Loan loss allowance for loans and advances to customers	0	76	3,296	66
Trading assets	0	0	446,265	0
Financial assets	403	101,213	783,262	9
Loan loss allowance for securities	0	0	1,556	28
Equity-accounted companies	0	0	1,575,921	526,592
Other assets	0	8,798	9,123	51
Loan loss allowance for receivables from non-bank activities	0	0	0	0
Assets held for sale	0	0	0	0
Amounts owed to banks	0	0	872,312	0
Amounts owed to customers	5,304	67,199	345,810	57
Trading liabilities	0	0	101,741	0
Liabilities evidenced by certificates	0	0	0	0
Provisions	0	0	0	0
Other liabilities	0	3,375	1,590	0
Liabilities in conjunction with assets held for sale	0	0	0	0
Subordinated capital	0	0	0	0
Granted credit commitments, financial guarantees and other commitments	0	6,817	483,389	7,336
Received credit commitments, financial guarantees and other commitments	0	0	8,255	0

Related party disclosures for H1 2020

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associated companies	Joint enterprises
Net interest income	0	1,383	29,812	822
Additions to allowances for losses on loans and advances	0	-130	-2,151	-25
Loan loss allowance reversal	0	26	78	10
Share of profit or loss of equity-accounted companies	0	0	-61,297	-103,065
Direct impairment losses	0	0	0	0
Amounts received against loans and advances written off	0	0	0	0

Advances, credits and liabilities to members of the Managing Board exist as at 30 June 2021 in the amount of EUR 1,647 thousand (31 Dec. 2020: EUR 692 thousand) and to members of the Supervisory Board EUR 218 thousand (31 Dec. 2020: EUR 251 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 members of the Managing Board and the Supervisory Board exist amounting to EUR 4,607 thousand (31 Dec. 2020: EUR 5,000 thousand).

As at 30 June 2021, advances, loans and liabilities amounting to EUR 2,024 thousand exist towards associated persons and companies (31 Dec. 2020: EUR 2,801 thousand) and liabilities amounting to EUR 1,102 thousand (31 Dec. 2020: EUR 1,028 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 2021	31 Dec. 2020
Contingent liabilities	**2,814,715**	**2,789,582**
of which from guarantees, warranties and letters of credit	2,814,102	2,788,969
of which from other contingent liabilities	613	613
Loan approvals	**7,284,040**	**7,017,686**

* Off-balance sheet liabilities held for sale in accordance with IFRS 5 include off-balance sheet transactions held for sale as at 30 June 2021 in the amount of EUR 14 thousand (31 Dec. 2020: EUR 0 thousand).

INFORMATION REQUIRED UNDER AUSTRIAN ACCOUNTING STANDARDS

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

As of 1 January 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 (RBG OÖ Verbund eGen, a registered co-operative society) breaks down as follows in accordance with the CRR:

IN EUR '000	30 June 2021	31 Dec. 2020
Capital instruments and the premium linked to them	1,032,857	1,032,857
Retained earnings	3,673,514	3,673,514
Accumulated other net gains/losses	-199,532	-186,541
Eligible Common Equity Tier 1 (CET 1) minority holdings (incl. transitional regulations)	10,105	9,893
Common Equity Tier 1 (CET 1) capital prior to regulatory adjustments (corrections and deductions)	**4,516,944**	**4,529,723**
Prudential filters correction	-21,716	-23,195
Intangible assets deduction (incl. goodwill)	-65,703	-60,224
Deductions for deferred taxes	-10,731	-10,731
Deduction of common Tier 1 capital instruments from companies in the financial sector	-69,266	0
Items to be deducted from the items of additional Tier 1 capital, exceeding the additional Tier 1 capital	-26,881	-19,055
Other transition adjustments to common Tier 1 capital	0	0
Other deductions and components related to the common Tier 1 capital	-84,463	-83,232
Common Tier 1 capital (CET 1)	**4,238,184**	**4,333,286**
Eligible additional Tier 1 (AT 1) minority holdings (incl. transitional regulations)	2,165	2,120
Deduction of additional Tier 1 capital instruments from companies in the financial sector	-29,046	-21,175
Other transition adjustments to additional Tier 1 capital	0	0
Items to be deducted from the items of additional Tier 1 capital exceeding the additional Tier 1 capital (deduction from common Tier 1 capital)	26,881	19,055
Additional Tier 1 capital (AT 1)	**0**	**0**
Tier 1 capital (Tier 1 = CET 1 + AT 1)	**4,238,184**	**4,333,286**
Grandfathering of capital instruments of Tier 2 capital and subordinated loans	3,748	7,495
Eligible Common Equity Tier 2 minority holdings (incl. transitional regulations)	505,865	481,260
Tier 2 capital (T 2) before regulatory adjustments	**509,613**	**488,755**
Deductions as well as other transitional adjustments of Tier 2 capital	-43,574	-40,575
Tier 2 capital (T 2)	**466,039**	**448,180**
Total capital (TC = T 1 + T 2)	**4,704,223**	**4,781,466**

