Raiffeisenlandesbank Oberösterreich

ANNUAL REPORT 2021

www.rlbooe.at

2021 AT A GLANCE

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Statement of financial position	31 Dec. 2021 IN EUR M	Change IN %	31 Dec. 2020 IN EUR M	31 Dec. 2019 IN EUR M
Loans and advances to customers	25,755	13.14	22,763	21,564
Loans and advances to banks	14,169	25.65	11,276	9,043
Amounts owed to customers	13,840	24.51	11,115	11,311
Amounts owed to banks	19,929	13.10	17,621	13,595
Liabilities evidenced by certificates and subordinated liabilities	9,590	8.00	8,880	8,965
Equity	3,496	6.65	3,278	3,150
Total assets	47,505	14.51	41,486	37,715
Average equity (in the financial year)	3,387	5.38	3,214	3,103
Average total assets (in the financial year)	44,495	12.36	39,600	36,729

Income statement	2021 IN EUR M	Change IN %	2020 IN EUR M	2019 IN EUR M
Operating income	719	13.95	631	589
Operating expenses	-419	17.63	-356	-376
Operating profit	300	9.18	275	213
Profit on ordinary activities	289	70.02	170	197
Pre-tax profit for the year on income and earnings	280	87.63	149	177
After-tax profit for the year	223	73.78	128	135

Key figures	2021 IN %	Change IN % POINTS	2020 IN %	2019 IN %
Operating profit / Ø Total assets	0.67	-0.02	0.69	0.58
Profit from ordinary activities / Ø Total assets	0.65	0.22	0.43	0.54
Pre-tax profit for the year* / Ø Total assets (RoA)	0.63	0.25	0.38	0.48
After-tax profit for the year / Ø Total assets (RoA)	0.50	0.18	0.32	0.37
Pre-tax profit for the year* / Ø Equity (RoE)	8.27	3.62	4.65	5.71
After-tax profit for the year / Ø Equity (RoE)	6.58	2.59	3.99	4.34

* Pre-tax profit for the year

Equity	31 Dec. 2021	Change IN % / IN % POINTS	31 Dec. 2020	31 Dec. 2019
Common Equity Tier 1 capital (CET 1) in EUR millions	3,307	6.06	3,118	3,011
Tier 1 capital in EUR millions	3,307	6.06	3,118	3,011
Total capital in EUR millions	3,992	5.52	3,783	3,663
Risk weighted assets (RWA total) in EUR millions	27,094	8.33	25,011	24,913
Common Equity Tier 1 capital ratio (CET 1 ratio) in %	12.20	-0.27	12.47	12.08
Tier 1 capital ratio in %	12.20	-0.27	12.47	12.08
Total capital ratio in %	14.73	-0.40	15.13	14.70

Long-/Short-term Moody's rating	31 Dec. 2021		31 Dec. 2020	31 Dec. 2019
	A3/P-2		Baa1/P-2	Baa1/P-2

Raiffeisenlandesbank Oberösterreich Group

Statement of financial position	31 Dec. 2021 IN EUR M	Change IN %	31 Dec. 2020 IN EUR M	31 Dec. 2019 IN EUR M
Loans and advances to customers	25,295	2.22	24,745	23,464
Loans and advances to banks	14,045	24.70	11,263	8,949
Amounts owed to customers	13,501	7.00	12,618	12,675
Amounts owed to banks	20,268	13.25	17,896	13,854
Liabilities evidenced by certificates and subordinated liabilities	10,027	-4.08	10,454	10,504
Equity	5,159	8.25	4,766	4,683
Total assets	51,447	5.93	48,569	44,357
Average equity (in the financial year)*	4,963	5.04	4,725	4,568
Average total assets (in the financial year)*	50,008	7.63	46,463	43,224

** after taking into account the effects of the first-time application of IFRS 16 (in 2019)

Income statement	2021 IN EUR M	Change IN %	2020 IN EUR M	2019 IN EUR M
Operating income*	1,305	9.02	1,197	1,142
Operating expenses**	-875	4.67	-836	-839
Operating profit	430	19.11	361	303
Pre-tax profit for the year	558	206.59	182	319
After-tax profit for the year	465	185.28	163	256
Comprehensive income	444	422.35	85	314

* 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

** Sum of personnel expenses, material expenses and depreciation (= administrative expenses)

Key figures	2021 IN %	Change IN % POINTS	2020 IN %	2019 IN %
NPL ratio (non-performing loans ratio)	2.14	0.35	1.79	1.83
New formation rate (Cost of Risk)*	-0.04	0.25	-0.29	-0.04
Operating income / Ø Total assets**	2.61	0.03	2.58	2.64
Pre-tax profit for the year / Ø Total assets (RoA)**	1.12	0.73	0.39	0.74
After-tax profit for the year / Ø Total assets (RoA)**	0.93	0.58	0.35	0.59
Pre-tax profit for the year / Ø Equity (RoE)**	11.24	7.39	3.85	6.98
After-tax profit for the year / Ø Equity (RoE)**	9.37	5.92	3.45	5.60

* Cost of Risk: P&L expenses for loan loss allowances in relation to the volume of loans/bonds and the portfolio of off-balance-sheet transactions

** after taking into account the effects of the first-time application of IFRS 16 (in 2019)

Consolidated equity*) (Banking group)	31 Dec. 2021	Change IN % / IN % POINTS	31 Dec. 2020	31 Dec. 2019
Common Equity Tier 1 capital (CET 1) in EUR millions	4,594	6.02	4,333	4,118
Tier 1 capital in EUR millions	4,594	6.02	4,333	4,118
Total capital in EUR millions	5,025	5.10	4,781	4,584
Risk weighted assets (RWA total) in EUR millions	28,748	3.01	27,907	28,124
Common Equity Tier 1 capital ratio (CET 1 ratio) in %	15.98	0.45	15.53	14.64
Tier 1 capital ratio in %	15.98	0.45	15.53	14.64
Total capital ratio in %	17.48	0.35	17.13	16.30

*) at the level of the uppermost financial holding (CRR Circle of RBG OÖ Verbund eGen)

ANNUAL REPORT 2021

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GENERAL INFORMATION

RAIFFEISENLANDESBANK OBERÖSTERREICH PROVES TO BE A STABLE PARTNER EVEN IN TURBULENT TIMES

For many sectors, the 2021 business year will be remembered as difficult to plan and hardly predictable. Right from the beginning of the year, for several different reasons it was quite difficult to make any long-term forecasts or accurate analyses of economic developments. The coronavirus pandemic continued to pose a material risk and burden to the domestic health system despite widespread vaccination campaigns. Economic sectors such as tourism and the restaurant business, but also trade, were hit particularly hard by the general restrictions on social life due to the pandemic. Although production in industry was back to normal – unlike in the previous year – there was still a palpable sense of uncertainty. Many raw materials, products and commodities are still in short supply today due to global supply chain problems. The result: rising inflation rates, to an extent that was also quite unexpected. Nevertheless, many sectors were able to start growing again, and the economy rebounded in an impressive manner. Many companies also regained the courage to invest in the future. Hardly anyone would have expected Austria's economy to grow by more than 4% at the beginning of 2021. The present excellent result of Raiffeisenlandesbank Oberösterreich for the year 2021 is reflected in this positive economic development. As a reliable financial partner, Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria not only accompanied customers through challenging months in the best possible way, but also supported the domestic economy as it picked up steam again. The Raiffeisen organisation is closely linked to the domestic economy and has proven to be a driving force and stable partner even in turbulent times.

Sustainable and stable Tier 1 capital base

Our strong capital resources are a valuable basis and a central foundation for being able to counter unpredictability, but above all to support companies, institutions and private clients in their plans and projects as a reliable banking partner. Raiffeisenlandesbank Oberösterreich is committed to sustainable development here, from which the bank and thus also our customers benefit. The Common Equity Tier 1 capital ratio (CET 1 ratio) in the banking group was 15.98% at the end of 2021 and could thus be further expanded compared to the high level in the previous year. It is also particularly pleasing that the consolidated total assets of Raiffeisenlandesbank Oberösterreich exceeded the EUR 50 billion threshold. They were up by 5.9% compared to the end of 2020 and therefore stood at EUR 51.4 billion as at the end of June 2021.

Pre-tax profit for the year at EUR 557.8 million.

Banking transactions are still transactions of trust, which is why we focus on customer proximity and personal contact. This puts Raiffeisenlandesbank Oberösterreich in a position to support its customers' plans, ideas and projects with banking services that go well beyond the norm. The Bank's strong economic resilience and competence can be seen in its statement of financial position for 2021. The Raiffeisenlandesbank Oberösterreich Group achieved an extraordinarily good result with a pre-tax profit for the year of EUR 557.8 million and an operating profit of EUR 429.9 million.

Growth in investment financing

The partnership with our clients essentially has one goal: our joint sustainable success. Particularly in the context of the coronavirus pandemic, the strength of Raiffeisenlandesbank Oberösterreich in corporate banking has become clear: in addition to classic financing, we offer extensive know-how, experience and solution competence when complex issues are involved. Our aim as a financial partner is to enable our clients to realise their full potential, to grow with our support and to implement innovations. An increase of 2.1% in investment financing shows that, with our support, our customers are able to be bold even in times of crisis and to keep their view on the future. We want to write success stories together. We have succeeded in this, with new participations as well: Invest AG, for example, accompanied the successful management buy-out of the leading Austrian healthcare group Herba Chemosan at the end of the year.

“Raiffeisenlandesbank Oberösterreich has set itself the goal of consolidating and further expanding its position in the Austrian banking sector based on its stable starting position with a healthy Tier 1 capital base. Our forward-looking strategies, which focus on customer orientation, further digitisation steps, stability and sustainability, make an important contribution to this.”

Digitisation propelled forward

The coronavirus pandemic has been a clear reminder that the will and ability to adapt and evolve are essential, if not decisive, success factors for businesses. Raiffeisenlandesbank Oberösterreich took big steps into the future by propelling digitisation plans forward and accelerating numerous important processes. We are using this digital tailwind not only for daily cooperation within the company, but also to make business life easier for our customers. Customer behaviour is very clear: the smartphone in particular is playing an increasingly central role in their banking, and not only among the younger generation. We are therefore focusing on the steady further development of our digital innovations and offers. In addition, Raiffeisenlandesbank Oberösterreich is also developing new platform solutions based on its strong network that go beyond everyday banking business.

Further development of the sustainability strategy

The sustainability strategy is an essential building block for the current and future orientation of Raiffeisenlandesbank Oberösterreich and essentially concentrates on three dimensions: ecology, social issues and economy. The decisive factor here is the harmonious equal treatment of social responsibility, economic success and environmental awareness. We must have this balance to succeed in making a long-term contribution to society and creating social added value for generations to come. With the objective of staying on a consistent growth course, we are keeping our targets in line with sustainability. We see it as an opportunity to further develop not only in our own operational environment, but also our financial services. In order to anchor the topic of sustainability even more firmly in the company, a sustainability manager was appointed who, as a division head with his own team, is guiding the future progress of this essential topic.

Further consolidation of position in the Austrian banking sector

With its services, efficient and well targeted liquidity management and comprehensive risk management in combination with modern controlling instruments, Raiffeisenlandesbank Oberösterreich is well equipped to meet future challenges. Raiffeisenlandesbank Oberösterreich has set itself the goal of consolidating and further expanding its position in the Austrian banking sector based on its stable starting position with a healthy Tier 1 capital base. Our forward-looking strategies, which focus on customer orientation, further digitisation steps, stability and sustainability, make an important contribution to this.

War in Ukraine

In the last few weeks of the preparation of this annual report, the Ukraine-Russia conflict escalated and Russian troops invaded Ukraine. The war in Ukraine and the associated humanitarian catastrophe have deeply shaken the core of the European idea of peace, democracy and prosperity on our continent. Our society now has the responsibility to provide help, to alleviate need and to pull together even more. As the Raiffeisen Banking Group Upper Austria, we stand at the side of all people who have been innocently affected by the war in Ukraine. Especially now it is important to show cohesion in the spirit of the European idea.

Economic impact of the Ukraine war

The actual dimensions and long-term effects of the Ukraine war on geopolitical conditions as well as the consequences for the economy cannot yet be assessed. The Raiffeisen sector in Upper Austria is indirectly affected by the war in Ukraine through Raiffeisenlandesbank Oberösterreich's holding in Raiffeisen Bank International. However, Raiffeisenlandesbank Oberösterreich's capital and liquidity strength as well as its stable foundation in a number of different business segments and, last but not least, its broad equity investment portfolio, enable it to cushion possible negative economic developments in connection with the war in Ukraine.

Heinrich Schaller
Chief Executive of Raiffeisenlandesbank Oberösterreich

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 and sector coordination
Helmut Kern

Treasury financial markets
Christian Ratz

Office of the Managing Board

CMO
Michaela Keplinger-Mitterlehner

Bank Direct
Manfred Nosek

Corporates market
Robert Eckmair

Retail banking
Richard Leitner
Klaus Hagleitner
Friedrich Führer

PRIVAT BANK
Waltraud Perndorfer

Sales Corporate Banking
Wolfgang Aschenwald

Distribution management Private banking
Uwe Hanghofer

Investment company
Andreas Lassner-Klein

CRO
Michael Glaser

COO
Stefan Sandberger

CFO
Reinhard Schwendtbauer

Financing management
Wilhelm Kampelmüller

Risk management credit, reporting, operational risk
Herbert Melicha

Risk management, ICAAP & market risk
Hannes Schwingenschuh

IT and digitisation
Manuel Schwarzinger

Operations
Alexander Nyiri

Product portfolio management
Paul Kaiser

Innovation Hub

IT – operations and software
Hermann Sikora

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

“Our principles such as customer orientation, sustainability and regionalism make up our core foundation. At the same time, we want to give our customers perspectives and orientation for the future with modern concepts. This is exactly what our customers expect of us!”

THE PRESENT ANNUAL FINANCIAL STATEMENTS 2021 ARE THE RESULT OF FURTHER DEVELOPMENT, INNOVATIVE STRENGTH AND COHESION

As a local financial provider, the Raiffeisen Banking Group Upper Austria is a driving force and reliable partner, making an important contribution to economic stability. Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria stand by their customers with expertise and support, helping them make the right decisions and hedging risks. Our cooperative values such as regionalism and solidarity were the essential pillars for dealing with the coronavirus crisis in 2021.

Strong results open windows of opportunity

Our task now more than ever is to use our solid and broad base, the strong cohesion in the sector and above all our innovative strength to continue to act with foresight. Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria have already proven in the past that they can provide customers with the necessary liquidity and guarantee the highest quality of advice even in economically challenging times. This year's results open up the corresponding windows of opportunity for us and will ensure that we can also overcome possible hurdles and complex challenges in the future. Our principles such as customer orientation, sustainability and regionalism form the essential foundation of this work. At the same time, we want to give our customers perspectives and orientation for the future with modern concepts. That is exactly what our customers expect of us!

Close cooperation is a success factor

Our outstanding success in implementing these measures is clear from the excellent results which Raiffeisenlandesbank Oberösterreich and the Upper Austrian Raiffeisen banks are publishing for the 2021 financial year. Alongside the consistent support shown to customers, a professional risk management system and the ongoing development of new innovative banking services, the close collaboration on the "Raiffeisen Banking Group Upper Austria 2025" project must also be named as a key factor in the success of the Group. This solidarity between the Raiffeisen banks and Raiffeisenlandesbank will continue to be a key success factor in the future.

Stability in challenging times

I would like to thank all of our customers for the trust that they place in Raiffeisen Banking Group Upper Austria. I would also like to say a special thank you to our employees as well as to all our managers, officials and members of the Supervisory Board for all their hard work and dedication. They have faced the difficult conditions since the outbreak of the pandemic with adaptability, perseverance and the courage to grow in new directions. Significant steps have been taken, especially in terms of digitisation. My particular thanks also go to the members of the Managing Board of Raiffeisenlandesbank Oberösterreich and especially to its Chairman Heinrich Schaller. They have managed to safely guide the company through challenging times with a steady hand. With a high level of dedication and personal commitment, they have laid the foundation for the future success of our customers and of the entire Raiffeisen Banking Group Upper Austria.

President Volkmar Angermeier
President of the Supervisory Board

SUPERVISORY BOARD OF RAIFFEISENLANDESBANK OBERÖSTERREICH AKTIENGESELLSCHAFT

Chairman

Volkmar Angermeier
President of the Supervisory Board,
Deputy Advocate General of the Austrian Raiffeisen Association,
Chairman of the Supervisory Board of Raiffeisenbank Region Eferding

Deputy Chairmen

Roman Braun
Vice-President of the Supervisory Board,
Chairman of the Supervisory Board of Raiffeisenbank Region Schwanenstadt,
Agricultural advisor for Maschinenring Oberösterreich

Herbert Brandmayr
Vice President of the Supervisory Board,
Chairman of the Supervisory Board of Raiffeisenbank Wels,
Owner and Managing Director of Drogerie Brandmayr

Registered members

Klaus Ahammer
Director, Manager of Raiffeisenbank Salzkammergut
Chairman of the Association of Managing Partners of Upper Austrian Raiffeisen banks

Cornelia Altreiter-Windsteiger
Head of the Social Affairs Department of the Upper Austrian regional government

Pauline Andeßner
Deputy Chairwoman of the Supervisory Board Raiffeisenbank Region Hausruck, Lawyer

Matthias Breidt
Director, Manager of Raiffeisenbank Region Schärding

Manfred Denkmayr
Chairman of the Supervisory Board, Raiffeisenbank Mattigtal, Lawyer

Karl Dietachmair
Director, Manager of Raiffeisenbank Region Sierning-Enns

Norman Eichinger
Director of the Raiffeisen Association of Upper Austria

Karl Fröschl
Director, Manager of Raiffeisenbank Perg

Anna Gstöttenbauer
Chairwoman of the Supervisory Board of Raiffeisenbank Region Freistadt,
Agriculturist

Dagmar Inzinger-Dorfer
Director, Manager of Raiffeisenbank Region Ried

Walter Lederhilger
Councillor of the Chamber of Agriculture,
Chairman of the Supervisory Board of Raiffeisenbank Kirchdorf,
Agriculturist

Robert Oberfrank
Deputy Chairman of Raiffeisenbank Inneres Salzkammergut and Chairman of the Bad Ischl branch,
Head of all Upper Austrian District Offices of the Upper Austrian Chamber of Commerce

Registered members

Josef Pfoser
Chairman of the Supervisory Board of Raiffeisenbank Region Rohrbach,
Master Builder and Carpenter,
Managing Director of the Company of Brüder Resch Hoch- und Tiefbau GmbH

Regina Reiter
Chairperson of the Supervisory Board of Raiffeisenbank Windischgarsten,
Agriculturist

Gertrude Schatzdorfer-Wölfel
Managing partner of Schatzdorfer Gerätebau GmbH & Co KG

Josef Stockinger
Chairman of the Managing Board of OÖ. Versicherung AG, retired

Anita Straßmayr
Deputy Chairman of the Supervisory Board of Raiffeisenbank Bad Wimsbach-Neydharting,
Agriculturist,
Chairwoman of the Functionary Advisory Body of the Austrian Raiffeisen Association

Staff Council Representatives

Helmut Feilmair
Chairman of the Staff Council

Gerald Stutz
Deputy Chairman of the Staff Council

Bianca Denkmaier

Michaela Hochreiter (until 28 February 2021)

Christoph Huber

Harald John

Monika Mitter-Neuhauser (from 1 March 2021)

Sandra Müller

Albert Ruhmer

Authorised representative Hermann Schwarz

Authorised representative Richard Seiser

State Commissioners

Dominik Freudenthaler
State Commissioner, Federal Ministry of Finance

Matthias Falkensteiner-Kudweis
Deputy State Commissioner, Federal Ministry of Finance

Honorary presidents

Gerhard Ritzberger (deceased on 23 April 2021)

Helmut Angermeier

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

About the sustainability report

Since 2017, the Raiffeisenlandesbank Oberösterreich AG Group has prepared an annual sustainability report as an integral part of the Group Management Report – this is made available to the stakeholders of Raiffeisenlandesbank Oberösterreich AG on the website. The document adopted by the Managing Board and Supervisory Board describes the developments, progress, opportunities and risks as well as Group targets for the reporting period 1 January 2021 to 31 December 2021.

The basis of consolidation for the sustainability report was determined in the same way as for the annual report. The sustainability report therefore includes all significant fully consolidated Group companies.

The current report for the 2021 financial year and information on the ESG key figures can be found on the website and in the sustainability report.

Click here to go directly to the sustainability report!

Highlights

Completion of our own
SUSTAINABILITY STRATEGY

Calculation of the financed greenhouse gas emissions according to
PCAF

Introduction of an environmental management system according to
ISO 14001

Completion of
14 EV CHARGING POINTS
at the headquarters location

Completion of a
VOLTAIC PLANT

Annual savings from a new heat recovery system:
3 million kWh p.a. for district heating
380,000 kWh p.a. for electricity
939 to CO_2 p.a.

DISCLOSURE
of the regulatory requirements under Article 8 of the EU Taxonomy Regulation

Sustainability ratings

The Raiffeisenlandesbank Oberösterreich Group's sustainability efforts are currently rated by three agencies. These ratings are crucial in terms of positioning ourselves on the international capital markets as an attractive business partner with institutions aligned towards sustainability and among bond purchasers. Encouragingly, all the ratings show that the Raiffeisenlandesbank Oberösterreich Group's sustainability efforts have been successful and that sustainable development is well underway.

Corporate ESG Performance
Prime
RATED BY ISS ESG

SUSTAINALYTICS

rfu
sustainability · research · consulting

Vision of sustainability

Our goal is to position ourselves as a sustainable bank. We want people – both internally and externally – to tangibly perceive and experience the attractiveness of sustainability.

Sustainability mission

The sustainability strategy of Raiffeisenlandesbank Oberösterreich AG is based on three dimensions of sustainability: ecology, social affairs and economy. The decisive factor here is harmonious equal treatment of environmental awareness, social responsibility and economic success. We must have this balance to succeed in making a long-term contribution to society and creating social added value for generations to come.

Our contribution to sustainable development

The Raiffeisenlandesbank Oberösterreich AG Group takes its responsibility seriously and sees the Sustainable Development Goals (SDG) of the United Nations as an opportunity for the further development of the company and for long-term customer loyalty. Raiffeisenlandesbank Oberösterreich AG has identified seven SDGs as particularly relevant. They are an essential element of our sustainability strategy and will be prioritised in the coming years.

Disclosure information according to Article 8 of the EU Taxonomy Regulation

The EU Taxonomy Regulation is an EU-wide, uniform classification system for environmentally sustainable economic activities. It obliges companies covered by the NFRD Directive to disclose Key Performance Indicators. As a group with financial and non-financial companies, this means there are different key figures that must be disclosed:

Disclosure rules for financial companies

1. Ratio of risk positions in non-taxonomy-eligible economic activities to total assets:	**4.10%**
2. Ratio of risk positions in taxonomy-eligible economic activities to total assets:	**7.98%**
3. Ratio of risk positions vis-à-vis central governments, central banks, supranational issuers and derivatives to total assets:	**24.97%**
4. Ratio of risk positions vis-à-vis companies not subject to the NFRD to total assets:	**37.40%**
5. Ratio of risk positions in the trading portfolio to total assets:	**0.21%**
6. Ratio of risk positions in short-term interbank loans to total assets:	**8.98%**

Disclosure rules for non-financial companies

Non-financial companies must provide information on turnover, capital expenditure and operational expenditure.

Turnover KPI	**30.00%**
CAPEX	**50.01%**
OPEX	**54.34%**

Sustainable forms of investment

The ESG volume of KEPLER-FONDS Kapitalanlagegesellschaft amounts to EUR 3,035 million and corresponds to 15.54% of the total volume.

Funds within the meaning of Article 8 of the Disclosure Regulation (EU) 2019/2088 systematically incorporate ESG considerations in their investment decisions and report on their implementation. These include, on the one hand, our strict ethical funds and asset-managing ethical funds ("ESG pure"), which also have the word "ethical" in their product name, and the KEPLER environmental equity fund, as well as, in future, a range of mutual funds and funds of KEPLER Asset Management, which pursue a sustainable selection ("ESG balanced").

SUSTAINABLE INVESTMENT SOLUTIONS
KEPLER ESG SOLUTIONS

		Classification Disclosure Regulation (EU)	transparent			FinAnKo conform
Strict ESG selection (pure)						
KEPLER Ethik Rentenfonds	Global bonds according to ethical criteria	Art. 8	x	x	x	x
KEPLER Ethik Mix Solide	Solid ethical mix of asset classes	Art. 8	x	x	x	x
KEPLER Ethik Mix Ausgewogen	Balanced ethical mix of asset classes	Art. 8	x	x	x	x
KEPLER Ethik Mix Dynamisch	Dynamic ethical mix of asset classes	Art. 8	x	x		x
KEPLER Ethik Quality Aktienfonds	Selection of high-quality sustainable companies	Art. 8	x	x		x
KEPLER Ethik Aktienfonds	Global companies according to ethical criteria	Art. 8	x	x	x	x
KEPLER Umwelt Aktienfonds	Environmentally friendly sustainable future themes	Art. 8	x	x		x
Asset Management ESG (pure)						
Portfolio Management Ethik Mix Solide	Ethical selection of equities, strategic shares 20%	Art. 8	x	x	x	x
Portfolio Management Ethik Mix Ausgewogen	Ethical selection of equities, strategic shares 50%	Art. 8	x	x	x	x
Portfolio Management Ethik Mix Dynamisch	Ethical selection of equities, strategic shares 80%	Art. 8	x	x	x	x
Medium-strict ESG selection (balanced)						
KEPLER D-A-CH Plus Aktienfonds	Selection of sustainable, regional companies	Art. 8				

Accreditations of KEPLER-FONDS KAG

Signatory of: PRI Principles for Responsible Investment

Signatory of: PRI Montréal PLEDGE Principles for Responsible Investment

100% green electricity from Austria

Raiffeisenlandesbank Oberösterreich AG is sending a strong signal about climate protection and has been using only green electricity since the beginning of 2020. Green electricity flows both in the Group headquarters in Linz and in all branches of Raiffeisenlandesbank Oberösterreich AG as well as in the OberÖsterreich. Haus in Vienna.

Our awards and memberships

GROUP MANAGEMENT REPORT 2021 OF RAIFFEISENLANDESBANK OBERÖSTERREICH AKTIENGESELLSCHAFT

1. REPORT ON BUSINESS DEVELOPMENT AND THE ECONOMIC SITUATION

1.1. Economic background

The global economy recovered quickly in 2021 from the initial waves of the coronavirus in 2020. However, the recovery then lost significant momentum as the year progressed, due to persistent and worsening supply chain issues, significant energy and commodity price increases, and the more infectious Delta variant of the coronavirus that emerged in the second half of the year. In addition, economic expansion became more diverse regionally over the course of 2021, as developed countries became better at absorbing the economic damage from new coronavirus waves thanks to vaccination progress and support for the fiscal crisis. However, there were also different trends within individual economies, as contact-intensive sectors and low-income households were hit much harder by the pandemic response measures.

Demand surpluses, disruptions in global value chains and node points (e. g. accident in the Suez Canal, pandemic-related harbour closures in China) and rising prices for carbon certificates, important raw materials such as oil/gas and industrial metals drove up inflation significantly in many parts of the world. Due to increased inflationary pressures, many central banks of emerging and developing countries felt compelled to raise key interest rates. Discussions began to turn towards less monetary expansion in the industrialised nations also.

Strong growth in consumption ensured extremely dynamic economic expansion in the USA in the first half of 2021. From August onwards, the Delta wave and supply bottlenecks slowed recovery. The labour market is also recovering well, although the participation rate is still below the pre-crisis level of 2019. Inflation rose steadily and significantly over the course of 2021 to a 40-year high of 7.0% in December 2021. The increased inflationary pressure, albeit partly transitory, prompted the US Federal Reserve to scale back its bond-buying programme at a faster pace and to hold out the prospect of more and earlier rate hikes.

Thanks to strong export performance, China's economic growth is expected to be around 8.0% in 2021, with the pace of growth slowing significantly over the course of the year. One reason for this is the government's zero-COVID strategy, which already imposes regional lockdowns when isolated infections occur. The tendencies towards debt and overheating in the real estate sector, which prompted the government and central bank to tighten regulations, and the prevailing energy shortage are also dampening economic momentum.

Economic activity also picked up strongly in the eurozone in the second and third quarters of 2021 after a weak first quarter following the openings and the resulting surge in private consumption, before the Delta wave in the fourth quarter brought new restrictions accompanied by a dampening of economic activity. The industrial economy was somewhat ahead of this development by taking action earlier, as it is less affected by the contact restrictions, but was already slowed down by global supply bottlenecks and the strong price increases for raw materials and energy in the middle of the year. As in other countries, inflationary pressures in the euro zone also partially impacted on consumer prices, although the ECB continues to classify this as a predominantly temporary phenomenon and barely derives any pressure to act on this in terms of monetary policy.

Austria's economy exceeded expectations in the first three quarters of 2021. However, the Delta wave and the accompanying restrictions dampened economic activity again in the fourth quarter. Private consumption in particular reproduces the waves of the pandemic: after the restrictions in the first quarter, it jumped in the second quarter with the opening steps and became the main growth driver in the summer. Industry and the export sector were ahead of the waves in some ways: the recovery was strong early in 2021 and also attracted correspondingly dynamic demand for investment. Around the middle of the year, however, global supply bottlenecks and price increases for energy, raw materials and supplier parts began to increasingly slow down the industrial and export economy. Support for the crisis proved to be very effective, especially in the labour market, with the unemployment rate being low, and problems caused instead by the shortage of skilled workers and qualification mismatches.

As an industrial and export federal state, Upper Austria came through the second year of coronavirus in 2021 comparatively well in economic terms: the manufacturing sector quickly learned to cope relatively well with the "new normal", and the construction sector also displayed strong momentum. The service sector (including tourism) on the other hand, which always suffers from contact restrictions, also plays an important role in Upper Austria, although not a dominant one. The Upper Austrian labour market is also in a correspondingly good position: the number of people in employment increased significantly in 2021 and the number of unemployed fell.

1.2. Business development

Based on its stable course and sustainable orientation, Raiffeisenlandesbank Oberösterreich was able to master the coronavirus-related economic challenges excellently and also to fulfil its responsibility and duties as a major driving force and reliable financial partner in 2021. As a strong regional bank, Raiffeisenlandesbank Oberösterreich is closely linked to the local economy, which is why it was also able to take advantage of the positive economic development for the benefit of its customers. Many companies, whether industrial enterprises or SMEs, have already acted courageously since the beginning of the coronavirus crisis and made investments, in many places either for projects and infrastructure measures that had been planned for a long time or in order to make provisions for the time when easing of restrictions and therefore also economic recovery are possible again.

This Annual Report provides strong evidence that Raiffeisenlandesbank Oberösterreich made the right decisions in dealing with the pandemic, while also driving further development of the company and initiating and implementing many important projects for the future. This also includes measures to further increase efficiency as well as the equity ratio. As Austria's fifth largest bank, Raiffeisenlandesbank Oberösterreich also intends in future to outperform on the high standards imposed on a "significant" bank by the European Central Bank. The goal in all this is also not least to preserve autonomy and secure a sustainable position of strength from which to act.

Customer confidence is reflected in the positive development of the operative customer business. Volume growth was achieved both in deposits and in financing. Raiffeisenlandesbank Oberösterreich increased its financing volume (loans and advances to customers) by a total of EUR 550 million (+2.2%) and its deposits by EUR 883 million (amounts owed to customers +7.0%).

The development of the capital resources is particularly welcome with a Common Equity Tier 1 capital ratio (CET 1 ratio) of 15.98%. The high level of the previous year was thereby increased by a further 0.45 percentage points. The Group's total assets as at 31 December 2021 are at a new high of EUR 51.4 billion, which corresponds to an increase of around EUR 2.9 billion, up 5.9%. The good development of the operating business is also underlined by increases in net interest income (+1.5%, corresponding to EUR 6.5 million) and net fee and commission income (+5.1%, corresponding to EUR 9.7 million).

The result of the companies accounted for using the equity method in the Raiffeisenlandesbank Oberösterreich Group is very positive, amounting to EUR 134.6 million in 2021. While the business performance and valuation of key investments was still hampered by COVID-19 effects in 2020 (result for companies accounted for using the equity method of EUR 84.7 million), the result for companies accounted for using the equity method increased significantly by EUR 49.9 million in 2021. The good current result of voestalpine, Raiffeisenbank International (RBI) and Raiffeisenbank Prague contributed significantly to this. However, negative valuation issues at voestalpine and RBI led to counter-effects in the result from companies accounted for using the equity method.

The Ukraine war, which has been ongoing since the end of February 2022, and the associated sanctions against Russia also have a significant impact on RBI, which is represented by subsidiary banks in Ukraine, Russia and Belarus. Please refer to the note "Events after the reporting date" in this regard.

The result from fair value accounting also increased significantly by EUR 193.9 million to EUR 168.2 million compared to 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.

An excellent result was achieved with a pre-tax profit for the year of EUR 557.8 million (increase of EUR 376.0 million compared to the previous year) and the operating profit of EUR 429.9 million (increase of EUR 68.4 million compared to the previous year).

The strategic direction with a focus on intensive customer orientation in various dimensions contributed towards the good 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 2021'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.

The latest Moody's rating published at the end of September 2021 confirms the stable course of Raiffeisenlandesbank Oberösterreich: the rating agency raised the long-term rating by one grade to A3. The outlook is categorised as stable. The improved rating confirms the excellent creditworthiness and optimal risk management of Raiffeisenlandesbank Oberösterreich. The establishment of a separate deposit protection scheme within the Austrian Raiffeisen sector was also rated positively. In its analysis, the rating agency Moody's highlights in particular the good fundamental data and the positive performance with respect to capital resources, earnings and risk. In addition to the long-term rating, Raiffeisenlandesbank Oberösterreich was also able to improve its baseline rating by one grade. The short-term rating remained stable at P-2.

One major milestone in 2021 was the merger of Raiffeisenlandesbank Oberösterreich AG with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT, which was successfully implemented as planned in the autumn as part of the "LISA 2.1" project. Essential processes, technical infrastructures and IT systems as well working methods were aligned with each other in this process. Product and sales harmonisation also created the basis for providing customers with a uniform product universe and range of services. Both the locations and the established HYPO

Salzburg brand will continue to exist. Within the Raiffeisenlandesbank Oberösterreich Group, it is thus one of several strong brands for focused market development in Salzburg. As part of the Raiffeisenlandesbank Oberösterreich AG Group, SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT is subject to the regulatory requirements of a bank audited by the European Central Bank. In the past, this resulted in high costs and sometimes a duplication of effort.

In the course of the "Lead'25" future project, Raiffeisenlandesbank Oberösterreich has set itself the goal of establishing itself as the "Home of Financial Intelligence". Based on this, a business strategy was developed that describes the new direction of Raiffeisenlandesbank Oberösterreich, contains defined group goals and sets guidelines for the coming years. Customers are placed even more intensively at the centre of our actions with this. Key topics were identified for instance for the market strategy developed in 2021. "Radical customer focus" is understood to mean the principle of driving a focus on customer benefit in all business fields and areas. The goal is a "one-stop shop" experience based on the combined expertise for all financial needs and concerns under one roof. In addition, the use of the entire Raiffeisenlandesbank Oberösterreich network and effective sales management will create more time for proactive customer interaction. With the keywords "Innovation & New Business", Raiffeisenlandesbank Oberösterreich is focusing on gaining new customer segments through innovative products, automation and acceleration of transactions and processes. New digital tools are being used, such as a customer-centric business portal, active data management or video legitimisation. 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.

In addition, a new sustainability strategy was defined in 2021 that addresses the issues of climate protection, regionalism and sustainability on a broad basis within the Group. It is essentially based around three dimensions: ecology, social issues and economy. The decisive factor here is the harmonious equal treatment of social responsibility, economic success and environmental awareness. Sustainable investment opportunities in particular are now in great demand among clients. At KEPLER Fonds KAG, the fund subsidiary of Raiffeisenlandesbank Oberösterreich, around EUR 2.8 billion of the total customer volume of EUR 18.2 billion is attributable to sustainably managed portfolios, with EUR 1.2 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 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 annual results for 2021.

Group structure

As a superordinate banking institute, starting with financial year 2007, Raiffeisenlandesbank Oberösterreich has been obliged to prepare and publish consolidated financial statements in accordance with the IAS Regulation (EC) 1606/2002, abiding by the regulations of the International Financial Reporting Standards (IFRSs). In addition, disclosures and notes are required in accordance with the regulations of the Austrian Banking Act and the Austrian Commercial Code. The Group Management Report has been prepared in accordance with section 267 of the Austrian Commercial Code.

As at 31 December 2021, the basis of consolidation, including Raiffeisenlandesbank Oberösterreich as the parent company, consisted of 156 (previous year: 147) fully consolidated group companies and ten (previous year: ten) companies consolidated using the equity method. Of the fully consolidated entities, one is a bank, 73 are financial institutions based on business activities, 16 are financial institutions based on their function as holding companies, three are providers of ancillary services and 63 are other entities. Please refer to the "Basis of consolidation" section in the Disclosures for details.

Effects of the Basel III implementation

The European supervisory provisions for banks (Basel III implementation in the form of the Capital Requirements Regulation (CRR), Capital Requirements Directive (CRD) and resulting EBA standards) mean that reports required by the supervisory authorities must be submitted at consolidated level in accordance with the provisions of IFRS. However, the group of entities to be included in these consolidated reports is determined by the CRR. Essentially, this group of entities only includes banks, financial institutions, financial institutions on the basis of business activity or holding entity function and providers of ancillary services, but it does not include any other entities that are also included in the IFRS Raiffeisenlandesbank Oberösterreich Group.

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, European legal developments in the area of banking supervisory law are particularly significant.

The further development of the CRR (Capital Requirements Regulation) and the CRD (Capital Requirements Directive) at European level is currently being closely monitored and the first drafts published in October 2021, which will lead to new and to some extent extensive changes ("CRR III", "CRD VI"), are the subject of in-depth internal bank analyses. Raiffeisenlandesbank Oberösterreich expects the legal texts to be finalised at the end of 2022 or beginning of 2023 and to be applied from January 2025.

Raiffeisenlandesbank Oberösterreich will make the best possible preparations for implementation in this regard.

Other significant standards with which Raiffeisenlandesbank Oberösterreich was confronted in 2021 include:

- the amendments to the Austrian Banking Act (Bankwesengesetz – BWG) and the Federal Act on the Recovery and Resolution of Banks (Bundesgesetz über die Sanierung und Abwicklung von Banken – BaSAG), which were published in the Federal Law Gazette at the end of May 2021 and which transposed Directives (EU) 2019/879 (Banking Recovery and Resolution Directive – "BRRD II") and 2019/878 ("CRD V") into national law, as well as Regulation (EU) 2019/876 ("CRR II"), which has been largely applicable since the end of June 2021;
- the ECB's Fit & Proper Guide of December 2021,
- the EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06), on sound remuneration policies in accordance with Directive 2013/36/EU (EBA/GL/2021/04), and on internal governance (EBA/GL/2021/05), all of which were published in July 2021;
- the new version of the Pfandbrief Act, which transposes Directive (EU) 2019/2162 on the issuance of covered bonds and the public supervision of covered bonds into Austrian law (entry into force: July 2022);
- the Implementing Regulation (EU) 2021/637, which specifies the disclosure obligations of the CRR, as well as the Implementing Regulation (EU) 2021/451, which specifies the reporting requirements of the CRR and which replaces the previous and very significant Implementing Regulation (EU) 680/2014;
- the EBA Final Report of May 2021 (EBA/RTS/2021/05), which amends Delegated Regulation (EU) 241/2014 (which contains specifics on the design of own funds and eligible liabilities);
- as well as the EBA Guidelines on Loan Origination and Monitoring (EBA/GL/2020/06), which have been applicable since the end of June 2021.

Raiffeisenlandesbank Oberösterreich also focused on the following topics:

Sustainable Finance

A more in-depth examination of climate and environmental risks (self-assessment and action plan for the European Central Bank) was carried out in the 2021 financial year.

The Taxonomy Regulation as well as delegated acts based on it (in particular the Delegated Regulation on Article 8 Taxonomy Regulation) were (and are) also essential regulatory requirements. The various disclosure requirements and the associated questions of interpretation for the industry must be emphasised in this context.

It is also worth mentioning that the technical implementation standard for supervisory disclosures on ESG risks in accordance with Article 449a CRR was already subject to regulatory focus from the consultation phase. This will be applied for the first time in the current financial year.

In summary, it can be said that sustainability law, which sees banks as the hub of the monetary system and therefore attributes to them an essential role on the path towards climate neutrality, has grown enormously in importance. Further regulatory requirements and challenges are to be expected here in the coming years.

COVID-19 legislation

The impact of the COVID-19 pandemic on legislation was felt primarily at the Austrian level in 2021. For Raiffeisenlandesbank Oberösterreich, the focus in this regard was and is on the various COVID-19 "regulatory standards", which in some cases significantly influence the daily banking business. The COVID-19 Measures Regulation, the COVID-19 Emergency Measures Regulation and the COVID-19 Safeguards Regulation and their ongoing amendments should be mentioned in particular. In addition, the COVID-related changes in company law (possibility of holding virtual meetings) and the funding system are analysed on an ongoing basis.

Raiffeisenlandesbank Oberösterreich expects another significantly and above all rapidly changing regulatory environment for 2022, including due to the pandemic developments. As previously, Raiffeisenlandesbank Oberösterreich will proactively monitor the regulatory developments, implement resulting changes and take them into account in its business activities.

Business development in the segments

In the Raiffeisenlandesbank OÖ 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

In 2021, the Corporates segment contributed EUR 190.7 million pre-tax profit for the year (previous year: EUR 76.9 million). The increase in the result compared to the previous year is mainly due to the significantly lower loan loss allowances and an increase in net interest income.

Retail & Private Banking

The Retail & Private Banking segment generated an overall positive contribution to pre-tax profit for the year of EUR 10.8 million (previous year: EUR 18.2 million). In this segment, there is an overall decline in results compared to the previous year, despite lower loan loss allowances.

Financial Markets

The Financial Markets segment made a positive contribution to the pre-tax profit for the year amounting to EUR 128.9 million in 2021 (previous year: EUR 19.2 million). In this segment, the highly positive result from fair value accounting in 2021 compared to the negative result of the previous year is reflected in this item.

Equity Investments

The Equity Investments segment is divided into four investment portfolios from an organisational perspective: “Banks & Financial Institutions”, “Outsourcing & banking-related investments”, “Property” and “Opportunity & Partner Capital”. Overall, the Equity Investments segment generated pre-tax profit for the year of EUR 288.8 million in 2021 (previous year: EUR 118.2 million). For a quantitative presentation of the companies accounted for using the equity method, please refer to the relevant figures and information in the Notes.

The Banks and Financial Institutions portfolio encompasses Raiffeisenlandesbank Oberösterreich's equity investments in banks and other financial institutions (leasing, factoring, asset management entities). These strategic investments in financial institutions significantly strengthen Raiffeisenlandesbank Oberösterreich's market position and make it possible to provide comprehensive customer assistance in existing and new markets and to expand and round out the products and services of Raiffeisenlandesbank Oberösterreich. SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT was merged with Raiffeisenlandesbank Oberösterreich Aktiengesellschaft in 2021 as planned – its business activities are therefore reported in the relevant business segments and no longer in the Equity Investments segment as before. The presentation of the comparative year 2020 in the segment reporting was also adjusted accordingly.