The risk-weighted assets (RWAs) are divided up as follows:

IN EUR '000	30 June 2021	31 Dec. 2020
Own funds requirements for credit, counterparty and dilution risk	26,799,460	26,305,886
Own funds requirements for processing and delivery risks	0	0
Own funds requirements for position, foreign currency and commodity risks	95,326	81,906
Own funds requirements for operational risks	1,423,124	1,423,125
Own funds requirements for adjustments to credit evaluation (CVA)	73,764	96,162
Risk-weighted assets	**28,391,674**	**27,907,079**

The capital ratios (phase in) in accordance with CRR are as follows and are calculated in accordance with Article 92 CRR.

IN %	30 June 2021	31 Dec. 2020
Common Equity Tier 1 capital ratio (CET 1 ratio)	14.93	15.53
Tier 1 capital ratio	14.93	15.53
Total capital ratio (TC ratio)	16.57	17.13

In accordance with section 23 of the Austrian Banking Act, the capital maintenance buffer is 2.5%. This must be held in Common Equity Tier 1 capital.

In accordance with section 7 of the Capital Buffer Regulation (KP-V), a capital buffer ratio for systemic vulnerability (systemic risk buffer) and a buffer for globally systemically important institutions (G-SIIs) of 0.5% each were prescribed on an individual basis by the FMA for Raiffeisenlandesbank Oberösterreich AG based on the consolidated situation of RBG OÖ Verbund eGen as the ultimate financial holding company and for Raiffeisenlandesbank Oberösterreich AG. These were reduced from 1.0% to 0.5% by Federal Law Gazette II No. 245/2021 and since then have to be held on an additive basis.

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

As at 30 June 2021 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 2021 will, similarly to 2020, be insignificant in size.

Overview of statutory minimum capital requirements

IN %	30 June 2021	31 Dec. 2020
Pillar 1		
Minimum requirement for Common Equity Tier 1 capital in accordance with CRR	4.500	4.500
Capital maintenance buffer	2.500	2.500
Systemic risk buffer*	0.500	1.000
Buffer for Systemically Important Institutions (SIIs)*	0.500	1.000
Anticyclical capital buffer	0.044	0.056
Pillar 2		
Capital requirement above Minimum Capital Requirement (SREP; P2R)	0.984	0.984
Capital requirement for Common Equity Tier 1 capital under Pillar 1 and Pillar 2	**9.028**	**9.040**
Minimum requirement for Common Equity Tier 1 capital in accordance with CRR	1.828	1.828
Capital requirement for Common Equity Tier 1 capital under Pillar 1 and Pillar 2	**10.856**	**10.868**
Minimum requirement for Tier 2 capital in accordance with the CRR	2.438	2.438
Capital requirement for the total capital under Pillar 1 and Pillar 2	**13.294**	**13.306**

* 30 June 2021: both buffers are to be considered on an additive basis

31 Dec. 2020: the higher of the two buffers must be adhered to

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 basis of RBG OÖ Verbund eGen, Raiffeisenlandesbank Oberösterreich must take into account a Pillar 2 requirement (P2R) in the amount of 1.75% (previous year: 1.75%) in the minimum capital requirements of Pillar 1. This Pillar 2 requirement (P2R) is to be taken into account in the minimum capital requirements of Pillar 1 through 56.25% of Common Equity Tier 1, through 75% of additional Tier 1 capital and 25% Tier 2 capital. In addition, as part of the SREP process, the ECB issued a Pillar 2 guidance (P2G) in the amount of 1.00% (previous year: 1.00%), which must be fully met with Common Equity 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 are exceeded and 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 in accordance with section 251 of the Austrian Commercial Code