Raiffeisenbank International AG (RBI) constitutes Raiffeisenlandesbank Oberösterreich’s largest equity investment, equating to an indirect holding of approximately 9.5%. RBI is the central institution in the Raiffeisen Banking Group Austria and considers Austria, together with Central and Eastern Europe (CEE), to be its home market. In Austria, the RBI is a leading commercial and investment bank and forms part of the largest banking group in the country. In Central and Eastern Europe (CEE), the RBI acts as a universal bank via its subsidiary banks and is one of the largest financial services providers in the region.

Raiffeisenlandesbank Oberösterreich’s 25% interest in Raiffeisenbank a.s. also represents a significant equity investment in the Banks & Financial Institutions portfolio. Raiffeisenbank a.s. has grown very steadily over the last few years, and the share of the profit from this equity-accounted investment makes a stable contribution to the consolidated net profit of Raiffeisenlandesbank Oberösterreich.

Oberösterreichische Landesbank AG (Hypo OÖ) is also accounted for at equity. Hypo OÖ is a bank with strong regional roots and has also achieved constant, favourable results over the years.

Equity investments in IT, services (insurance brokers, etc.) and tourism are part of the portfolio “Outsourcing & Banking-related Investments”. Banking-related services represent an important add-on to conventional banking services for Raiffeisenlandesbank Oberösterreich and its customers, and they are also sometimes needed within the Group and the Raiffeisen Banking Group.

The “Real Estate” portfolio brings together all the equity investments in the real estate sector (real estate service providers, investment-property companies, housing development entities, etc.) The activities undertaken are down to structuring of the portfolio of holdings and in optimisation measures to ensure sustainable earnings and dividend potential.

The performance of the equity-accounted “Beteiligungs- und Wohnungsanlagen” Group (Beteiligungs- und Wohnungsanlagen GmbH and WAG Wohnungsanlagen GmbH), together with the “Beteiligungs- und Immobilien” Group (Beteiligungs- und Immobilien GmbH und EBS Wohnungsgesellschaft mbH), was in line with forecasts, delivering a steady contribution to earnings.

The Venture and Partner Capital portfolio comprises equity investments in industrial and foodstuffs sectors, complemented by shares in private equity entities. The main focus in the Opportunity & Partner Capital portfolio is on strengthening the equity base for rapidly expanding companies in order to ensure these companies enjoy sustainable earnings potential, thus enabling the portfolio to share in rising enterprise values. Moreover, equity is used to support company successions and acquisitions. Venture and Partner Capital is also deployed to bolster Upper Austrian core businesses such as voestalpine AG and AMAG AG.

The voestalpine Group is an internationally leading technology and industrial commodity group within its sectors. The global group of companies has approximately 500 Group companies and locations in more than 50 countries on all five continents. The development of the voestalpine Group in the first three quarters of the 2021/22 financial year was characterised by robust demand for high-quality products from the steel and technology group in all market and product segments. The volatility of raw material costs and the jump in energy prices towards the end of the third financial quarter represented a challenge.

Overall, the voestalpine Group recorded revenue growth from EUR 7.97 billion in the previous period to EUR 10.89 billion, with all segments recording high increases. This had a positive effect on the development of results. Measured in terms of EBITDA, the consolidated result of EUR 1,545.8 million is significantly above the previous year's level of EUR 682.9 million. voestalpine Group's EBIT for the current reporting period is EUR 947.4 million (previous year: EUR -133.7 million).

AMAG is a leading Austrian premium provider of high-quality aluminium cast and rolled products. High-quality primary aluminium with an outstanding life cycle assessment is produced using the electrolysis process of the Canadian Alouette company, in which AMAG has a 20% holding. After the previous 2020 financial year suffered from the negative consequences of the COVID-19 pandemic, AMAG's 2021 financial year was substantially characterised by a strong increase in demand for aluminium products and correspondingly high production capacity utilisation. Almost all relevant industries showed a clearly positive development in demand for aluminium rolled products and recycling foundry alloys. Only sales in the aviation industry are still noticeably below the pre-crisis level of 2019, although developments with these were increasingly positive from mid-2021 onwards. Towards the end of the 2021 financial year, impaired supply chains and rising cost inflation, particularly in the areas of energy and logistics, affected the general economic environment. However, thanks to a secure procurement strategy and optimisation of the product mix, AMAG was able to increase the total sales volume by 9.3% to 442,300 tonnes. Supported by a significantly higher price for aluminium, a new revenue record in AMAG's history was achieved at EUR 1,259.4 million (2020: EUR 904.2 million). Group EBITDA also reached an all-time high of EUR 186.2 million in the 2021 financial year (2020: EUR 108.2 million).

In the food sector, the “VIVATIS Holding AG” Group and efko Frischfrucht und Delikatessen GmbH are among the most important companies in the Austrian food and luxury foods sector. The past financial year was once again significantly influenced by the COVID-19 pandemic and its effects. While sales in the hotel and restaurant catering sector were once again significantly below expectations due to the long-term lockdowns in 2021, sales of products and services for the food retail sector continued to develop positively – especially for products with a longer shelf life. The sales situation in the mass catering segment remained subdued, especially in the areas of event and education catering (schools, kindergartens) as well as professional catering. As in 2020, this was due to the high “home schooling” and “home office” rates, especially in the first half of 2021. The food logistics and carcass processing segments were largely spared the effects of the COVID-19 pandemic.

In addition to the professional management of the coronavirus pandemic, the main focus in 2021 from an internal perspective was to pursue strategic growth steps. The growing fresh convenience sector was further strengthened and expanded thanks to the stake in the Wojnar group of companies. In the event catering segment, Gerstner, an established caterer based in Vienna, was integrated into the group. The procurement of raw materials is one of the key strategic challenges for efko. The return to regional Austrian products and produce resulting from the pandemic must generally be seen as positive.

In addition to its branches, Raiffeisenlandesbank Oberösterreich is also represented in Europe by companies of the “IMPULS-LEASING” Group. After providing services in Southern Germany and Czechia through subsidiaries for more than two decades, the “IMPULS-LEASING” Group has had leasing companies in Romania, Croatia and Poland since 2006/2007. The companies focus on financing vehicles, machinery and technical equipment; real estate leasing and fleet management are also offered as services in Southern Germany. The focus is on serving corporate customers and there are also long-standing partnerships with producers and traders. The “IMPULS-LEASING” group is represented by six branches in Southern Germany and 30 branches in Eastern European countries. The companies have now achieved strong market positions in all markets.

Corporate Center

The Corporate Center segment includes content for income and expenses which does not fit into any other segment. In the 2021 financial year, this segment showed a pre-tax loss for the year of EUR -61.3 million (previous year: EUR -50.8 million).

Income statement

	2021 IN EUR M	2020 IN EUR M	Change IN EUR M	Change IN %
Net interest income	429.0	422.5	6.5	1.5%
Loan loss allowances	-39.6	-157.5	117.9	-74.9%
Net interest income after loan loss allowances	389.4	265.0	124.4	46.9%
Share of profit or loss of equity-accounted companies	-134.6	84.7	49.9	59.0%
Net fee and commission income	**199.1**	**189.4**	**9.7**	**5.1%**
Net income from trading operations	10.3	12.3	-2.0	-16.2%.
Net income from financial instruments carried at fair value	168.2	-25.7	193.9	>300%
Net income from other financial instruments	-0.7	3.5	-4.2	-120.6%
Other net financial income	**177.8**	**-9.8**	**187.7**	**>300%**
General administrative expenses	-543.5	-524.0	-19.5	3.7%
General administrative expenses OÖ Wohnbau	-34.7	-32.6	-2.1	6.4%
General administrative expenses VIVATIS/efko	-297.2	-279.7	-17.5	6.3%
Other net operating income	159.1	152.2	6.9	4.5%
Other net operating income OÖ Wohnbau	49.9	46.0	3.9	8.5%
Other net operating income VIVATIS/efko	323.3	290.7	32.6	11.2%
Pre-tax profit for the year	**557.8**	**181.8**	**376.0**	**206.9%**
Taxes on income and earnings	-92.8	-18.8	-74.0	>300%
After-tax profit for the year	**464.9**	**163.0**	**302.0**	**185.3%**
Operating profit	**429.9**	**361.5**	**68.4**	**18.9%**

Net interest income in the 2021 financial year is EUR 429.0 million (previous year: EUR 422.5 million). This resulted from the increased demand for loans from customers as well as interest rate advantages in connection with the 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.

In comparison to the previous year, loan loss allowances fell by EUR 117.9 million to EUR 39.6 million (previous year: EUR -157.5 million). The lower loan loss allowances are mainly related to the fact that statistically formed risk provisions in connection with the COVID-19 pandemic in particular were very high in 2020, while there were some minor releases in this area in 2021. Please refer to the "Accounting and valuation methods" section for details, as well as to the breakdown of loan loss allowances in the Notes.

In 2021, the results from investments accounted for using the equity method amounted to EUR 134.6 million (previous year: EUR 84.7 million). The write-down on RBI amounted to EUR -125.9 million (previous year: EUR -110.7 million). The net result of Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG of EUR 56.2 million is down slightly (previous year: EUR 80.1 million). Despite good current results in 2021, a value adjustment of EUR -24.5 million had to be carried out at the end of the year on the lower stock market price of the shares in voestalpine AG (previous year: reversal of impairment loss of EUR +140.7 million). 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 9.7 million, or 5.1%, to EUR 199.1 million (previous year: EUR 189.4 million). Please refer to the "Net fee and commission income" section in the Disclosures 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 177.8 million in the 2021 financial year (previous year: EUR -9.8 million). Net income from trading operations amounted to EUR 10.3 million in the reporting year (previous year: EUR 12.3 million). The result from financial instruments recognised at fair value in the amount of EUR 168.2 million (previous year: EUR -25.7 million) results mainly from the fair value accounting of equity instruments. In addition, there are positive valuation effects from other financial instruments due to the strong increase in interest rates in the 2021 financial year and the positive amortisation of past valuation losses. 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, with the result that the interest rate risk in the fair value position and the resulting valuation effects were reduced further. The result from other financial instruments in the 2021 financial year came to EUR -0.7 million (previous year: EUR 3.5 million).

Personnel expenses, general administrative expenses, depreciation and amortisation are recognised in the income statement under "General administrative expenses". In 2021, general administrative expenses at the "OÖ Wohnbau" companies remained virtually unchanged year on year at EUR -34.7 million (previous year: EUR -32.6 million). The 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 – rose at a year-on-year rate of 6.3% to EUR -297.2 million (previous year: EUR -279.7 million). The other Group companies, including Raiffeisenlandesbank Oberösterreich, saw a slight 3.7% increase to EUR -543.5 million (previous year: EUR -524.0 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 49.9 million, which represented an increase in this figure compared to the previous year (previous year: EUR 46.0 million). The companies in the food sector (VIVATIS/efko) saw a rise in other net operating income of 11.2% to EUR 323.3 million (previous year: EUR 290.7 million). The other Group companies saw a slight increase of 4.5% to EUR 159.1 million (previous year: EUR 152.2 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 -8.6 million (previous year: EUR -20.9 million) as well as expenses of EUR -24.4 million for contributions to the resolution fund in accordance with the Austrian Bank Recovery and Resolution Act (BaSAG) (previous year: EUR -20.3 million) and expenses of EUR -6.4 million for contributions to the deposit guarantee scheme in accordance with the Austrian Deposit Guarantee and Investor Compensation Act (ESAEG) (previous year: EUR -4.9 million).

The pre-tax profit for the year increased by EUR 376.0 million to EUR 557.8 million in 2021 (previous year: EUR 181.8 million). Taxes on income were reported at EUR -92.8 million compared to the previous year (previous year: EUR -18.8 million). This includes regular taxes on income, as well as deferred taxes. Please refer to the section “Taxes on income” in the Notes for details.

After-tax profit for the year came to EUR 464.9 million for the 2021 financial year (previous year: EUR 163.0 million).

Operating income – which comprises 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 1,305.3 million (previous year: EUR 1,197.8 million). Operating expenses, which correspond to the general administrative expenses line item, came to EUR -875.4 million (previous year: EUR -836.3 million). The Group therefore generated an operating profit of EUR 429.9 million (previous year: EUR 361.5 million).

Statement of comprehensive income

IN EUR M	2021	2020
After-tax profit for the year	**464.9**	**163.0**
Remeasurement gains/losses on OCI debt instruments (FVOCI)	-54.9	5.6
Remeasurement gains/losses on own credit risk for financial liabilities accounted for at fair value	-18.5	11.3
Share of other comprehensive income of equity-accounted companies	33.0	-88.8
Actuarial gains and losses	4.4	-2.3
Additional other net profit/loss	-2.2	-0.1
Taxes recognised in respect of this amount	17.7	-4.0
Total other comprehensive income (OCI)	**-20.5**	**-78.4**
Comprehensive income	**444.5**	**84.5**

Other comprehensive income (OCI) in 2021 was reported at EUR -20.5 million (previous year: EUR -78.4 million).

In the case of the debt instruments held in the FVOCI category, the valuation losses in the 2021 financial year amount to EUR -54.9 million (previous year: EUR 5.6 million) mainly due to negative effects from the maturing of positions and are reinforced by valuation losses due to an increase in interest rates. The valuation losses from the Bank’s own credit risks on financial liabilities recognised at fair value amount to EUR -18.5 million (previous year: EUR 11.3 million) are generally due to a narrowing of the valuation spreads of the Bank’s own issues.

The other results from companies accounted for using the equity method originate from positive foreign currency effects in the case of the investments in Raiffeisenbank International AG and Raiffeisenbank a.s., as well as from various OCI effects in the case of the investment in Invest OG/voestalpine.

The remaining other comprehensive income – consisting of remeasurement gains/losses associated with the hedge of a net investment in foreign operations and foreign exchange differences – amounted to EUR -2.2 million in 2021 (previous year: EUR -0.1 million).

Deferred taxes recognised in respect of other comprehensive income increased to EUR 17.7 million, mainly due to remeasurement gains/losses in connection with OCI debt instruments and own credit risks (previous year: EUR -4.0 million).

Comprehensive income came to EUR 444.5 million in 2021 (previous year: EUR 84.5 million).

Changes in the statement of financial position

The consolidated statement of financial position of Raiffeisenlandesbank Oberösterreich rose by EUR 2,878 million, or 5.9%, year on year and amounted to EUR 51,447 million as at the end of the financial year (previous year: EUR 48,569 million).

Assets	31 Dec. 2021 IN EUR M	31 Dec. 2021 IN %	31 Dec. 2020 IN EUR M	31 Dec. 2020 IN %	Change IN EUR M	Change IN %
Loans and advances to banks	14,045	27.3	11,263	23.2	2,782	24.7
(of which to Raiffeisen banks)	(1,528)	(3.0)	(1,191)	(2.5)	(337)	(28.3)
Loans and advances to customers	25,295	49.2	24,745	50.9	550	2.2
Trading assets	1,800	3.5	2,396	4.9	-596	-24.9
Financial assets	5,486	10.7	5,753	11.8	-267	-4.6
Equity-accounted companies	2,274	4.4	2,103	4.3	172	8.2
Other assets	2,545	4.9	2,310	4.8	236	10.2
Total	**51,447**	**100.0**	**48,569**	**100.0**	**2,878**	**5.9**

Loans and advances to banks increased during the course of 2021 by EUR 2,782 million or 24.7 per cent to EUR 14,045 million (previous year: EUR 11,263 million). The increase is mainly due to higher liquidity reserves held in the deposit facility of the OeNB. In addition, higher volumes were invested with Upper Austrian Raiffeisen banks in the past financial year, which is why EUR 1,528 million of the total loans and advances to banks (previous year: EUR 1,191 million) relates to refinancing to Upper Austrian Raiffeisen banks.

Loans and advances to customers rose by 2.2%, or EUR 550 million, to EUR 25,295 million (previous year: EUR 24,745 million). This growth is primarily based on increased investment activities in the Corporates and SME sector.

Trading assets – consisting of bonds and other fixed-income securities plus derivatives with positive market values – had a carrying amount of EUR 1,800 million as at 31 December 2021 (previous year: EUR 2,396 million). Compared with the figures of the previous year, this was down by EUR -596 million, or -24.9%, and was due largely to changes in the fair value of derivative exposures.

Financial assets decreased by EUR -267 million or -4.6% to EUR 5,486 million compared to the previous year (previous year: EUR 5,753 million).

The carrying amount of companies accounted for using the equity method reported as of 31 December 2021 was EUR 2,274 million (previous year: EUR 2,103 million). Please refer to the section "Equity-accounted companies" in the Disclosures for details.

Other items – consisting of cash and cash equivalents, value adjustment from portfolio fair value hedge, intangible assets, property, plant and equipment, investment property, current and deferred tax assets as well as other assets – increased year-on-year by EUR 236 million or 10.2% to EUR 2,545 million (previous year: EUR 2,310 million).

Equity and liabilities	31 Dec. 2021 IN EUR M	31 Dec. 2021 IN %	31 Dec. 2020 IN EUR M	31 Dec. 2020 IN %	Change IN EUR M	Change IN %
Amounts owed to banks	20,268	39.4	17,896	36.8	2,372	13.3
(of which to Raiffeisen banks)	(7,408)	(14.4)	(7,428)	(-15.3)	(-20)	(-0.3)
Amounts owed to customers	13,501	26.2	12,618	26.0	883	7.0
Trading liabilities	1,444	2.8	1,911	3.9	-467	-24.4
Liabilities evidenced by certificates	8,944	17.4	9,439	19.4	-495	-5.2
Subordinated capital	1,084	2.1	1,016	2.1	68	6.7
Other assets	1,047	2.0	923	1.9	124	13.5
Equity	5,159	10.0	4,766	9.8	393	8.2
Total	**51,447**	**100.0**	**48,569**	**100.0**	**2,878**	**5.9**

Compared to the preceding year, amounts owed to banks changed by EUR 2,372 million or 13.3% to a level of EUR 20,268 million (previous year: EUR 17,896 million). The increase primarily results from the participation once again in the ECB's long-term tender (TLTRO III). On the other hand, repayments of interbank refinancing at the end of 2021 reduced the result. Of the amounts owed to banks, EUR 7,408 million (previous year: EUR 7,428 million) is owed to Upper Austrian Raiffeisen banks.

Amounts owed to customers rose by EUR 883 million, or 7.0%, to EUR 13,501 million (previous year: EUR 12,618 million). Trading liabilities – consisting of interest rate/foreign exchange/equity/index-related and other business – show as of 31 December 2021 a carrying amount of EUR 1,444 million (previous year: EUR 1,911 million). This equated to a decline of EUR -467 million, or -24.4%, which was attributable for the most part to derivative interest rate transactions.

Liabilities evidenced by certificates decreased by EUR -495 million or -5.2% to a carrying amount of EUR 8,944 million as at 31 December 2021 (previous year: EUR 9,439 million) and comprised the following:

- bonds issued in the amount of EUR 4,804 million (previous year: EUR 4,860 million),
- listed and unlisted mortgage/municipal bonds amounting to EUR 426 million (previous year: EUR 447 million) and
- other securitised liabilities amounting to EUR 3,714 million (previous year: EUR 4,131 million).

Of the securitised liabilities, EUR 3,070 million (previous year: EUR 2,829 million) is attributable to covered bonds. Subordinated capital is reported with a value of EUR 1,084 million as at 31 December 2021 (previous year: EUR 1,016 million), an increase of EUR 68 million or 6.7%. This change stemmed from higher levels of new issues when compared with redemptions. 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 2,498 million (previous year: EUR 2,793 million) of the total outstanding volume.

The remaining items – consisting of provisions, current and deferred tax liabilities and other liabilities – rose to EUR 1,047 million (previous year: EUR 923 million).

Equity capital is comprised as follows at the reporting date:

IN EUR M	31 Dec. 2021	31 Dec. 2020
Share capital	277.6	277.6
Capital reserves	972.0	972.0
Retained earnings	3,702.6	3,340.9
Non-controlling interests	206.9	175.6
Total	**5,159.1**	**4,766.1**

For details, please refer to the statement of changes in equity and the “Equity” section in the Disclosures.

1.3. Report on the bank branches, regional branches and subsidiaries

Bank branches

As at 31 December 2021, the Raiffeisenlandesbank Oberösterreich Group had a total of 39 branches (previous year: 40) and nine (previous year: nine) branches in Germany. The 39 branches consist of 14 branches in Upper Austria, one in Vienna and also 24 branches in Salzburg since the merger with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT in September 2021. Raiffeisenlandesbank Oberösterreich places particular emphasis on combining digital products with personal advice and support at the branches.

Regional branch offices and subsidiaries abroad

Raiffeisenlandesbank Oberösterreich has had branches in Southern Germany since 1991. It supports growth-oriented companies in this dynamic economic region with customer and future-oriented financing models. As at the end of 2021, Raiffeisenlandesbank Oberösterreich had a presence at a total of nine locations in Bavaria and Baden-Württemberg (Augsburg, Passau, Nuremberg, Munich, Regensburg, Würzburg, Ulm, Stuttgart and Heilbronn). The main focus for support activities is on customers from industry, medium-sized enterprises and affluent private customers.

Raiffeisenlandesbank Oberösterreich also has a branch in neighbouring Czechia, in the capital city of Prague. From here, it supports corporate clients with a broad range of professional financial services based its usual high degree of focus on the customer. After almost 20 years at the Prague location, PRIVAT BANK withdrew from the Czech market at the end of 2021 and will transfer its business to Raiffeisenbank a.s. Consolidating the private banking activities in Czechia under one roof is the best solution in terms of optimal customer focus and further development of services in the Raiffeisen sector. Raiffeisenbank a.s. is 25% owned by Raiffeisenlandesbank Oberösterreich.

In addition to its branches, Raiffeisenlandesbank Oberösterreich is also represented in Europe by companies of the “IMPULS-LEASING” Group. After providing services in Southern Germany and Czechia through subsidiaries for more than two decades, the “IMPULS-LEASING” Group has had leasing companies in Romania, Croatia and Poland since 2006/2007. The focus is on serving corporate clients, with the companies concentrating on financing vehicles, machinery and technical equipment. The “IMPULSE-LEASING” Group has six branches in Southern Germany (previous year: six) and 30 branches in Eastern European countries (previous year: 35).

For a quantitative description by geographic region, see the section “Country-by-country reporting” in the Disclosures.

1.4. Financial and non-financial performance indicators

Financial performance indicators

The key figures used in international comparisons and for internal controls are as follows:

Key income figures

- The return on equity – calculated as the percentage ratio of pre-tax profit for the year to average Group equity (ascertained as the average of the opening and closing balances of equity in the Group) – is 11.2% in 2021 (previous year: 3.8%). The increase compared to the previous year is mainly due to a higher pre-tax profit for the year as at 31 December 2021. For details, please refer to the “Income statement” section.
- The return on assets – calculated as the percentage ratio of pre-tax profit for the year to the average consolidated statement of financial position (ascertained as the average of the opening and closing balances of the consolidated statement of financial position) – is 1.1% in 2021 (previous year: 0.4%). The increase compared to the previous year is in turn mainly due to a higher pre-tax profit for the year as at 31 December 2021.

- The cost of risk – calculated as the expense for loan loss allowances in relation to the volume of loans/bonds and the portfolio of off-balance sheet transactions – is -0.04% in 2021 (previous year: -0.29%). The decrease compared to the previous year is mainly due to the above-average loan loss allowances in 2020 in connection with the COVID-19 issue.

Key liquidity figures

- The NSFR (Net Stable Funding Ratio; see glossary for definition) has been mandatory since 30 June 2021 with a statutory minimum ratio of 100%. The NSFR as at 31 December 2021 is 128.92% (previous year: 121.57%) at the level of the top financial holding company (the group of consolidated entities in accordance with the CRR in the registered cooperative society RBG OÖ Verbund eGen) and is therefore significantly above the statutory minimum.
- The LCR (Liquidity Coverage Ratio; see glossary for definition) as at 31 December 2021 is 186.14% (previous year 167.10%) at the level of the top financial holding company (the group of consolidated entities in accordance with the CRR in the registered cooperative society RBG OÖ Verbund eGen) and therefore clearly exceeds the 100% required by law.
- The survival period as at 31 December 2021 was greater than 365 days, well above the minimum period of 30 days stipulated in the CEBS (Committee of European Banking Supervisors) guidelines.

Asset quality indicators

The asset quality indicators included amongst the recovery indicators outlined in the Bank Recovery and Resolution Act (BaSAG) illustrate any and all changes in the Bank's portfolio (CRR of the Raiffeisen Banking Group Upper Austria Group eGen). The focus is placed on credit risk (including counterparty risk). For the purposes of determining non-performing loans (NPLs), the definition of "non-performing" specified in accordance with EBA regulations is applied in the BaSAG indicators.

The thresholds of the asset quality indicators were determined in such a way that there are still sufficient buffers in place above and beyond the limits set internally (now regulatory minimum quotas set by the regulators), in order to ensure there is an opportunity to react or take restructuring measures before the restructuring threshold is breached.

- Coverage ratio I refers to the level of loss allowances allocated in relation to non-performing loans. The ratio expresses the institution's ability to absorb potential losses resulting from the Non Performing portfolio. At Group level (the group of consolidated entities in accordance with the CRR in the registered cooperative society RBG OÖ Verbund eGen), the coverage ratio I as at 31 December 2021 was 33.0% (previous year: 40.3%). The deterioration in Coverage Ratio I is due in particular to the reversal of loan loss allowances for large individual cases in the course of their economic improvement and the default of a large loan case, which is subject to below-average provisions due to strong collateralisation.
- Coverage ratio II refers to the level of loss allowances and securities allocated in relation to non-performing loans. The ratio expresses the institution's ability to absorb potential losses resulting from the Non Performing portfolio. The difference between coverage ratio I and II is that coverage ratio II includes securities. At Group level (the group of consolidated entities in accordance with the CRR in the registered cooperative society RBG OÖ Verbund eGen), the coverage ratio II as at 31 December 2021 was 82.9% (previous year: 78.8%).
- The NPL rate of change (in %) indicates how fast the portfolio of non-performing loans is changing. This had a direct impact on the results and on the bank's equity. As at the end of 2021, the NPL rate of change (based on one year) at Group level (the group of consolidated entities in accordance with the CRR in the registered cooperative society RBG OÖ Verbund eGen) was 30.5% (previous year: 9.0%). The portfolio of non-performing loans increased compared to the previous year mainly due to the default of a large loan case.
- The NPL ratio (ratio of non-performing loans exposure to total exposure) provides an indication of the portfolio of non-performing loans. At Group level (the group of consolidated entities in accordance with the CRR in the registered cooperative society RBG OÖ Verbund eGen), this ratio was 2.1% as at 31 December 2021 (previous year: 1.8%).

Please consult the Risk Report in the Notes for related, additional risk indexes which are used internally at Raiffeisenlandesbank Oberösterreich, and which are determined according to a different set of customary definitions and calculations.

Key equity and solvency figures

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

At year-end 2021, the Common Equity Tier 1 (CET 1) capital amounted to EUR 4,594.6 million (previous year: EUR 4,333.3 million). The increase chiefly results from the addition of the consolidated annual results attributable to the owners of the parent company less foreseeable expenditures and dividends. The Tier 1 capital (T 1) is also reported at EUR 4,594.6 million (previous year: EUR 4,333.3 million).

As at 31 December 2021, Tier 2 capital (T 2) was stated at EUR 430.8 million (previous year: EUR 448.2 million). Transitional provisions from qualified equity instruments (non-controlling instruments) belonging to the Tier 2 capital had an effect on Tier 2. The decrease is due to higher amortisation of Tier 2 capital instruments according to Article 64 CRR compared to new issues.

Total capital (TC) comprises Tier 1 capital and Tier 2 capital and amounted to EUR 5,025.4 million as at 31 December 2021 (previous year: EUR 4,781.5 million).

The risk-weighted assets (RWA) is reported as at 31 December 2021 at EUR 28,748.0 million (previous year: EUR 27,907.1 million). The increase in risk-weighted assets results from the general business development in the areas of risk items in relation to institutions, companies and in the risk items collateralised by real estate.

As at the end of the 2021 financial year, the regulatory capital ratios reported in accordance with the CRR were as follows: Common Equity Tier 1 capital ratio, 16.0% (previous year: 15.5%); Tier 1 capital ratio, 16.0% (previous year: 15.5%); and total capital ratio, 17.5% (previous year: 17.1%). The ratios are calculated on the total risk-weighted assets in accordance with Article 92 CRR.

In accordance with section 23 of the Austrian Banking Act, the capital maintenance buffer as of 31 December 2021 is 2.50% (previous year: 2.50%). This must be held in Common Equity Tier 1 capital.

In accordance with section 23d of the Austrian Banking Act in conjunction with sections 6 and 7 of the Capital Buffer Regulation (KP-V) of the FMA, Raiffeisenlandesbank Oberösterreich has prescribed a buffer for systemic vulnerability (systemic risk buffer) and a buffer for systemically important institutions (O-SRI) of 0.5% in each case based on the consolidated situation of RBG OÖ Verbund eGen and on an individual basis. These were reduced from 1.0% to 0.5% with 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 GDP. It is equivalent to between 0% and 2.5% of the risk-weighted assets and is held in Common Equity Tier 1 capital.

As at 31 December 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 2022 will, similarly to 2021, be insignificant in size.

Please refer to the disclosures on consolidated regulatory own funds in the Notes for further details of own funds and the capital requirements.

Institutional protection scheme

An IPS is a liability or indemnity agreement – created by means of a contractual agreement or through articles of association, statutes or charters – that provides protection for member banks in a decentralised banking group. Such an agreement sets out the terms on which the member banks stand together and provide mutual solidarity. Pursuant to Article 49 CRR, in the determining their capital and reserves credit, institutions must deduct their positions in equity instruments of other credit institutions, except where exempted under Article 49 (3) CRR in conjunction with Art. 113 (7) CRR as part of an existing IPS.

On 21 December 2020, Raiffeisen Bank International AG, the Raiffeisenlandesbanks and the Raiffeisen Banks submitted applications to the FMA and the ECB to establish a new institution-based protection scheme ("Raiffeisen-IPS") consisting of RBI and its Austrian subsidiary banks, all Raiffeisenlandesbanks and the Austrian Raiffeisen Banks and to join a cooperative under the name "Österreichische Raiffeisen-Sicherungseinrichtung eGen" for the purpose of statutory deposit protection and investor compensation pursuant to the Austrian Deposit Guarantee and Investor Compensation Act (ESAEG).

This new Raiffeisen IPS was approved with legal validity by the supervisory authorities ECB on 12 May 2021 and FMA on 18 May 2021, and this new IPS was also recognised as a deposit protection and investor compensation scheme in accordance with the ESAEG on 28 May 2021. The institutions of the Raiffeisen Banking Group Upper Austria withdrew from the AUSTRIA deposit guarantee scheme as of 29 November 2021. As of this date, Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS, formerly Sektorrisiko eGen) is the guarantee scheme responsible.

The existing institution-based protection schemes at federal and provincial level (B-IPS, L-IPS) were dissolved before the end of June 2021 in accordance with the notice for the Raiffeisen-IPS before transferring their special assets to the new Raiffeisen-IPS.

In Upper Austria, all members of the former L-IPS passed the necessary resolutions to join the new Raiffeisen-IPS. All members represented in the former L-IPS have therefore now also joined the new Raiffeisen-IPS.

ÖRS performs early risk identification and reporting for the Raiffeisen IPS and, in particular, manages the fund resources for the IPS and the fund for the statutory deposit guarantee. The Raiffeisen IPS is controlled by the Overall Risk Council, which is composed of representatives of RBI, the Raiffeisenlandesbanks and the Raiffeisen Banks. It is supported in the performance of its tasks by risk councils at the federal state level, among other bodies.

A new Raiffeisen IPS agreement was created with the IPS agreement dated 15 March 2021, replacing the previous IPS structure consisting of federal state IPSs and a national federal IPS. The new uniform Raiffeisen IPS comprises more than 350 Raiffeisen banks, the eight Raiffeisenlandesbanks and Raiffeisen Bank International AG.

The new Raiffeisen IPS represents an institution-related protection scheme pursuant to Articles 49 (3) and 113 (7) CRR and has also been recognised as a deposit protection scheme.

The basis for the uniform Raiffeisen IPS is the uniform and joint risk monitoring within the framework of the early detection system of Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS), which is responsible for managing the Raiffeisen IPS.

The Raiffeisen IPS also serves to ensure sufficient liquidity and solvency (solvency and minimum capital resources) of the parties to the agreement. On the one hand, this liability agreement means that the institutions do not have to deduct items in own funds instruments at the central institution from their actual own funds (Article 49 (3) CRR). On the other hand, institutions may exempt risk items in relation to other counterparties from the requirement to calculate risk-weighted exposure amounts (Article 113 (7) CRR).

The structure of the uniform Raiffeisen IPS is such that there are eight federal state groups within this IPS, consisting of the respective Landesbank and the Raiffeisen banks, as well as one federal group, consisting of the RBI and the eight Landesbanks.

The most important decision-making body of the Raiffeisen IPS is the overall risk council, which has, however, delegated its tasks to the federal risk council (for cases that can only be solved within the federal Group) and to the federal state risk council (for cases that can only be solved within the federal state Group), with the result that in reality the federal state risk council decides in the case of economic distress of a Raiffeisen bank or a federal state bank, provided that the claim can be solved within the respective federal state.

Exertion principle

Each member in the IPS shall first exhaust all possibilities at the institute level to avoid recourse to the IPS.

In the case of monetary measures, in the case of a Raiffeisen bank the pot of the federal state Group (tier 1 to 3) must be used first, in the case of a federal state bank the pot of the federal state Group (tier 1 to 3) must be used first and then the pot of the federal Group (tier 1 to 3), and in the case of the RBI the pot of the federal group (tier 1 to 3) must be used first.

Only if the need exceeds this (spillover to the total IPS) does the total risk council fall back proportionally on the other pots. In the event of spillover to the total IPS, the member concerned and its group (in the case of Landesbanken, the federal state and federal group) are responsible for replenishing the special funds of the other pots as well, while maintaining their own capital limits. This responsibility does not alter the obligation of all members to replenish the special fund for the IPS as a whole.

Federal state group within the Raiffeisen IPS

As the central institution, Raiffeisenlandesbank Oberösterreich AG is a member of the federal state group in the Raiffeisen IPS, to which all Raiffeisen banks in Upper Austria, Kepler KAG and Raiffeisen-Kredit-Garantiegesellschaft mbH also belong. Österreichische Raiffeisen-Sicherungseinrichtung eGen performs the function of trustee for the assets to be managed and is therefore a party to the agreement. In the framework of the Upper Austrian federal state Group, the Risk Council was set up as a decision-making body with identical members to the members of the Managing Board of the Aid Association.

The establishment of the Raiffeisen IPS is intended to keep the affiliated institutions in a sustainable and economically sound condition, to safeguard their existence and in particular to ensure

- their liquidity and/or
- their solvency (solvency, solvability and minimum capital resources)

in order to avoid bankruptcy.

In order to have a complete and timely knowledge of possible risk situations of the individual members as well as of the Upper Austrian state group of the Raiffeisen IPS as a whole, an early detection system was set up, which is basically operated by ÖRS, but which uses the support of the regional organisation for the early detection of the members of the Upper Austrian federal state group.

The Aid Association prepares comprehensive economic evaluations of the members of the Upper Austrian federal state group on a quarterly basis and makes these available to the federal state risk council and the ÖRS. Irrespective of this, each member of the Raiffeisen IPS shall obtain a timely, detailed, accurate and economically sound picture of its current and short to medium-term economic situation. Within the framework of the Raiffeisen IPS, ÖRS prepares all required reports as well as the own funds control statement.

If the liquidity and/or solvency of a member or the entirety of the Upper Austrian federal state group is at risk, the federal state risk council shall decide on measures without delay, in particular if

- there is an undesirable economic development, or
- a member has made a request to that effect, in which case the risk council is not bound by the measures requested, or
- a member has breached the agreement.

At the same time, the federal state risk council is obliged to report to the ÖRS. The overall risk council as well as the other risk councils of the Raiffeisen IPS must be informed immediately about the measures initiated.

The measures must be geared towards the respective overall economic situation and the business situation of the member concerned and of the Upper Austrian federal state group as a whole in the best possible way; they may e.g. consist of:

- special reporting obligations
- management discussions
- sustainability analysis of the given business model of the member concerned
- development of structural and reorganisation concepts
- support in the recovery of problem loans
- offer to acquire assets
- provision of liquidity
- accounting assistance
- provision of own funds (in the broadest sense)

If an affected member makes use of a monetary measure (measurable in money/costs, e. g. restructuring, own funds or liquidity assistance), this may be made subject to conditions (conditions precedent or subsequent) and/or requirements in order to increase its effectiveness and efficiency, e. g.

- conditional repayment obligation with better-fortune agreement
- restructuring and streamlining of IT and settlement systems
- reduction of assets
- change in the composition of the governing bodies, in particular the Executive Board
- development of new business divisions
- discontinuation of existing business divisions

A distinction must be made between two different types of monetary measures:

- annual payments to establish a special fund
- ad hoc payments

Annual payments to be made to Österreichische Raiffeisen-Sicherungseinrichtung eGen as trustee for the members to establish a special fund (stage 1), which are at the disposal of the federal state risk council for the purposes of this agreement and are managed by Österreichische Raiffeisen-Sicherungseinrichtung eGen for the account of the members in accordance with the instructions of the overall risk council are prescribed by the federal state risk council. The total ex ante special assets were fixed at 0.5% of the RWA for the entire Raiffeisen IPS, with a detailed set of rules in the background for distribution within the Raiffeisen IPS between the federal state regions and the national federal level. The annual payments to be made by the members are determined or adjusted by the ÖRS risk council, taking into account the conditions prescribed by the supervisory authority for the establishment/reconstruction of the special fund (in particular the amount and deadline), whereby both the determination and the change of the assessment basis require a resolution of the risk council with a 2/3 majority.

If the special assets are not sufficient to fulfil the purpose of the agreement, the federal state risk council will prescribe ad hoc payments (stage 2).

Monetary measures in stages 1 and 2 must also be measured against section 39 of the Austrian Banking Act and must therefore be limited. At stages 1 and 2, the own funds limit consists of the minimum own funds (CET 1 ratio, T1 ratio and own funds total ratio) required by supervisory law to maintain the licence, plus a buffer of 10% in each case. All consolidation requirements relevant to the members must be taken into account (solo and KI/FH group view as well as the federal state group).

If the payments from stage 2 are also insufficient to fulfil the purpose of the agreement, the federal state risk council may prescribe additional ad hoc payments or other appropriate measures to the members.

Federal group within the Raiffeisen IPS

In addition, Raiffeisenlandesbank Oberösterreich is a member of the federal group within the Raiffeisen IPS, whose members also include Raiffeisen Bank International AG (RBI), as well as all Austrian Raiffeisenlandesbanks, Raiffeisen Wohnbaubank AG, Raiffeisen-Holding Niederösterreich-Wien reg. Gen. m.b.H., Posojilnica Bank eGen and Raiffeisen Bausparkasse GmbH.

Österreichische Raiffeisen-Sicherungseinrichtung eGen also performs the function of trustee here and operates the early detection system of the B-IPS.

The federal risk council was established as a decision-making body within the framework of the federal group within the Raiffeisen IPS. It decides on all matters exclusively concerning the federal group, the B-IPS agreement, its implementation, amendments as well as terminations.

Comprehensive economic evaluations of the members of the federal group of the B-IPS are prepared by ÖRS on a quarterly basis and made available to the federal risk council and the auditor general of the Austrian Raiffeisen Association. Irrespective of this, each member of the federal group of the B-IPS must obtain a timely, detailed, accurate, economically sound picture of its current and short to medium-term economic situation. Within the framework of the Raiffeisen IPS, Österreichische Raiffeisen-Sicherungseinrichtung eGen prepares all necessary reports for the entire R-IPS as well as the own funds control account.

If the liquidity and/or solvency of a member or the entire federal group of the B-IPS is at risk, the federal risk council must decide on measures without delay, in particular if

- there is an undesirable economic development, or
- a member has made a request to that effect, in which case the risk council is not bound by the measures requested, or
- a member has breached this agreement.

The measures must be geared towards the respective overall economic situation and the business situation of the member concerned and of the federal group of the B-IPS as a whole in the best possible way; they may e.g. consist of:

- special reporting obligations
- management discussions
- sustainability analysis of the given business model of the member concerned
- development of structural and reorganisation concepts
- support in the recovery of problem loans
- offer to acquire assets
- provision of liquidity
- accounting assistance
- provision of own funds (in the broadest sense)

If an affected member makes use of a monetary measure (measurable in money/costs, e. g. restructuring, own funds or liquidity assistance), this may be made subject to conditions (conditions precedent or subsequent) and/or requirements in order to increase its effectiveness and efficiency, e. g.

- conditional repayment obligation with better-fortune agreement
- restructuring and streamlining of IT and settlement systems
- reduction of assets
- change in the composition of the governing bodies, in particular the Executive Board
- development of new business divisions
- discontinuation of existing business divisions

A distinction must be made between two different types of monetary measures:

- annual payments to establish a special fund
- ad hoc payments

Annual payments to be made to Österreichische Raiffeisen-Sicherungseinrichtung eGen as trustee for the members to establish a special fund (stage 1), which are at the disposal of the federal risk council for the purposes of this agreement and are managed by Österreichische Raiffeisen-Sicherungseinrichtung eGen for the account of the members in accordance with the instructions of the federal risk council are prescribed by the overall risk council. The total ex ante special assets were fixed at 0.5% of the RWA for the entire Raiffeisen IPS, with a detailed set of rules in the background for distribution within the Raiffeisen IPS between the federal state regions and the national federal level. The annual payments to be made by the members are determined or adjusted by the overall risk council of the ÖRS, taking into account the conditions prescribed by the supervisory authority for the establishment/reconstruction of the special fund (in particular the amount and deadline), whereby both the determination and the change of the assessment basis require a unanimous resolution.

If the special assets are not sufficient to fulfil the purpose of the agreement, the federal risk council will prescribe ad hoc payments (stage 2). Any such payments must also be made to Österreichische Raiffeisen-Sicherungseinrichtung eGen as trustee for the members.

Monetary measures in stages 1 and 2 must also be measured against section 39 of the Austrian Banking Act and must therefore be limited. At stages 1 and 2, the own funds limit consists of the minimum own funds (CET 1 ratio, T 1 ratio and own funds total ratio) required by supervisory law to maintain the licence, plus a buffer of 10% in each case. All consolidation requirements relevant to the members must be taken into account (solo and KI/FH group view as well as the federal group and if applicable the federal state group).

If the payments from stage 2 are also insufficient to fulfil the purpose of the agreement, the federal risk council may unanimously prescribe additional ad hoc payments or other appropriate measures to the members.

It should be noted that the overall risk council is entitled to reassume the competences of the federal state risk council and the federal risk council described above at any time.