	1 Jan.–30 June 2021	1 Jan.–30 June 2020
Salaried employees	4,358	4,410
of which VIVATIS/efko	1,006	1,007
Workers	1,706	1,787
of which VIVATIS/efko	1,697	1,775
Total	**6,064**	**6,197**
of which VIVATIS/efko	2,703	2,782

Geographical distribution according to country-by-country reporting

Country-by-country reporting in the first half of 2021

IN EUR '000	Net interest income	Operating income	Pre-tax profit for the period
Austria	138,480	545,394	244,671
Czechia	1,659	6,006	871
Germany	40,648	60,642	34,594
Croatia	3,363	9,391	2,800
Hungary	-4	1,832	290
Poland	5,347	8,815	5,040
Romania	9,035	15,113	10,589
Slovenia	13	28	21
Slovakia	2,250	3,610	-1,209
Total	**200,791**	**650,831**	**297,667**

Country-by-country reporting in the first half of 2020

IN EUR '000	Net interest income	Operating income	Pre-tax profit for the period
Austria	133,755	241,447	-255,117
Czechia	1,492	5,751	415
Germany	36,285	55,291	28,082
Croatia	2,847	9,148	2,132
Hungary	-3	1,669	254
Poland	5,395	8,244	2,725
Romania	6,885	11,346	5,596
Slovenia	13	23	15
Slovakia	2,189	3,380	-89
Total	**188,857**	**336,299**	**-215,988**

EVENTS AFTER THE REPORTING DATE

The condensed consolidated interim financial statements as at 30 June 2021 were prepared on 24 August 2021. There were no further events of particular significance after the end of 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 2021, 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, 24 August 2021
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

- **Lead coordinator for special legal projects** Christian Grininger
- **Corporate governance, legal & compliance*** Sigrid Burkowski
- **Corporate development** Michael Nefischer
- **Corporate communication** Bernhard Marckhgott
- **Group audit*** Martin Brandstetter
- **Human resources management** Wolfgang Spitzenberger
- **Strategy RBG OÖ & sector coordination** Helmut Kern
- **Treasury Financial Markets** Christian Ratz
- **Office of the Managing Board**

CMO
Michaela Keplinger-Mitterlehner

- **bankdirekt.at** Manfred Nosek
- **Corporates Market** Robert Eckmair
- **Raiffeisenlandesbank Oberösterreich branches** Richard Leitner, Klaus Hagleitner
- **PRIVAT BANK** Waltraud Perndorfer
- **Sales Corporate Banking** Wolfgang Aschenwald
- **Distribution management Private banking** Uwe Hanghofer
- **Investment company** Andreas Lassner-Klein

CRO
Michael Glaser

- **Financing management** Wilhelm Kampelmüller
- **Risk management credit, reporting, operational risk** Herbert Melicha
- **Risk management, ICAAP & market risk** Hannes Schwingenschuh

COO
Stefan Sandberger

- **IT and digitalisation** Manuel Schwarzinger
- **Operations** Alexander Nyiri
- **Product portfolio management** Paul Kaiser
- **Innovation Hub**
- **IT – operations and software** Hermann Sikora

CFO
Reinhard Schwendtbauer

- **Equity Investments** Andreas Szigmund
- **Group accounting and controlling** Otto Steininger, Joachim Shelton-Stefani
- **Purchasing management** Christian Lindner
- **Tax office** Günther Silber
- **Factoring** Andreas Wagner
- **Leasing** Manfred Herbsthofer
- **Real estate management** Eduard Hrab

*reports to the entire Managing Board

Level 2 Level 3 Outsourced core areas

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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 non-discrimination.

The Interim Financial Report of Raiffeisenlandesbank Oberösterreich 2021 is 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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