Non-financial performance indicators

Please refer to the separate non-financial report, including the information for the parent company for the 2021 financial year on the Raiffeisenlandesbank Oberösterreich website. The same applies to the disclosures and ratios for financial and non-financial companies that must already be disclosed in the 2021 financial year on the basis of the Taxonomy Regulation. For a brief summary, please also refer to the information in the “Sustainability and Corporate Social Responsibility” section under “General Information” in the Annual Report.

2. OUTLOOK AND RISKS FOR THE COMPANY

2.1. Expected development of the economic environment

More moderate growth rates worldwide

Economic activity is volatile, the business environment cloudy: the coronavirus pandemic remains a defining issue, as do ongoing problems in international supply chains. In addition, there is the new uncertainty caused by the Ukraine war, which further increases already high commodity and energy prices and therefore the increased inflationary trends worldwide, including the associated need for more rapid monetary policy action. More restrictive monetary policy also involves the risk of possible negative knock-on effects for emerging and developing countries (e.g. through currency devaluations). The OECD expects that global economic growth in 2022 could be more than one percentage point lower than the 4.5% still forecast in December 2021. In its report of 17 March 2022, the OECD increased the already high global inflation forecast for 2022 by another 2.5 percentage points in the international aggregate.

Slower growth in the USA and China slows down the global economy

Economic growth expectations for 2022 have been lowered for the two economic heavyweights USA and China in particular. For the US this is because of the dampening effect of the earlier and faster exit from the ultra-loose monetary policy and the ongoing disruptions in international supply chains. In China, recurring strict lockdowns due to the zero-COVID strategy and financial problems in the real estate sector are putting a dampener on the expected momentum.

Price pressure requires monetary policy responses

The rising price of energy and raw materials is proving to be more persistent than originally thought and is being fuelled even more by the Ukraine war. Base effects are only likely to come into play in the second half of 2022. In addition, shortages of various goods, the production of which is hampered by obstacles in international supply chains, or of their substitutes, are driving prices upward (e.g., new and used cars). In addition, although Russia and Ukraine as economies in themselves have subsidiary global significance, they play a globally important role in the supply of some selected raw materials (energy sources, fertilisers, agricultural products). Higher inflation is now manifesting itself on a broader basis in many countries, but the pressure from wages is still manageable for the most part. The increased inflationary tendencies are putting the central banks under pressure: the US Federal Reserve e.g. implemented its first interest rate hike in March 2022, plans to follow up with several more in 2022 and, to this end, is starting to reduce its large bond portfolio. The ECB also seems comfortable with the idea of an initial rate hike in 2022.

EU: good foundation for longer-term growth

For 2022 and 2023, the European Commission (document published on 10 February 2022) forecasts positive real GDP growth rates for each EU country, although in the short term the pandemic is likely to continue to have a significant impact on the economic cycle and new uncertainties from the armed conflicts in Ukraine, which, according to initial estimates by analysts, could cost around half a percentage point of the overall GDP growth of approx. 4% forecast for the EU for 2022. Nevertheless, the foundations for a sustained economic expansion in the EU remain positive: labour markets provide solid data, household savings and therefore potential consumer demand are very high and financing conditions are still comparatively favourable, in addition to the substantial funds from the EU Recovery and Resilience Plan, which are now fully available.

Consumption supports Austria's economy

As in many other countries, forecasts continually have to be revised downwards, as unhindered strong growth is being delayed by the pandemic, which has not yet been overcome and is continuing to flare up in waves, and by the new exogenous shock of the Ukraine war. Pent-up demand in consumption and the recovery of the services sector, especially the tourism sector, could help GDP to grow by just under 4% in 2022 following a recovery that was already quite strong in the previous year. Inflation has also risen to a multi-year high in Austria. Unemployment is low, but entrepreneurs complain about a lack of skilled workers, which is beginning to become an obstacle to production that should not be underestimated.

For Upper Austria also, the signs for 2022 are basically pointing towards strong economic growth, which in the short term, however, will be largely determined by the further course of the pandemic and the developments in Ukraine. As an industrial federal state, Upper Austria struggles in particular with international supply chain problems, high raw material and energy costs and a shortage of skilled workers. The highly export-oriented economy could benefit in the short term from a rising USA/eurozone interest rate differential and a potentially weaker euro as a result. Regional economic growth should also be supported by various innovations contained in the tax reform (e.g. the investment allowance).

2.2. Expected development of the Group

The war in Ukraine and the related sanctions against Russia have a significant impact on Raiffeisen Bank International, which is represented by subsidiary banks in Ukraine, Russia and Belarus. Please refer to the note “Events after the reporting date” in this regard.

A key factor for economic development in Austria and Europe is how to deal with the current high inflation rate. Inflation in Austria continues to be driven largely by high prices for raw materials and energy. The rise in the price level is also caused by the upturn in the global economy and worldwide supply and delivery bottlenecks, according to an economic report by the Austrian Institute for Economic Research (WIFO) in mid-February. While the US Federal Reserve is holding out the prospect of raising interest rates in the spring in response to inflation, Europe is more cautious. However, ECB President Christine Lagarde has recently no longer ruled out raising the key interest rate this year. The general APP (“Asset Purchase Programme”) was launched long before the coronavirus pandemic to stimulate the euro zone economy and accelerate weak inflation. The “Pandemic emergency purchase programme” (PEPP), under which the ECB has also been buying securities such as government bonds since the coronavirus crisis, is to be terminated as early as this spring.

The war in Ukraine as well as the pandemic and its after-effects, such as supply bottlenecks or shortages of raw materials, continue to slow down economic development. Nevertheless, we expect operating business performance at Raiffeisenlandesbank Oberösterreich and at the other Group companies to remain stable in 2022. The economic recovery is visible in many sectors, especially in industry where pre-crisis levels can be seen in many cases. Other sectors such as tourism, gastronomy and trade are directly and immediately affected by coronavirus measures, which means that these sectors face great uncertainty, with an eye on autumn 2022.

Raiffeisenlandesbank Oberösterreich will continue to focus intensively on customer orientation, in addition to efficient and targeted liquidity planning and management, and comprehensive risk management in combination with precise controlling. The aim is to provide comprehensive support to companies, institutions and private customers and to act as a stable partner in their projects. In addition to traditional financing, Raiffeisenlandesbank Oberösterreich continues to promote the provision of equity capital. The investment companies are not just providers of capital; they also support companies with expertise in many areas, such as controlling, liquidity management or restructuring.

The financial sector plays a central role in the efforts towards a more sustainable economy. New regulatory requirements for the implementation of the EU Green Deal give banks another socially important role in addition to their core tasks, and make them a central factor in implementing a sustainable economy for the purposes of the ESG (Environment – Social – Governance) regulations. Sustainability has always been and remains an integral part of the Raiffeisen DNA. Based on this strong set of values and the sustainability strategy, Raiffeisenlandesbank Oberösterreich is therefore implementing new initiatives that are essentially intended to harmonise three dimensions: economy, social affairs and ecology.

Raiffeisenlandesbank Oberösterreich is a strong driving force with its professional range of sustainable financial services, and is broadly and stably positioned through other business areas, such as equity investments. Businesses are offered a dedicated network and services that extend well beyond the norm as a result of a high level of cooperation between Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria.

Raiffeisenlandesbank Oberösterreich is responding to the increasing digitisation of the banking business with intelligent and user-friendly solutions. The needs and requirements of customers are more diverse today than ever before. That is why Raiffeisenlandesbank Oberösterreich develops products and solutions that can be tailored to the needs of individual customers. Building on numerous projects and initiatives, future-oriented strategies are also planned and efficiently implemented in the Raiffeisen Banking Group Upper Austria. As already discussed in the course of business, the ongoing project “Raiffeisen Banking Group Upper Austria 2025” will set the course for a successful future. Among other things, we are continuing to develop the customer-oriented business model on a broad basis.

At the same time, Raiffeisenlandesbank Oberösterreich is also implementing strategic goals developed in the future project “LEAD'25”. The term “Home of Financial Intelligence” was coined here as a vision. The premises for the initiated change process, which goes hand in hand with the implementation of a new organisation, are a radical customer orientation, a sustained increase in the Group's profitability, interdisciplinary work as well as flat hierarchies and bundling of know-how.

The entire banking sector is facing major challenges with digitisation. Raiffeisenlandesbank Oberösterreich's goal is not only to react to these changes and developments, but to actively drive them forward as an innovation pioneer and therefore provide strong momentum for the future. As a forerunner in the development and marketing of digital banking services, Raiffeisenlandesbank Oberösterreich has already set the tone in this area and wants to continue doing so in the future as a pioneer of innovation, and the company plans to continue along this path with the help of strong partners and broad-based collaborations. The forward-looking measures and the outlook for the key subsidiaries and equity-accounted companies are also positive:

As part of the Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, Hypo Salzburg is subject to the regulatory requirements of a bank supervised by the European Central Bank. This has resulted in high costs and sometimes a duplication of effort.

The “LISA 2.1” (formerly “Regularien 2.0”) project was the start of an important process aimed at investigating synergy opportunities between Raiffeisenlandesbank Oberösterreich and SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT and at developing joint opportunities for the future. The “LISA 2.1” project was successfully completed with the merger of SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT and Raiffeisenlandesbank Oberösterreich in autumn 2021.

IMPULS-LEASING Group (ILG) predicts that there will be a stable trend in new business in 2022 in its home markets of Austria and Southern Germany and in Central and Eastern Europe (CEE). It will retain its conservative business policy strategy in terms of income and risk. As part of efficiency enhancement measures, interfaces with Raiffeisenlandesbank Oberösterreich and the Raiffeisen Banking Group Upper Austria are being continuously evaluated and optimised.

KEPLER-FONDS KAG is one of the TOP 4 fund companies in Austria with a total customer volume of around EUR 19.5 billion, of which EUR 18.4 billion is fund volume. As a pioneer in sustainable investments, the fund subsidiary of Raiffeisenlandesbank Oberösterreich already manages around EUR 3 billion in this area. KEPLER is a recognised specialist in managing bond funds, dynamic mixed funds and equity funds with a special minimum variance approach. Independent fund analysis houses attest to management quality: Scope Analysis awarded KEPLER-FONDS KAG the title of Best Bond Fund Manager 2022 in Austria.

The “VIVATIS Holding AG” Group and efko Frischfrucht und Delikatessen GmbH expect a gradual recovery of the economic situation in the 2022 financial year. The lifting of the pandemic-related restrictions, especially in the areas of “out-of-home consumption” (above all gastronomy, hotels, catering), will contribute significantly to the return to normality. In addition to COVID-19-related catch-up effects, the full integration of Wojnar's and Gerstner, acquired in 2021, as well as the continuous increase in the innovation rate should ensure further growth. The positive development of the frozen and fresh convenience, mass catering and branded consumer goods segments is largely responsible for the performance in 2022. Investments of around EUR 36.2 million are planned in the food sector for 2022. In addition, we are examining opportunities for inorganic growth by means of acquisitions.

The “OÖ Wohnbau Group” has planned a construction volume of EUR 88.4 million for 2022. In the housing management business, the group plans to expand its portfolio to approximately 44,800 management units by adding units that it constructs itself and by acquiring other housing management portfolios.

Raiffeisenbank a.s. represents an important institution within the Czech bank market as the fifth largest bank and offers a broad variety of financial services. It addresses customers’ needs throughout Czechia with 110 branches and business centres. Strategically important acquisitions were made in the 2021 financial year, on the basis of which the Bank will focus on further strengthening its market position in 2022.

The voestalpine Group sees an overwhelming probability that the positive trends in the main sales markets will continue. The supply chain problems in the automotive industry appear to have bottomed out in autumn 2021 according to management estimates. The aviation industry, which was hit hard by the pandemic, is showing clear signs of recovery. Therefore, the Managing Board expects EBITDA of up to EUR 2,200 million for the entire 2021/22 financial year.

The AMAG Group assumes that the positive outlook on the aluminium market will prevail despite a significant increase in costs, and that the Group's diversified product portfolio coupled with a solid order backlog will again enable a good result in the 2022 financial year. The further development of energy, raw material and logistics costs will continue to play a decisive role in the Group's earnings situation. Growth in demand is expected to be subdued at 1.7% in the primary aluminium sector and a stronger 6.2% for aluminium rolled products.

2.3 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 Notes 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

Credit risk development

The year 2021 continued to be characterised by the coronavirus pandemic, different phases of normality and restrictions through to renewed lockdowns.

Although the COVID-19 vaccination has recently proven to be very effective against severe coronavirus, it unfortunately does not (yet) offer the hoped-for general protection against infection.

The consequences of the renewed necessary restrictions on public life were very different for the individual economic sectors. While some sectors more than made up for lost sales due to lockdowns after the restrictions were lifted, other sectors – such as the catering and hotel industry or close contact services – did not make up for lost sales. However, these sectors have been helped by various forms of support from the public sector, ranging from short-time work to compensation for revenues and costs, some of which have been quite generous. All in all, these support measures have contributed to the fact that the feared wave of insolvencies has failed to materialise. Some supply chains remain disrupted or unbalanced, which is particularly challenging for the industrial sector in certain industries.

After the process for managing the pandemic had developed into a kind of new normality, the working group that had been set up at the beginning of the pandemic and consisting of staff from the market and risk management departments was disbanded.

The analyses and methods developed in the course of the pandemic were transferred to normal operations. This affects e.g. the assessment of the impact of government restrictions, the associated measures for the Bank's portfolio and even the collective stage transfer within the framework of loan loss allowances in accordance with IFRS.

Due to the renewed restrictions on public life and thus on the development of the economy as at 31 December 2021, the following balance sheet measures were implemented:

- In the course of a management override, the negative economic development of 2020 was still used to determine the risk parameters and the positive economic development of 2021 was therefore only included in the risk parameters to a limited extent.
- Retention of the collective stage transfer in IFRS for the sectors particularly affected by COVID-19, such as tourism, hotels and leisure; additional collective transfer of the new loans granted in these sectors in 2021 to stage 2
- Retention of the additional flat-rate deductions for hotel collateral approaches

These measures have therefore led to higher value adjustments in 2021, as the idea that the economy will not pick up to the expected extent cannot be ruled out in our opinion.

The portfolio value adjustments, which are higher than indicated by the model due to the management override, form a corresponding hedge should the increase in loan defaults originally expected for 2021 occur with a delay.

From the liquidity perspective of the companies, the increased need for bridging finance has initially reduced significantly in the course of 2021 and ultimately returned to normal, 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 programmes 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 associated development of stock market prices also had a positive effect on the equity positions of Raiffeisenlandesbank Oberösterreich, where, after the valuation losses in 2020, significant valuation increases were recorded throughout this year. 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 in the economic perspective of the risk-bearing capacity analysis.

Operational protective measures

While a number of operational restrictions and protective measures were lifted at the end of the first half of the year due to the sharp decline in COVID infections, these restrictions had to be reintroduced after the number of infections increased in autumn 2021.

More than 85% of the employees currently fulfil the 2G status of people who are fully immunised or have recovered from the virus, not least due to the offer of a company vaccination site in the first half of 2021 for first and second vaccinations and in autumn for the booster vaccination.

The operational protective measures are also continuously adapted to the current incidence rates, including measures such as more people working from home offices, the wearing of FFP2 masks, restrictions on the number of people at face-to-face meetings and regular testing.

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.

Staff must generally work from home on one or two days per week, including after the end of the pandemic. The reduced travel activities associated with this also make a sustainable contribution towards climate protection.

3. RESEARCH AND DEVELOPMENT

The “Digital regional bank” programme is a key future project. The aim is to open new, previously unexploited pathways and network with existing structures. On the one hand, the “Digital Regional Bank” is intended to promote and accelerate product innovations. On the other hand, the project should also help to further strengthen customer confidence, secure new market shares and further expand our quality leadership. Standardisation is also intended to increase efficiency. In particular for the granting of subsidised loans, a separate committee (policy decision committee) was set up at Raiffeisenlandesbank Oberösterreich for faster processing, focusing on the following issues: the content includes online projects (app, My ELBA, website, digital business, product purchase channels, WILL – digital asset management etc.), advisory projects (SMART advice, wish planner for customers, product finders, product purchase journeys for advisers etc.), and the development of an omni-channel platform and analytics. An omni-channel management system is being developed that orchestrates the channels and delivers the right offer to the customer via the right channel.

A central element is the development of a personal finance portal known as “My ELBA”. As a central hub, “My ELBA” will play an increasingly more important role in customer relations in future. The finance portal which can be customised by users also primarily serves as an important platform for communications between customers and the Bank. The services provided by this core customer platform are rounded off by the facility to send suitable product proposals to customers with an option that allows customers to sign up to the product immediately. Online account opening, credit card applications, credit requests by means of immediate credit or online loans will give customers the opportunity to manage their own financial life digitally and around the clock. These digital options are being consistently expanded on an ongoing basis. Going forward, customers will be offered a unique, overarching standardised service based on the integration and joint further development of an omni-channel strategy in the “SMART new advice”, “Customer contact centre”, “Analytics omnichannel processes” and “My ELBA” projects.

Customer behaviour is changing constantly and rapidly. Modern software architecture must be able to cope with these changes. One important aspect of this is the consistent use of APIs for communication between individual components in the software landscape. This makes it possible to quickly adapt components and integrate third-party and standard software into one's own system landscape.

“Bank on your smartphone” is more than just a trend, it is a central component of many products and services that Raiffeisenlandesbank Oberösterreich offers its customers. The past year with its special challenges has further strengthened this. The requirements to be able to use banking services and products from home, contactless payment at retailers, and the use of e-commerce are becoming more and more prevalent among the wider public. Raiffeisenlandesbank Oberösterreich stays abreast of these changes and offers its customers numerous options in this regard.

The already wide-ranging options for mobile payments on smartphones were expanded to include another payment option in 2021. This means that Raiffeisen customers can also link their debit card to a LAKS wearable. The portfolio of modern, digital and mobile payment options thereby includes ELBA-pay, Apple Pay, Bluecode, Garmin Pay and LAKS Pay.

In 2021, Raiffeisen Oberösterreich already processed more than 53 million contactless payments, which equates to about 84% of all payments made with debit cards. Approximately 4 million transactions have already been made with smartphones. Since the end of 2020, the last payment terminals in Austria have been NFC-capable, making simple contactless payments possible everywhere. All transaction cards issued by Raiffeisenlandesbank Oberösterreich have long had the necessary NFC technology for contactless payment.

The Raiffeisen express transfer system makes the European instant payment standard available to Raiffeisen customers through “My ELBA”, the “My ELBA” app, Raiffeisen Smart Office and in “ELBA-business”. Customers can use the new bank transfer in a matter of seconds around the clock and 365 days a year.

In addition, for all transactions within the Raiffeisen Banking Group Upper Austria that are ordered via “My ELBA” or the “My ELBA” app, we guarantee that the payment will be credited directly and immediately, at any time, to the recipient's account – just like an instant payment transaction.

In the area of process digitisation, 2021 was characterised by a large number of digitised product transactions in the bank branches. The focus was increasingly on highly frequented products such as account investment and debit cards. In addition, Raiffeisenlandesbank Oberösterreich was able to roll out a comprehensive modern, digitised and optimal process for customer base management.

The deployment and use of application sections was accelerated in the area of online product conclusion. More than 26,000 products were opened online in 2021. This way, Raiffeisen Oberösterreich customers can e.g. easily and conveniently use the application sections “Instant Loan” (concluded in the “My ELBA” app up to EUR 4,000), “Online Loan” (in “My ELBA” up to EUR 30,000), “Online Savings”, “Online Account” and many more from home. Proof of identity for new customers is verified by video link, eps payment or directly in a bank branch.

Raiffeisen Österreich works in collaboration with its partner finleap connect GmbH to offer customers a fully automated online account-switching service, making it easy for new customers to move their account to Raiffeisen.

As part of its educational and training programmes, Raiffeisenlandesbank Oberösterreich employs e-learning, blended-learning modules and webbased training sessions. Raiffeisenlandesbank Oberösterreich has developed its own e-learning platform and serves as a competence centre in this regard for Raiffeisen Österreich.

At the Raiffeisenlandesbank Oberösterreich computer centre GRZ IT Center GmbH, cutting-edge IT security standards and methods are constantly being designed and implemented. In addition to various ISO and ISAE certifications, we are constantly working on projects to further increase technical security. In addition, there are also constant initiatives to further raise security awareness among employees in dealing with infrastructure, systems and data.

The prevention of fraud in payment transactions faces new challenges in the age of real-time payment transactions. Using applications with artificial intelligence (AI), Raiffeisenlandesbank Oberösterreich will be able to ensure faster checking and evaluation of transactions, faster reaction to new forms of fraud and improved identification of fraudulent transactions.

GRZ IT Center GmbH, as a full-service provider of IT infrastructure to Raiffeisen Banking Group Upper Austria, has been able to further consolidate its position as one of the leading bank data centres in Austria, not least through a series of sustainable constructive partnerships. From a strategic standpoint, in addition to the actual data centre production operation (shared services/data centre; system operation), GRZ's own professionals are engaged here in all related tasks such as systems and security engineering using a proactive, state-of-the-art approach.

A great deal of attention is given to all aspects of security: employee awareness, asset security, network security, computer centre security, virus protection, intrusion prevention and detection, software security, server security, computer and cyber security/internet security. Internal audits of IT security (Group review) draw on the strict IT basic protection manual of the German Federal Office for Information Security Technology (BSI). External audits have been successfully completed/supported as follows: (re)certification and testing according to ISO 9001:2015, ISO 27001:2013 and ISAE 3402 type 2 for the Linz, Innsbruck and Salzburg sites.

Contacts for research and development are primarily from the "Computer Science" and "Business Informatics" departments at the Johannes Kepler University Linz, the Softwarepark in Hagenberg and the "Computer Sciences" department at the University of Salzburg. At the beginning of 2022, the cooperation in the area of IT security with Johannes Kepler University was intensified, specifically with the "LIT Secure and Correct Systems Lab" located there. Moreover, there are other modalities for exchanging knowledge relating to specific situations and topics with other computer centres, IT service providers and consulting companies in Austria, Germany and Switzerland. Furthermore, there is a partnership in place with the IPO (Institute for Personnel and Organizational Development in Business and Administration at the Johannes Kepler University Linz) in the area of Data Governance.

Raiffeisen Software GmbH (RSG), also based in Linz, is the software house of the Raiffeisen Banking Group Austria. RSG was formed in 2015 through the merger of RACON Software GmbH, Linz, and Raiffeisen Software Solution und Service GmbH, Vienna, in order to create a uniform, innovative and broad-based analysis, software development and support unit. Both the structural model (organisational structure) and the production model (process organisation, procedure model for software engineering) are defined in an agile way (product-centric approach). RSG is also the main provider of IT governance for the software development topics of the Raiffeisen Banking Group Austria. In addition to agility, the topics of automation in all its facets (especially test automation and release automation) and IT security are of central importance in RSG. RSG also relies on the external networks and academic partnerships described above.

In the "VIVATIS Holding AG" Group and the associated Group companies, the research and development area has already been of great importance for years. Strategically important projects have been launched and successfully implemented here, both at the product level and in the optimisation of processes and process technologies. This is also accompanied by the continuous expansion and professionalisation of the Group's innovation management. An important milestone was also set in the digitisation of ideas with the implementation of the Ideas CIP platform. Another key focus is to increase efficiency and sustainability in all processes and in all (construction) projects. The most up-to-date technologies are therefore used as part of new site construction or conversion work, with these aiming to increase productivity while reducing emissions at the same time. The VIVATIS digitisation campaign which aims to cooperate with innovative partners has also been advanced at full speed for years. Based on the VIVATIS digitisation model, initial projects in this area were implemented with various start-ups and technology companies. The cooperation with the start-up company ECOFLY, which specialises in breeding and fattening insect larvae, could be further intensified in 2021 and is to result in a joint operation, which is currently still in the planning stage.

Research and development has been a key topic in the "efko Frischfrucht und Delikatessen GmbH" group for many years. New products and new advanced production technologies represent a key area of development in the efko group. The tasks and challenges requiring intensive work in this division are primarily the development of innovative products and production lines, the further development of plant, production technologies and production systems, and the improvement of production processes.

The "Preserved vegetables" business unit remains the most important product category, particularly so now due to the pandemic. Due to the difficult raw material situation, the focus of product development must also cover other areas than just new trials of species. For example, the topic of sustainability and regionalism, as well as the availability of individual raw material fractions, must be included in product development.

Regional value creation and sustainability activities have therefore been part of day-to-day practice in the efko Group for many years. End consumers, especially the younger target groups, see sustainability as the new definition of quality and demand more than tradition and quality-related promises in order to trust a brand.

Since 2021, large-scale storage trials with different raw material groups have been increasingly carried out in a separate storage hall with the aim of being able to offer consumers regional goods for longer.

The fundamental issues in the efko Group that have a high impact on people and the environment are health and safety in agriculture, healthy nutrition for consumers and packaging. In addition, organic farming and product quality and safety must always be kept in mind.

4. REPORT ON THE MOST IMPORTANT ASPECTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

The accounting-related internal control systems at Raiffeisenlandesbank Oberösterreich relate to the process drafted and executed by the Managing Board and those individuals entrusted with monitoring the company, with the aim of achieving the following objectives:

- Effectiveness and economic viability of the accounting process (this also includes protecting assets from losses caused by damage and misappropriation),
- Reliability in the financial reporting
- Compliance with the statutory provisions that apply to accounting.

Balanced and complete financial reporting is an important goal for Raiffeisenlandesbank Oberösterreich and its board members. The task of the internal control system is to support management in such a way that it guarantees effective and constantly improving internal controls in the context of accounting. The foundations for preparing consolidated financial statements are pertinent Austrian laws, in particular the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) and the Austrian Banking Act (Bankwesengesetz – BWG), which establish the rules for consolidated annual financial statements. The accounting standards for this are the International Financial Reporting Standards (IFRS), as adopted by the EU.

Control environment

The structure of the internal control systems is determined via the control environment. The control environment is determined through awareness of good corporate governance on the part of the Managing Board and the executives. The Managing Board of Raiffeisenlandesbank Oberösterreich bears overall responsibility for the design and effectiveness of the internal control system. The general control environment includes the middle management level (heads of organisational units) in addition to the Managing Board.

The Code of Conduct forms the basis for the conduct of day-to-day operations and is a binding framework that reflects Raiffeisen's cooperative principles and the values of the Raiffeisenlandesbank Oberösterreich and its affiliates (Raiffeisenlandesbank Oberösterreich Group). The internal control system is geared towards the size and type of business operated in the Raiffeisenlandesbank Oberösterreich Group (in terms of complexity, diversification and risk potential) and towards the legal requirements that the Group must comply with. The current version of the Code of Conduct is published on the Raiffeisenlandesbank Oberösterreich website.

The Fit & Proper Policy represents the written definition of the strategy for the selection of and procedure for assessing the suitability of members of the Supervisory Board, executive management and employees in key functions and complies with the professional values and long-term interests of Raiffeisenlandesbank Oberösterreich. The principles for the remuneration policy in accordance with section 39b of the Austrian Banking Act or Article 92 et seq CRD are adhered to as applicable.

Risk assessment

The risk assessment is a dynamic and iterative process for identifying and assessing risks. Risks which represent obstructions towards achieving certain objectives must be identified in good time, with appropriate actions introduced. The responsibilities for assessing and controlling the risks in accordance with section 39 of the Austrian Banking Act or CRR/CRD as well as the CEBS/EBA standards are regulated at Raiffeisenlandesbank Oberösterreich. The requisite functional separation is ensured with this.

The organisational units Risk Management, ICAAP & Market Risk and Risk Management Credit, Regulatory Reporting, Operational Risk are responsible for the development and provision of risk measurement procedures and IT risk management systems at Raiffeisenlandesbank Oberösterreich; it prepares the results and risk information necessary for active risk management and reports accounting-relevant information in connection with risk monitoring to the Managing Board accordingly.

Major risks related to accounting procedures are assessed and monitored by the Managing Board. It is also important that there are uniform principles for measurement, especially measurement of the essential financial instruments used in the Group.

Control measures

Principles and procedures for complying with company decisions are set up and published in order to provide safeguards against risks and to achieve the corporate objectives. The effectiveness, traceability and efficiency of the internal control system essentially depend on the balanced mixture and proper documentation of the different control activities. Specific control and monitoring activities have been set out for this.

Separate financial statements

Separate financial statements are prepared on a decentralised basis in the respective Group units according to the guidelines issued by Raiffeisenlandesbank Oberösterreich. The employees responsible for accounting and the managers of the organisational unit for group accounting are responsible for the complete disclosure and correct accounting of all transactions brought to their attention.

Appropriate control measures are applied in ongoing business processes to ensure that potential misstatements or deviations in financial reporting are prevented or identified and corrected. Controlling measures range from examination of period results by management and the specific reconciliation of accounts and an analysis of ongoing accounting processes.

Group consolidation

Standardised forms that are uniform throughout the Group form the basis for the consolidated financial statements. Accounting and measurement standards are defined and explained by Raiffeisenlandesbank Oberösterreich, and are binding for the preparation of statement data.

Data for the financial statements, which are audited by an external auditor, is provided primarily through direct entry into the IDL Konsis consolidation system. The IT system is protected with respect to IT security through the restrictions on issuing authorisations. The financial statements data submitted by the Group units is first reviewed by employees in Group accounting responsible for that unit and appropriate controls are performed by the relevant managers.

Information and communication

Functional information and communication channels are set up and are supported, recorded and processed using suitable IT applications, so that information can be identified, recorded and processed on time before being forwarded to the relevant levels within the company.

The consolidated results are presented in the form of complete consolidated financial statements in the Annual Financial Report. These consolidated financial statements are examined by an external consolidated financial statements auditor. In addition, a Group Management Report is also prepared in which disclosures and notes on the consolidated results is provided in accordance with statute.

The consolidated financial statements including the Group Management Report are discussed in the Supervisory Board's Audit Committee. The consolidated financial statements are also submitted to the Supervisory Board for information purposes. They are published as part of the Annual Financial Report, on the company's own website and in the official gazette of the Wiener Zeitung, and then are entered into the Company Register.

Monitoring

The monitoring of the processes is the responsibility of the Managing Board and the relevant heads of the organisational units. The entire Raiffeisenlandesbank Oberösterreich Group has effective and reliable control, information and communication systems that encompass all key business activities and, in particular, that are consistent with the organisational and internal control requirements for IT and with the need for an appropriate audit trail. These systems and organisational structures are continuously evaluated and improved. Raiffeisenlandesbank Oberösterreich's Group Auditing unit is responsible for the internal auditing function. Group-wide, auditing-specific policies apply for all auditing activities, and these policies are minimum standards for internal auditing according to Austrian financial market oversight as well as international best practices.

Group auditing performs independent and regular checks for compliance with internal guidelines within the Group units of Raiffeisenlandesbank Oberösterreich. The head of the Group Audit division reports directly to the Managing Board of Raiffeisenlandesbank Oberösterreich.

Linz, 5 April 2022
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

IFRS CONSOLIDATED FINANCIAL STATEMENTS 2021 OF RAIFFEISENLANDESBANK OBERÖSTERREICH AKTIENGESELLSCHAFT

INCOME STATEMENT

IN EUR '000	Note(s)	2021	2020
Interest and interest-related income	(1)	977,836	975,719
Interest income using the effective interest method		568,767	534,296
Other interest income, similar income and current income		409,069	441,423
Interest and interest-related expenses	(1)	-548,870	-553,247
Net interest income	**(1)**	**428,965**	**422,472**
Loan loss allowances	(2)	-39,575	-157,475
Net interest income after loan loss allowances		**389,390**	**264,997**
Share of profit or loss of equity-accounted companies	(3)	134,572	84,657
Fee and commission income	(4)	262,077	243,488
Fee and commission expenses	(4)	-62,982	-54,072
Net fee and commission income	**(4)**	**199,095**	**189,416**
Net income from trading operations	(5)	10,339	12,339
Net income from financial instruments carried at fair value	(6)	168,223	-25,665
Net income from other financial instruments	(7)	-721	3,485
Other net financial income		**177,841**	**-9,840**
General administrative expenses	(8)	-875,416	-836,346
Revenue and miscellaneous other operating income	(9)	1,152,599	1,041,442
Cost of sales and miscellaneous other expenses	(9)	-620,301	-552,552
Other net operating income	**(9)**	**532,298**	**488,890**
Pre-tax profit for the year		**557,781**	**181,773**
Taxes on income and earnings	(10)	-92,844	-18,827
After-tax profit for the year		**464,937**	**162,946**
of which attributable to equity holders of the parent company		446,054	147,973
of which attributable to non-controlling interests		18,883	14,973

STATEMENT OF COMPREHENSIVE INCOME

IN EUR '000	Note(s)	2021	2020
After-tax profit for the year		**464,937**	**162,947**
Items that cannot be reclassified to profit or loss		**3,399**	**1,630**
Actuarial gains and losses on defined benefit plans	(31)	3,286	-1,778
Amounts recognised in equity		4,372	-2,325
Taxes recognised in respect of this amount		-1,086	547
Share of other comprehensive income of equity-accounted companies	(18), (31)	14,001	-5,070
Amounts recognised in equity		14,001	-4,848
Taxes recognised in respect of this amount		0	-223
Remeasurements due to change in own credit risk in respect of financial liabilities designated at fair value	(31)	-13,888	8,479
Amounts recognised in equity		-18,517	11,305
Taxes recognised in respect of this amount		4,629	-2,826
Items that can be reclassified to profit or loss		**-23,863**	**-80,037**
Remeasurement gains/losses of financial assets at fair value through other comprehensive income (FVOCI)	(31)	-41,144	4,161
Amounts recognised in equity		-53,221	6,598
Amounts reclassified to profit or loss		-1,638	-1,049
Taxes recognised in respect of this amount		13,715	-1,387
Gain or loss from the hedging of net investments	(31)	-1,458	859
Amounts recognised in equity		-1,943	1,146
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		485	-286
Currency differences	(31)	-284	-1,264
Amounts recognised in equity		-284	-1,197
Amounts reclassified to profit or loss		0	-68
Taxes recognised in respect of this amount		0	0
Share of other comprehensive income of equity-accounted companies	(18), (31)	19,023	-83,793
Amounts recognised in equity		19,023	-83,960
Amounts reclassified to profit or loss		0	0
Taxes recognised in respect of this amount		0	166
Total other comprehensive income		**-20,464**	**-78,406**
Comprehensive income		**444,473**	**84,540**
of which attributable to equity holders of the parent company		425,510	69,488
of which attributable to non-controlling interests		18,963	15,052

STATEMENT OF FINANCIAL POSITION

ASSETS IN EUR '000	Note(s)	31 Dec. 2021	31 Dec. 2020
Cash and cash equivalents	(11), (12)	130,188	145,913
Loans and advances to banks	(11), (13), (15)	14,045,370	11,263,162
Loans and advances to customers	(10), (14), (15)	25,295,138	24,744,714
Value adjustments from portfolio fair value hedges	(11)	-48,875	16,328
Trading assets	(10), (16)	1,800,437	2,396,240
Financial assets	(10), (17)	5,485,756	5,752,542
Equity-accounted companies	(18)	2,274,458	2,102,513
Intangible assets	(20)	145,677	72,717
Property, plant and equipment	(21)	621,376	561,676
Investment property	(21)	780,507	748,106
Current tax assets	(10)	8,634	6,657
Deferred tax assets	(10)	41,212	45,524
Other assets	(22)	783,127	712,235
Assets held for sale	(11), (23)	83,607	343
Total		**51,446,613**	**48,568,669**

EQUITY AND LIABILITIES IN EUR '000	Note(s)	31 Dec. 2021	31 Dec. 2020
Amounts owed to banks	(11), (24)	20,267,675	17,896,062
Amounts owed to customers	(11), (25)	13,501,379	12,618,055
Value adjustments from portfolio fair value hedges	(11)	0	0
Trading liabilities	(11), (26)	1,443,914	1,911,178
Liabilities evidenced by certificates	(11), (27)	8,943,594	9,438,623
Provisions	(15), (28)	299,606	293,900
Current tax liabilities	(10)	27,135	23,953
Deferred tax liabilities	(10)	50,989	39,397
Other liabilities	(29)	669,563	565,755
Liabilities in conjunction with assets held for sale	(23)	0	0
Subordinated capital	(11), (30)	1,083,646	1,015,676
Equity	(31)	5,159,113	4,766,072
of which attributable to equity holders of the parent company		4,952,243	4,590,511
of which attributable to non-controlling interests		206,870	175,561
Total		**51,446,613**	**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**	**3,340,907**	**4,590,510**	**175,561**	**4,766,071**
Comprehensive income	0	0	425,511	425,511	18,963	444,474
thereof after-tax profit for the year	0	0	446,054	446,054	18,883	464,937
of which total other comprehensive income	0	0	-20,543	-20,543	79	-20,464
Dividends	0	0	-45,000	-45,000	-4,706	-49,706
Change in basis of consolidation	0	0	-22,733	-22,733	17,041	-5,692
Shareholding changes, restructuring	0	0	0	0	0	0
Capital increases	0	0	0	0	9	9
Other changes in capital	0	0	3,954	3,954	2	3,956
Equity 31 December 2021	**277,630**	**971,973**	**3,702,639**	**4,952,242**	**206,870**	**5,159,113**

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**
Comprehensive income	0	0	69,488	69,488	15,052	84,540
thereof after-tax profit for the year	0	0	147,974	147,974	14,973	162,947
of which total other comprehensive income	0	0	-78,485	-78,485	79	-78,406
Dividends	0	0	0	0	-22,749	-22,749
Change in basis of consolidation	0	0	0	0	-10	-10
Shareholding changes, restructuring	0	0	-239	-239	17,536	17,297
Capital increases	0	0	0	0	99	99
Other changes in capital	0	0	3,547	3,547	1	3,548
Equity 31 Dec. 2020	**277,630**	**971,973**	**3,340,908**	**4,590,511**	**175,561**	**4,766,072**

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

CASH FLOW STATEMENT

IN EUR '000	Notes	2021	2020
After-tax profit for the year		**464,937**	**162,947**
Non-cash items contained in the profit for the year and reconciliation to the cash flow from operating activities			
Depreciation, amortisation and impairment/reversals of impairment losses/ remeasurements in respect of property, plant and equipment and financial assets, trading securities, intangible assets and investment property		98,816	103,952
Reversal of /additions to reserves and risk provisions		155,688	231,992
Gain or loss on disposal of property, equipment, financial assets, trading securities, intangible assets and investment property		-2,018	-6,117
Dividends	(1)	-34,103	-38,206
Interest income	(1)	-943,732	-937,513
Interest expenses	(1)	548,870	553,247
Share of profit or loss of equity-accounted companies	(3)	-134,572	-84,657
Effects from initial consolidation and deconsolidation	(7)	-1,540	-38
Other adjustments due to non-cash items		-61,370	69,105
Subtotal		**90,975**	**54,712**
Change in assets and liabilities from operating activities after adjusting for non-cash items			
Loans and advances to banks and customers		-3,491,004	-3,768,259
Trading assets		-31,046	-13,043
Other assets		-21,313	-49,663
Amounts owed to banks and customers		3,377,282	4,039,397
Trading liabilities		24,613	34,368
Liabilities evidenced by certificates		-223,729	-176,445
Other liabilities		-62,943	-105,944
Dividends received		63,244	47,667
Interest received		994,291	976,077
Interest paid		-621,416	-562,802
Taxes paid on income		-53,549	-40,141
Cash flow from operating activities		**45,405**	**435,924**
Cash proceeds from the sale of:			
Financial assets and shares in companies		634,229	459,150
Property, plant and equipment, intangible assets and investment property		52,685	67,819
Payments to acquire:			
Financial assets and shares in companies		-514,561	-573,692
Property, plant and equipment, intangible assets and investment property	(19)	-216,117	-198,376
Acquisition of subsidiaries (net of acquired cash and cash equivalents)		-75,402	-54,090
Disposal of subsidiaries (net of sold cash and cash equivalents)		17,472	97
Cash flow from investing activities		**-101,694**	**-299,092**
Capital increase		0	0
Issue of subordinated capital	(30)	94,209	108,926
Repayment/repurchase of subordinated capital	(30)	-3,948	-157,136
Purchase of non-controlling interests		9	17,396
Dividends		-49,706	-22,749
Cash flow from financing activities		**40,564**	**-53,563**
Cash at the end of the previous period		**145,913**	**62,644**
Cash flow from operating activities		45,405	435,924
Cash flow from investing activities		-101,694	-299,092
Cash flow from financing activities		40,564	-53,563
Cash and cash equivalents at the end of the period		**130,188**	**145,913**

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

NOTES

THE COMPANY

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (hereinafter: Raiffeisenlandesbank Oberösterreich) acts as a regional central institution of the Raiffeisen Banking Group Upper Austria and is recorded in the Commercial Register at the District Court in Linz under the number FN247579m. The registered office is situated at Europaplatz 1a, 4020 Linz, Austria. Raiffeisenlandesbank Oberösterreich is the largest regional bank in Austria, pursues the business model of a universal bank and additionally has a broad equity investment portfolio.

As at the end of 2021, the registered co-operative society RBG OÖ Verbund eGen held 98.92% of the ordinary shares in Raiffeisenlandesbank Oberösterreich. RLB Holding eGen Oberösterreich owns 1.08% of the ordinary shares in Raiffeisenlandesbank Oberösterreich. As of 31 December 2021, RBG OÖ Verbund eGen held over 50% of the shares of RLB Holding eGen Oberösterreich, making it the Group's supreme parent company. The Upper Austrian Raiffeisen banks make up the most important owner groups of the two co-operatives. Both of these are supported by Raiffeisenlandesbank Oberösterreich in its function as Upper Austrian headquarters in all banking matters.

Since the 2007 financial year, Raiffeisenlandesbank Oberösterreich as the highest-level bank in the Group has been subject to the mandatory requirement specified in IAS Regulation (EC) 1606/2002 to prepare consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). In addition, disclosures are required in accordance with the regulations of the Austrian Banking Act and the Austrian Commercial Code.

BASICS OF THE CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS

Principles

These consolidated financial statements for the 2021 financial year, as well as the comparative figures from 2020, have been prepared in compliance with the International Financial Reporting Standards (IFRS) 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. The Bank has also taken into account the additional disclosures required in accordance with the regulations under the Austrian Banking Act (BWG) and the Austrian Commercial Code (UGB).

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 companies	1 Jan. 2021	Yes
Extension to IFRS 16 – Lease concessions related to the COVID-19 pandemic	1 April 2021	Yes

Amendments 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 is permitted. These changes are not expected to have any material impact on the consolidated financial statements of Raiffeisenlandesbank Oberösterreich.

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

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.

Extension to IFRS 16 – Lease concessions related to the COVID-19 pandemic

The IASB published an amendment to IFRS 16 "Leases" on 28 May 2020, which was endorsed by the EU on 9 October 2020. The amendment relates to the accounting effects of lease concessions granted to lessees within the context of COVID-19. The aim is to make it easier for lessees to apply the regulations on contract modifications in IFRS 16.

The relief exempts the lessee under certain conditions and for a limited period of time from assessing whether the lease concessions granted in connection with COVID-19 should be regarded as a change in the lease. This allows the lessee to account for these lease concessions as if there had been no changes to the lease, instead of reporting them under the regulations governing changes to leases. The relief was meant to apply solely to rent concessions that reduce rent payments due by 30 June 2021.

In response to the ongoing impact of the COVID-19 pandemic, the International Accounting Standards Board (IASB) has again amended IFRS 16 "Leases" on 31 March 2021 to provide a one-year extension of the practical expedient to assist lessees in accounting for COVID-19-related rent concessions. The amendments extend practical expedient to rent concessions that reduce lease payments originally due on or before 30 June 2022.

The amendments are effective for reporting periods beginning on or after 1 April 2021, with earlier application permitted. This also applies to financial statements that have not yet been released for publication at the time of the publication of the amendment. These extended relief provisions have no material impact on the Raiffeisenlandesbank Oberösterreich Group.

Standards and interpretations that are not yet mandatory

The following new or amended standards and interpretations had already been published as at 31 December 2021. However, they had not yet come into force for the financial year beginning 1 January 2021 and have therefore not been applied in these consolidated financial statements:

Standard/Interpretation	To be applied in financial years from	Already adopted by the EU
Annual improvements (2018–2020)	1 Jan. 2022	Yes
Amendments to IFRS 3, IAS 16 and IAS 37	1 Jan. 2022	Yes
IFRS 17 – "Insurance contracts"	1 Jan. 2023	Yes
Amendments to IAS 1 – Disclosure of Accounting Policies	1 Jan. 2023	Yes
Amendments to IAS 8 – Definition of accounting estimates	1 Jan. 2023	Yes
Amendments to IAS 1 – Classification of liabilities by maturity	1 Jan. 2023	No
Amendment to IAS 12 – Deferred taxes relating to assets and liabilities arising from a single transaction	1 Jan. 2023	No
Amendments to IFRS 17 – First-time Adoption of IFRS 17 and IFRS 9 – Comparative information	1 Jan. 2023	No

Annual improvements (2018 – 2020)

The changes published in May 2019 as part of the IASB's "Annual Improvements Project" envisage changes being implemented in various standards.

The amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" provide relief for subsidiaries that apply IFRS standards for the first time. This concerns regulations for the valuation of accumulated foreign currency differences of the subsidiaries.

The amendments to IFRS 9 "Financial Instruments" specify the extent to which fees and charges to be taken into account when assessing whether a financial liability should be derecognised.
The amendments to IAS 41 "Agriculture" align the provisions with regard to fair value measurement in IAS 41 with the regulations in the other standards.

In order to reduce potential ambiguities in the accounting treatment of leasing incentives, an explanatory application example for IFRS 16 "Leases" was adapted.

The amendments to IFRS 1, IFRS 9, IAS 41 and IAS 16 come into force for financial years beginning on or after 1 January 2022. These changes are not expected to have any material impact on the consolidated financial statements of Raiffeisenlandesbank Oberösterreich.

Amendments to IFRS 3, IAS 16 and IAS 37

The IASB published amendments to IFRS 3, IAS 16 and IAS 37 in May 2020.

In the amendments to IFRS 3 "Business Combinations", a cross-reference was updated; this now refers to the revised 2018 conceptual framework.

The amendments to IAS 16 "Property, Plant and Equipment" relate to revenue before intended use. They state that in future no deduction from the acquisition or production costs will be permitted any longer for income earned during the period in which the asset is brought into the condition intended for its use. The revenue from such sales and the costs of producing such items must be included in future in the operating profit.

The amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" relate to onerous contracts and specifically to the costs of fulfilling a contract. It goes into more detail on the definition of settlement costs and specifies which costs are taken into account when assessing whether a contract will be loss-making.

The published changes are applicable from 1 January 2022. These changes are not expected to have any material impact on the consolidated financial statements of Raiffeisenlandesbank Oberösterreich.

IFRS 17 – Insurance contracts

IFRS 17 was published in May 2017 and governs the principles related to the assessment, valuation, statement and disclosures for insurance contracts within the area of application for the standard. This will replace IFRS 4 "Insurance Contracts" in future. After the postponement of the point of time of first-time application of IASB, the standard must no be applied mandatorily for the first time for financial years beginning on or after 1 January 2023. Corresponding amendments were also made to IFRS 4 with regard to the extension of the temporary exemption from the application of IFRS 9 "Financial Instruments". Due to the lack of matters within the scope of IFRS 17, no effects are expected in the Raiffeisenlandesbank Oberösterreich Group.

Amendments to IAS 1 – Disclosure of accounting policies

In February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" relating to disclosures of accounting policies. In future, the amendments will require only significant accounting policies to be presented in the notes. This serves the objective of emphasising company-specific information compared to standardised explanations. Accounting policies are considered to be significant if material transactions or other events are related to them or there is a reason for their presentation. This is the case, for example, when a method has been changed, there is a right to choose, or the method is complex or highly discretionary. The changes are applicable from 1 January 2023. These amendments will have no material impact on the Raiffeisenlandesbank Oberösterreich Group; possible impacts on the Notes to the consolidated financial statements are being evaluated.

Amendments to IAS 8 – Definition of accounting estimates

The IASB published amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in February 2021. The amendments relate to the definition of accounting estimates and include how changes in accounting policies can be more accurately distinguished from changes in estimates. In particular, the following was defined:

- Accounting estimates in the financial statements always have to be related to a valuation uncertainty of a financial figure.
- Input parameters and valuation techniques are used in determining an estimate, and both, estimation techniques as well as valuation techniques can be used in valuation procedures.

The amendments will enter into force on 1 January 2023. We do not anticipate that these changes will have any material impact on the consolidated financial statements of Raiffeisenlandesbank Oberösterreich Group.

Amendments to IAS 1 – Classification of Liabilities by maturity

The IASB published amendments to IAS 1 "Presentation of Financial Statements" in January 2020 regarding the classification of liabilities as current and non-current liabilities. The amendments only affect the presentation of liabilities in the presentation of the financial position and do not affect the amount or timing of the recognition of assets, liabilities, income or expenses or the disclosures relating to these items. The amendments clarify in particular

- that the classification of liabilities as current or non-current liabilities must be based on the rights that exist as at the reporting date,
- that the classification is not dependent on expectations as to whether an entity will exercise its right to defer settlement of an obligation, and
- that settlement relates to the transfer of cash, equity securities or other assets or services to the counterparty.

The amendments take effect as of 1 January 2023, with earlier adoption permitted. No effects are expected from these changes since the assets and liabilities items in the consolidated statement of financial position of Raiffeisenlandesbank Oberösterreich are presented according to liquidity.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction

In response to existing uncertainties in accounting for deferred taxes in connection with leases and decommissioning obligations, the IASB issued "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" in May 2021. Under certain conditions under IAS 12.15, no deferred taxes are to be recognised for liabilities and assets recognised for the first time (the "initial recognition exemption"). The amendment in IAS 12 clarifies that this exemption does not apply to leases and decommissioning obligations. Thus, deferred taxes must be recognised when the aforementioned items are initially recognised. The amendments are mandatory for reporting periods beginning on or after 1 January 2023. Earlier adoption is permitted. The adjustment has no effect on the consolidated financial statements of Raiffeisenlandesbank Oberösterreich, as deferred taxes are already recognised for the transactions concerned.

Amendments to IFRS 17 – First-time adoption of IFRS 17 and IFRS 9 – Comparative information

The amendment to IFRS 17 was published by the IASB in December 2021 and describes the transitional provisions for the simultaneous first-time adoption of IFRS 9 and IFRS 17. Comparative information of financial assets may be presented as if the classification and measurement according to IFRS 9 had already been applied previously. The right to chose can be used individually for each instrument. Impairment provisions are not mandatory for the first-time application of IFRS 9. Since the Raiffeisenlandesbank Oberösterreich Group does not include any companies within the scope of application of IFRS 17 and IFRS 9 has already been applied, this amendment has no effect.

Consolidation methods

The starting point for preparing the consolidated statement of financial position and the group income statement is the sum of the separate financial statements of the subsidiaries included in the consolidated financial statements. The separate financial statements of the fully consolidated subsidiaries are prepared in accordance with IFRS provisions and are based on the uniform accounting and valuation methods applied throughout the Group. The reporting date of the fully consolidated companies is 31 December with the exception of 40 companies that are included with a reporting date of 30 September. In addition, a leasing company is included as of 30 November. The selection of a reporting date for these companies that differs from that of the parent company guarantees that the financial statements can be prepared and audited without delay. One subsidiary prepares its annual financial statements as at 28 February and reports as at 31 December with an IFRS interim report. Significant events or other events that occur between the end of the financial year and the Group reporting date are taken into account in the consolidated financial statement provided that they are material.

The Group accounts for business combinations using the acquisition method in accordance with IFRS 3 if the Group has acquired control. The net assets measured at fair value are offset against the consideration paid or, if necessary, against the fair value of the evaluated shares already held and the value of non-controlling interests on the date control is obtained.

Under IFRS 3.19, the non-controlling interests component can be measured at fair value (full goodwill) or at the proportionate share of the non-controlling interests in the recognised amounts of the acquiree's identifiable net assets (partial goodwill). Basically, the Group uses the partial goodwill method. In other words, the non-controlling interests are measured in the amount of the proportionate share of the identifiable net assets. Transaction costs are recognised immediately as expense, unless they are associated with the issue of bonds or equity instruments. Any positive difference is recognised as goodwill. As the Group uses the partial goodwill method, goodwill is only reported for the proportionate share of the Group and not for the share attributable to the non-controlling interests. Goodwill is not amortised but rather is subject to an annual impairment test in accordance with IAS 36. Any profit from an acquisition at a price below the value of the net assets is recognised directly in the group income statement.

Subsidiaries are entities controlled by the Group in accordance with IFRS 10. The Group controls an entity if the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated financial statements of subsidiaries are included in the consolidated financial statements from the point in time at which the control begins and until the point in time that the control ends. If control is obtained over an operation in which the Group previously held an interest, the shares previously held in the operation must be remeasured in accordance with IFRS 3.

If a company is jointly controlled, then a decision has to be made between Joint Operation and Joint Venture. If rights exist to the assets to be accounted to the joint agreement, together with liabilities for their debts, according to IFRS 11 a Joint Operation is in place, which is proportionately included in the consolidated financial statement. If rights only exist to the net assets of the jointly controlled company, then according to IFRS 11 what is involved is a joint company which is included at equity. Within the framework of this decision, the structure, legal form of the company, contractual agreements and any other circumstances must further be taken into account. If joint control is obtained over an operation that is a joint operation in which the Group previously held an interest, the shares previously held in the operation cannot be remeasured in accordance with IFRS 11.

Associates are companies on which the group exercises a significant influence on business and financial policy but has no control or joint leadership in relation to this. There is usually a significant influence when the shareholding is between 20% and 50%. Furthermore, there may still be significant influence even if the shareholding is smaller; this may arise through representation on the relevant entity's executive board or supervisory board. Significant equity investments in affiliated companies are accounted for using the equity method and reported as a separate item on the statement of financial position. The proportionate share of profit or loss from equity-accounted companies are also shown separately in the income statement. When applying the equity method, the same basic approach is used in accounting for acquisitions as is used for a fully consolidated company. When there are indications that there could be impairment pursuant to IAS 28, equity carrying amounts are subjected to an impairment test according to IAS 36. The analysis is usually done by applying a valuation method based on future financial surplus funds and/or based on share prices, if they are available. If there is a disposal of the associate then it is written off on the consolidated income statement.

Structured companies are companies which are structured in such a way that voting or similar rights are not pivotal in the decision as to who controls the company. This is the case for instance if voting rights only relate to administrative tasks and the relevant activities are controlled through contractual agreements. Project companies and leasing property companies with restricted areas of activity and public funds are viewed as structured entities in particular. Disclosures on structured companies in accordance with IFRS 12 also take the type of business relationship between these and the Group into consideration.

Intercompany profits are eliminated if they are not of minor significance for the items of the income statement. Banking transactions between the individual companies of the group are performed according to market conditions.

In the course of the debt consolidation, loans and advances within the group are set off against internal liabilities. Expenses and income resulting from transactions between companies in the full basis of consolidation are eliminated in the course of the expense and income consolidation.

Basis of consolidation

The basis of consolidation was determined in accordance with the provisions of IAS 10, taking the principle of materiality into consideration. Materiality is determined according to criteria applied uniformly throughout the Group, focusing on the effect of the inclusion or non-inclusion of a subsidiary on the presentation of the Group's financial position and financial performance. The same applies for drawing up the statements of financial position of companies under joint control according to IFRS 11, together with associated companies according to IAS 28. A total of 61 subsidiaries were not fully consolidated and 35 affiliated company were not accounted for using the equity method because of their minor significance for the presentation of financial position and financial performance.

The basis of consolidation for the consolidated financial statements of Raiffeisenlandesbank Oberösterreich as of 31 December 2021 includes 156 (previous year: 147) fully consolidated companies (including Raiffeisenlandesbank Oberösterreich). Ten (previous year: ten) other companies were accounted for using the equity method. Of the 166 companies, 124 (previous year: 120) are established in Austria and 42 (previous year: 37) abroad. Of the fully consolidated entities, one (previous year: two) is a bank, 73 (previous year: 73) are financial institutions due to their business activities, 16 (previous year: 17) are financial institutions based on their function as holding companies, three (previous year: three) are providers of ancillary services and 63 (previous year: 52) are other miscellaneous entities. The dividends and capital repayments from fully consolidated banks or banks accounted for using the equity method are restricted under banking standards and regulatory requirements, particularly as a result of the need to comply with minimum capital ratios.

The following table shows the fully consolidated subsidiaries and companies accounted for using the equity method. An overview of all investments of the Raiffeisenlandesbank Oberösterreich Group (information according to section 265 (2) of the Austrian Commercial Code) has been prepared separately. This list is available at the headquarters of the parent company.

Name	Attributed share of capital in %	Country	End of Financial Year	Added in 2021
Fully consolidated companies				
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	Group parent	Austria	31 Dec.	
activ factoring AG	100.00 %	Germany	31 Dec.	
Bauen und Wohnen Beteiligungs GmbH	99.97%	Austria	31 Dec.	
BC Petzoldstraße 14 GmbH & Co OG	100.00%	Austria	31 Dec.	
BHG Beteiligungsmanagement und Holding GmbH	100.00%	Austria	28.02.	
DAILY SERVICE GmbH	100.00%	Austria	31 Dec.	
efko cz s.r.o.	51.00%	Czechia	31 Dec.	
efko Frischfrucht und Delikatessen GmbH	51.00%	Austria	31 Dec.	
EOS Immobilien GmbH & Co. KG[1]	0.00%	Germany	30 Sept.	x
Eurolease finance d.o.o.	100.00%	Slovenia	31 Dec.	
EUROPASTEG Errichtungs- und Betriebs GmbH	51.00%	Austria	30 Sept.	
Eurotherme Bad Schallerbach Hotelerrichtungsgesellschaft m.b.H.	51.00%	Austria	31 Dec.	
F6 Entwicklungsgesellschaft m.b.H. & Co KG	100.00%	Austria	31 Dec.	
Franz Reiter Ges.m.b.H. & Co. OG.	100.00%	Austria	31 Dec.	
FW Trading GmbH	100.00%	Austria	31 Dec.	
Gerstner Catering Betriebs GmbH	100.00%	Austria	31 Dec.	x
Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH	100.00%	Austria	31 Dec.	
Gesellschaft zur Förderung des Wohnbaus GmbH	100.00%	Austria	31 Dec.	
GMS GOURMET GmbH	100.00%	Austria	31 Dec.	
GOURMET Beteiligungs GmbH	100.00%	Austria	31 Dec.	
Grundstücksverwaltung Steyr GmbH	95.00%	Austria	31 Dec.	

Name	Attributed share of capital in %	Country	End of Financial Year	Added in 2021
Grundstücksverwaltung Villach-Süd GmbH	51.49%	Austria	31 Dec.	
GRZ IT Center GmbH	87.24%	Austria	31 Dec.	
HLV Immobilien GmbH	100.00%	Austria	30 Sept.	
HYPO Beteiligung Gesellschaft m.b.H.	100.00%	Austria	30 Sept.	
HYPO Grund- und Bau-Leasing Gesellschaft m.b.H.	100.00%	Austria	30 Sept.	
Hypo Holding GmbH	84.67%	Austria	31 Dec.	
HYPO IMPULS Immobilien Leasing GmbH	100.00%	Austria	30 Sept.	
HYPO IMPULS Immobilien Rif GmbH	100.00%	Austria	30 Sept.	
HYPO IMPULS Mobilien Leasing GmbH	100.00%	Austria	30 Sept.	
HYPO IMPULS Vital Leasing GmbH	100.00%	Austria	30 Sept.	
HYPO Salzburg IMPULS Leasing GmbH	100.00%	Austria	30 Sept.	
HYPO-IMPULS Immobilien GmbH	51.00%	Austria	31 Dec.	
IL 1 Raiffeisen-IMPULS-Mobilienleasing Gesellschaft m.b.H.	100.00%	Austria	30 Sept.	
IMMOBILIEN Invest Real-Treuhand Portfoliomanagement GmbH & Co OG	100.00%	Austria	31 Dec.	
IMPULS Broker de Asigurare SRL	90.00%	Romania	31 Dec.	
IMPULS Chlumcany s.r.o.	100.00%	Czechia	31 Dec.	
IMPULS Malvazinky s.r.o.	100.00%	Czechia	31 Dec.	
IMPULS Milovice s.r.o.	100.00%	Czechia	31 Dec.	
IMPULS Modletice s.r.o.	100.00%	Czechia	31 Dec.	
IMPULS Šterboholy s.r.o.	100.00%	Czechia	31 Dec.	
IMPULS Teplice s.r.o.	100.00%	Czechia	31 Dec.	
IMPULS Trnávka s.r.o.	100.00%	Slovakia	31 Dec.	
IMPULS-Immobilien Beteiligungs GmbH	73.80%	Germany	31 Dec.	x
IMPULS-Leasing GmbH & Co. Objekt Aschheim KG[1]	0.00%	Germany	31 Dec.	x
IMPULS-Immobilien GmbH & Co. Objekt Gersthofen KG	81.00%	Germany	31 Dec.	
IMPULS-Immobilien GmbH & Co. Objekt Laupheim KG[1]	5.10%	Germany	31 Dec.	
IMPULS-INSURANCE Polska Sp. z o.o.	100.00%	Poland	31 Dec.	
IMPULS-LEASING d.o.o.	100.00%	Croatia	31 Dec.	
IMPULS-Leasing GmbH & Co. Objekt Hengersberg KG	100.00%	Germany	31 Dec.	
IMPULS-Leasing GmbH & Co. Objekt Wiesau KG	51.00%	Germany	31 Dec.	
IMPULS-LEASING International GmbH	100.00%	Austria	31 Dec.	
IMPULS-LEASING Polska Sp. z o.o.	100.00%	Poland	31 Dec.	
SC IMPULS-LEASING Romania IFN S.A.	90.00%	Romania	31 Dec.	
SC IMPULS – LEASING SERVICES SRL	90.00%	Romania	31 Dec.	
IMPULS-Leasing-AUSTRIA s.r.o.	100.00%	Czechia	31 Dec.	
IMPULS-Leasing-Real-Estate s.r.o.	100.00%	Czechia	31 Dec.	
Invest Holding GmbH	100.00%	Austria	31 Dec.	
KARNERTA GmbH	100.00%	Austria	31 Dec.	
KEPLER-FONDS Kapitalanlagegesellschaft m.b.H.	64.00%	Austria	31 Dec.	
LABA-IMPULS-Gebäudeleasing Gesellschaft m.b.H.	100.00%	Austria	31 Dec.	
LABA-IMPULS-Gebäudeleasing GmbH & Co KG	100.00%	Austria	31 Dec.	
LKW-Zentrum Radfeld Liegenschaftsverwaltung GmbH	100.00%	Austria	30 Sept.	
machland obst- und gemüsedelikatessen gmbh	51.98%	Austria	31 Dec.	
MARESI Austria GmbH	92.70%	Austria	31 Dec.	
MARESI Foodbroker Kft.	92.70%	Hungary	31 Dec.	
MARESI Foodbroker s.r.o.	92.70%	Czechia	31 Dec.	
MARESI Foodbroker S.R.L.	92.70%	Romania	31 Dec.	
MARESI Foodbroker s.r.o.	92.70%	Slovakia	31 Dec.	
MARESI Trademark GmbH & Co KG	100.00%	Austria	31 Dec.	
MH53 GmbH & Co OG	100.00%	Austria	31 Dec.	
"NECHLEDIEL" Vertriebs GmbH	74.00%	Austria	30 Sept.	x
NGA Immobilien GmbH & Co. KG[1]	0.00%	Germany	31 Dec.	x
O.Ö. Kommunalgebäude-Leasing Gesellschaft m.b.H.[2]	40.00%	Austria	31 Dec.	
O.Ö. Kommunal-Immobilienleasing GmbH[2]	40.00%	Austria	31 Dec.	

Name	Attributed share of capital in %	Country	End of Financial Year	Added in 2021
Oberösterreichische Kfz-Leasing Gesellschaft m.b.H.	100.00%	Austria	31 Dec.	
OK Platz Errichtungs- und Vermietungs GmbH	100.00%	Austria	31 Dec.	
OÖ Wohnbau gemeinnützige Wohnbau und Beteiligung GmbH[3]	n/a	Austria	31 Dec.	
OÖ Wohnbau Gesellschaft für den Wohnungsbau gemeinnützige GmbH[3]	n/a	Austria	31 Dec.	
Pflaum Feinkost GmbH	74.00%	Germany	30 Sept.	x
Privatstiftung der Raiffeisenlandesbank Oberösterreich Aktiengesellschaft[4]	n/a	Austria	31 Dec.	
PROGRAMMIERFABRIK GmbH	89.80%	Austria	30 Sept.	
pro-beam GmbH & Co. Objekt Gilching KG[1]	0.00%	Germany	31 Dec.	x
Projekt Blumau Tower Immobilien GmbH	100.00%	Austria	30 Nov.	
PUREA Austria GmbH	100.00%	Austria	31 Dec.	
Raiffeisen Innovation Invest GmbH	100.00%	Austria	31 Dec.	
Raiffeisen Invest Holding GmbH & Co KG	100.00%	Austria	31 Dec.	
Raiffeisen OÖ Immobilien- und Projektentwicklungs GmbH	100.00%	Austria	31 Dec.	
Raiffeisen-IMPULS Finance & Lease GmbH	100.00%	Germany	31 Dec.	
Raiffeisen-IMPULS-Fuhrparkmanagement GmbH & Co. KG	100.00%	Germany	31 Dec.	
Raiffeisen-IMPULS Kfz und Mobilien GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Alpha Immobilien GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Delta Immobilien GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Fahrzeugleasing GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Gamma Immobilien GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Immobilien GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Immobilien GmbH & Co. Objekt Hilpoltstein KG	100.00%	Germany	31 Dec.	
Raiffeisen-IMPULS-Immobilien GmbH & Co. Messepark Kohlbruck Vermietungs KG	75.21%	Germany	31 Dec.	x
Raiffeisen-IMPULS-Leasing Beteiligungs Gesellschaft m.b.H.	100.00%	Germany	31 Dec.	
Raiffeisen-IMPULS-Leasing Gesellschaft m.b.H.	100.00%	Austria	31 Dec.	
Raiffeisen-IMPULS-Leasing GmbH & Co KG	100.00%	Germany	31 Dec.	
Raiffeisen-IMPULS-Leasing Schönau GmbH	100.00%	Germany	31 Dec.	
Raiffeisen-IMPULS-Liegenschaftsverwaltung Gesellschaft m.b.H.	75.00%	Austria	31 Dec.	
Raiffeisen-IMPULS-Mobilienleasing GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Projekt Atzbach GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Projekt Gänserndorf GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Projekt Hermann-Gebauer-Straße GmbH	100.00%	Austria	31 Dec.	
Raiffeisen-IMPULS-Projekt Hörsching GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Projekt Kittsee GmbH	95.00%	Austria	31 Dec.	
Raiffeisen-IMPULS-Projekt Lehen GmbH	95.00%	Austria	31 Dec.	
Raiffeisen-IMPULS-Projekt Lichtenegg GmbH	100.00%	Austria	31 Dec.	
Raiffeisen-IMPULS-Projekt Ort GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Projekt Straßwalchen GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Projekt Traunviertel GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Projekt Wolfsberg GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Rankweil Immobilien GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Realitätenleasing GmbH	100.00%	Austria	30 Sept.	
Raiffeisen-IMPULS-Rho Immobilien GmbH	100.00%	Austria	31 Dec.	
Raiffeisen-IMPULS-Rho Immobilien GmbH & Co KG	100.00%	Austria	31 Dec.	
Raiffeisen-IMPULS-Vermietungsgesellschaft m.b.H.	100.00%	Austria	31 Dec.	
Raiffeisen-IMPULS-Zeta Immobilien GmbH	60.00%	Austria	30 Sept.	
RealBestand Immobilien GmbH & Co KG	100.00%	Austria	31 Dec.	
RealRendite Immobilien GmbH	100.00%	Austria	31 Dec.	
Real-Treuhand Bau- und Facilitymanagement GmbH	100.00%	Austria	31 Dec.	
Real-Treuhand Immobilien Bayern GmbH	97.50%	Austria	31 Dec.	
Real-Treuhand Immobilien Vertriebs GmbH	100.00%	Austria	31 Dec.	
REAL-TREUHAND Management GmbH	100.00%	Austria	31 Dec.	
Real-Treuhand Projekt- und Bauträger GmbH	100.00%	Austria	31 Dec.	

Name	Attributed share of capital in %	Country	End of Financial Year	Added in 2021
Ringstraße 8 GmbH & Co OG	100.00%	Austria	31 Dec.	
RLB OÖ Sektorholding GmbH	100.00%	Austria	31 Dec.	
RLB OÖ Unternehmensholding GmbH	100.00%	Austria	31 Dec.	
RVB Raiffeisen Versicherungsberatung GmbH	100.00%	Austria	31 Dec.	
RVD Raiffeisen Versicherungsdienst GmbH	75.00%	Austria	31 Dec.	
RVM Versicherungsmakler GmbH	100.00%	Austria	30 Sept.	
S.G.S. Immobilienbesitz und Verwaltungs GmbH & Co KG	100.00%	Austria	31 Dec.	
Schwesternheim Wels Vermietungsgesellschaft m.b.H.	100.00%	Austria	31 Dec.	
SENNA Nahrungsmittel GmbH & Co KG	100.00%	Austria	31 Dec.	
SF Franken-Catering GmbH	100.00%	Germany	31 Dec.	
Softwarepark Schloß Hagenberg Errichtungs- und Betriebsges.m.b.H.	90.00%	Austria	31 Dec.	
SP Feinkost Vertriebs GmbH	74.00%	Austria	30 Sept.	x
TKV Burgenland GmbH	100.00%	Austria	31 Dec.	
TKV Oberösterreich GmbH & Co KG	100.00%	Austria	31 Dec.	
VIO PLAZA GmbH & Co KG	100.00%	Austria	31 Dec.	
VIVATIS Beteiligungs-GmbH	100.00%	Austria	31 Dec.	
VIVATIS Capital Invest GmbH	100.00%	Austria	31 Dec.	
VIVATIS Capital Services eGen	100.00%	Austria	31 Dec.	
VIVATIS Holding AG	100.00%	Austria	31 Dec.	
VIVATIS Vermögensverwaltungs Beta GmbH	100.00%	Austria	31 Dec.	
VIVATIS Vermögensverwaltungs GmbH & Co KG	100.00%	Austria	31 Dec.	
WDL Infrastruktur GmbH	51.00%	Austria	30 Sept.	
WEINBERGMAIER GmbH	100.00%	Austria	31 Dec.	
WOJNAR Beta Immobilien GmbH	73.26%	Austria	30 Sept.	x
WOJNAR Beteiligungs GmbH	74.00%	Austria	30 Sept.	x
Wojnar Deutschland Vertriebs GmbH	74.00%	Germany	30 Sept.	x
WOJNAR Immobilien GmbH	73.26%	Austria	30 Sept.	x
"WOJNAR'S WIENER LECKERBISSEN" Delikatessenerzeugung GmbH	74.00%	Austria	30 Sept.	x
Companies reported under the equity method				
"VOG" Einfuhr und Großhandel mit Lebensmitteln und Bedarfsgütern Aktiengesellschaft	22.32%	Austria	31 Dec.	
AMAG Austria Metall AG	16.50%	Austria	31 Dec.	
Beteiligungs- und Immobilien GmbH	46.00%	Austria	31 Dec.	
Beteiligungs- und Wohnungsanlagen GmbH	47.21%	Austria	31 Dec.	
Kapsch Financial Services GmbH[5]	49.00%	Austria	30 Sept.	
Oberösterreichische Landesbank Aktiengesellschaft	41.14%	Austria	31 Dec.	
Österreichische Salinen Aktiengesellschaft	41.25%	Austria	30 June	
Raiffeisen Bank International AG	9.51%	Austria	31 Dec.	
Raiffeisenbank a.s.	25.00%	Czechia	31 Dec.	
Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG[5]	75.65%	Austria	30 Sept.	

[1] Control based on general partnership with majority voting rights

[2] Control based on majority of members of the executive board and agreement binding voting rights

[3] Taking into account the restrictions of the Austrian Public House Building Act (WGG), restriction to paid-in capital as well as earnings payable to proprietors (see in this regard also the appendix on "Significant non-controlling interests"). The holding of Bauen und Wohnen Beteiligungs GmbH in the capital of Oberösterreich Wohnbau gemeinnützige Wohnbau und Beteiligung GmbH amounts to 83.59 %.

[4] Control based on the right to appoint members to the foundation's management board

[5] Joint control over this company based on the resolution regulations in the articles of association

Changes in the basis of consolidation and their effects

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

	Fully consolidated		Equity method	
	2021	2020	2021	2020
As at 1 Jan.	147	148	10	10
Included for the first time during the reporting period	15	10	0	0
of which additions due to newly established company	0	4	0	0
of which additions from business acquisitions	15	3	0	0
of which additions due to change in consolidation method	0	3	0	0
Merged during the reporting period	2	6	0	0
Deconsolidated during the reporting period	4	5	0	0
thereof disposals due to divestiture	3	3	0	0
thereof disposals due to liquidation	1	2	0	0
thereof disposals due to change in accounting consolidation method	0	0	0	0
As at 31 Dec.	156	147	10	10

In the 2021 financial year, 74% of WOJNAR Beteiligungs GmbH with the following seven subsidiaries (hereinafter: WOJNAR Group) were acquired by the VIVATIS/efko Group and included in the basis of consolidation for the first time:

- "NECHLEDIEL" Vertriebs GmbH
- Pflaum Feinkost GmbH
- SP Feinkost Vertriebs GmbH
- WOJNAR Beta Immobilien GmbH
- Wojnar Deutschland Vertriebs GmbH
- WOJNAR Immobilien GmbH
- "WOJNAR'S WIENER LECKERBISSEN" Delikatessenerzeugung GmbH

With the acquisition of the WOJNAR Group, which with its approximately 560 employees focuses strongly on innovations and current development trends, the Fresh and Chilled Convenience business unit in the VIVATIS/efko Group will be further expanded. The companies' core assortment consists of spreads, sandwiches, delicatessen salads and convenience products. About 80% of the products are marketed in Austria in the food retail and food service sectors. In addition, around 20% of the goods are exported with own production and sales organisations, mainly to Germany and Central and Eastern Europe. The bundling of know-how enables us to respond even better and more efficiently to the needs of our customers. The companies of the WOJNAR Group, which will be integrated into the VIVATIS/efko Group, will in future be largely responsible for expansion in the growing fresh and chilled convenience sector.

The consideration already transferred amounts to EUR 64,701 thousand. Contingent consideration or indemnification assets were not part of the business combination agreement.

26% of WOJNAR Beteiligungs GmbH is attributable to non-controlling interests. This company, in turn, holds a majority of subsidiaries with a 100% share in the capital as well as another subsidiary with a 99% share of capital – WOJNAR Immobilien GmbH. Under this company there is another subsidiary – WOJNAR Beta Immobilien GmbH – which is 100% controlled. Therefore, in the course of consolidation, not only a non-controlling interest of 26% is to be applied, but an attributed minority interest of 26.74% is to be recognised for the two real estate companies.

A combination of call and put options for the non-controlling interests was agreed in the shareholders' agreement. It can be clearly deduced from this contract that the call option was structured as a "long call" and that, due to the design of the exercise options, it is significantly less likely to be exercised or to occur than the defined "short put" option. Thus, we can conclude that it is not a balanced combination of call and put options and therefore no presentation as a 100% share purchase is warranted. In the course of the acquisition of the WOJNAR Group, the present access method in combination with the partial goodwill method was applied for the recognition of non-controlling interests and a non-controlling interest in the equity of the acquired companies of EUR 16,471 thousand was recognised at the acquisition date.

The put option is a "short put" option in favour of the seller, which can be exercised at the earliest three years after the closing. In accordance with IAS 32.23, a contract that requires an entity to purchase its own equity instruments for cash or another financial asset establishes a financial liability for the present value of the redemption value. Consequently, from the perspective of the Raiffeisenlandesbank Oberösterreich Group, the double credit approach is applied. In the present consolidated financial statements as at 31 December 2021, in addition to the non-controlling interests, a financial liability in the amount of EUR 22,733 thousand is therefore also recognised in the balance sheet item "Other liabilities" for the agreed put option in relation to the equity shares in the WOJNAR Group. The subsequent valuation is carried out in the Raiffeisenlandesbank Oberösterreich Group through equity.

The WOJNAR Group was consolidated for the first time as at 31 December 2021 with a different reporting date (30 September); accordingly, the company did not yet contribute to the Raiffeisenlandesbank Oberösterreich Group's profit for 2021 financial year. It was not possible to determine the revenues or net profit that the WOJNAR Group would have contributed to the 2021 consolidated financial statements if it had been included as of 1 January 2021, due to the change in the reporting date of the WOJNAR Group from the original 31 January to 30 September and the conversion to international accounting standards (IFRS).

In the course of the company's acquisition, costs of EUR 810 thousand were incurred for advisory services and due diligence. Of this amount, EUR 728 thousand was recognised in the current consolidated income statement, which is mainly reported under general administrative expenses in the item "Legal and consulting expenses". In addition, expenses for legal and consulting costs in the amount of EUR 82 thousand were already taken into account in the 2020 financial year. The payment of the related liabilities was made in full in the 2021 financial year. The assets acquired and liabilities assumed as at the point of acquisition are as follows:

IN EUR '000	2021
Cash and cash equivalents	7
Loans and advances to banks	12,106
Intangible assets	44,022
Property, plant and equipment	40,702
Tax assets	4
Other assets	17,684
Amounts owed to banks	7,378
Derivatives	312
Provisions	1,859
Tax liabilities	9,320
Other liabilities	32,517
Non-controlling interests from subsidiaries	74
Fair value of the identifiable net assets	**63,065**

The gross amounts of the receivables acquired amount to EUR 12,106 thousand in loans and advances to banks and EUR 17,684 thousand in receivables recognised in other assets.

Due to the acquisition of the WOJNAR Group, the previously rather heterogeneous and decentrally organised fresh and chilled convenience sector will be bundled, thereby optimising and further expanding the cross-group food retail and discount activities.

Goodwill has been recognised as follows:

IN EUR '000	2021
Consideration transferred	64,701
Fair value of the proportionate identifiable net assets (74%)	46,668
Goodwill	**18,033**

In the VIVATIS/efko Group, 100% of Gerstner Catering Betriebs GbmH was acquired in the 2021 financial year – in addition to the acquisition of shares in the WOJNAR Group.

As a traditional Viennese company, Gerstner Catering Betriebs GmbH stands for culinary, catering and event service of exquisite quality and perfection. It is represented in Vienna's most famous houses, including the magnificent premises of the Palais Todesco in Kärntner Straße and with the Gerstner K. u. K. Hofzuckerbäckerei, at the Vienna Staatsoper and the Vienna Musikverein. Gerstner Catering Betriebs GmbH is an excellent addition to the portfolio of GMS GOURMET GmbH. The acquisition brings together the strengths and outstanding expertise of both companies. In this way, the needs of the customers will be met even better in the future and the catering services will have even higher quality and be more attractive.

The consideration already transferred amounts to EUR 11,003 thousand, of which EUR 1,593 thousand is subject to a purchase price adjustment mechanism in the form of a contingent consideration. EUR 1,326 thousand has already been paid out from this agreement and EUR 267 thousand is shown as a liability in the balance sheet item "Other liabilities" as at 31 December 2021. The amount of the value that has not yet flowed can still change if necessary.

Gerstner Catering Betriebs GmbH was consolidated for the first time as of 30 September 2021 and contributed revenues of EUR 2,126 thousand and a profit for the year of EUR -352 thousand to the consolidated net profit before taxes in the fourth quarter of 2021. If the acquisition had already taken place on 1 January 2021, the revenues of Gerstner Catering Betriebs GmbH would have increased the group's other operating income by around EUR 4,662 thousand and reduced the consolidated net profit before taxes by EUR -583 thousand.

Consultancy costs of EUR 56 thousand were incurred in the course of the company acquisition. These are recognised in the current consolidated income statement under general administrative expenses in the item "Legal and consulting expenses". The related liabilities were paid in full in the 2021 financial year.

The assets acquired and liabilities assumed as at the point of acquisition are as follows:

IN EUR '000	2021
Cash and cash equivalents	29
Loans and advances to banks	556
Financial assets	2
Intangible assets	3,736
Property, plant and equipment	4,054
Other assets	1,985
Amounts owed to banks	450
Amounts owed to customers	500
Provisions	398
Tax liabilities	1,074
Other liabilities	4,307
Fair value of the identifiable net assets	**3,633**

The gross amounts of the receivables acquired amount to EUR 556 thousand in loans and advances to banks and EUR 1,985 thousand in receivables recognised in other assets.

The acquisition of Gerstner Catering Betriebs GmbH is expected to generate significant cost synergy potential for the existing catering and communal catering companies in the VIVATIS/efko Group on the one hand, and to further expand positioning in the upscale catering segment on the other.

The goodwill has been recognised as follows:

IN EUR '000	2021
Consideration transferred	11,003
Fair value of the identifiable net assets	3,633
Goodwill	**7,370**

In addition to the company acquisitions in the VIVATIS/efko Group, the assets and liabilities in the "IMPULS-LEASING" Group were included in the Raiffeisenlandesbank Oberösterreich Group in December 2021 through the increase in the shareholding in IMPULS-Immobilien Beteiligungs GmbH from 24.8% to 73.8%. In the course of the inclusion of IMPULS-Immobilien Beteiligungs GmbH, the following five real estate leasing project companies were also included in the consolidated financial statements of Raiffeisenlandesbank Oberösterreich for the first time:

- EOS Immobilien GmbH & Co. KG
- NGA Immobilien GmbH & Co. KG
- pro-beam GmbH & Co. Objekt Gilching KG
- IMPULS-Leasing GmbH & Co. Objekt Aschheim KG
- Raiffeisen-IMPULS-Immobilien GmbH & Co. Messepark Kohlbruck Vermietungs KG

While the first four companies have a majority of voting rights due to their general partner position, Raiffeisen-IMPULS-Immobilien GmbH & Co. Messepark Kohlbruck Vermietungs KG also holds capital shares. The purchase price for the acquired companies amounts to EUR 12 thousand, which was entirely paid in the 2021 financial year. The acquired companies do not have any business operations within the meaning of IFRS 3.

The assets and liabilities from these companies totalled EUR 62,104 thousand and EUR 61,757 thousand respectively at the time of their initial consolidation and are broken down as shown in the following table:

IN EUR '000	2021
Loans and advances to banks	964
Loans and advances to customers	61,133
Other assets	7
Amounts owed to banks	60,849
Tax liabilities	684
Other liabilities	224

With regard to the first-time consolidations, see also the corresponding presentation of the companies included in the scope of consolidation with a mark of inclusion in the 2021 financial year.

Further changes in the basis of consolidation as compared with 31. December 2020 result from the sale or liquidation and the resulting deconsolidation of the following companies that were previously fully consolidated:

- IMPULS Bilina s.r.o. (Sale)
- IMPULS-LEASING Slovakia s.r.o. (Sale)
- Raiffeisen-IMPULS-Epsilon Immobilien GmbH (after sale: SES Epsilon Immobilien GmbH)
- Raiffeisen-IMPULS-Immobilien GmbH & Co. Objekt Gunzenhausen KG (liquidation)

IMPULS-LEASING Slovakia s.r.o. was classified as held for sale in the first half of 2021 due to the interest of Tatra-Leasing s.r.o. and the resolution of Raiffeisenlandesbank Oberösterreich to sell it. Accordingly, all of its assets and liabilities were reported as held for sale in the interim financial report. 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 in the first half of 2021. The reflection 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 closing of the transaction took place in August 2021.

At the time of the deconsolidation, the assets and liabilities of these companies that were previously fully consolidated amounted to a total of EUR 203,752 thousand and EUR 187,819 thousand respectively, and are broken down as shown in the following table:

IN EUR '000	2021
Loans and advances to banks	15
Loans and advances to customers	12,012
Tax assets	15
Other assets	61
Assets held for sale	191,649
Amounts owed to banks	3,044
Amounts owed to customers	8,556
Tax liabilities	78
Other liabilities	63
Liabilities in connection with assets held for sale	176,078

There will be additional changes in the basis of consolidation in the 2021 financial year due to the following mergers:

- Merger of Raiffeisen-IMPULS-Immobilienleasing GmbH into Raiffeisen-IMPULS-Liegenschaftsverwaltung Gesellschaft m.b.H.
- Merger of SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT into Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

One major milestone in 2021 was the merger of Raiffeisenlandesbank Oberösterreich AG with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT, which was successfully implemented as planned in the autumn as part of the “LISA 2.1” project. Essential processes, technical infrastructures and IT systems as well working methods were aligned with each other in this process. Product and sales harmonisation also created the basis for providing customers with a uniform product universe and range of services. Both the locations and the established HYPO Salzburg brand will continue to exist. Within the Raiffeisenlandesbank Oberösterreich Group, it is thus one of several strong brands for focused market development in Salzburg. As part of the Raiffeisenlandesbank Oberösterreich AG Group, SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT is subject to the regulatory requirements of a bank audited by the European Central Bank. In the past, this resulted in high costs and sometimes a duplication of effort.

Foreign currency translation

The consolidated financial statements are presented in euros, reflecting the national currency. Financial statements of fully consolidated companies whose functional currency differs from the group currency are translated into euros employing the modified 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 Group reporting date). The items on the income statement are translated using the average foreign 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	Average rate	Closing rate	Average rate
Croatian kuna (HRK)	7.5156	7.5283	7.5519	7.5355
Polish zloty (PLN)	4.5969	4.5711	4.5597	4.4518
Czech koruna (CZK)	24.8580	25.6942	26.2420	26.4138
Romanian leu (RON)	4.9490	4.9207	4.8683	4.8379
Hungarian forint (HUF)	369.1900	359.0146	363.8900	352.2423

ACCOUNTING AND VALUATION METHODS

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. All financial assets and liabilities, including all derivative financial instruments, must be recognised in the statement of financial position in accordance with IFRS 9.

A distinction is made here between the following categories in accordance with IFRS 9:

- financial assets and financial liabilities that are measured at amortised cost (AC)
- financial assets or liabilities for which an option exists to be designated at fair value through profit or loss (Fair Value Option, FVO)
- financial assets or liabilities that are measured at Fair Value through Profit or Loss (FVTPL)
- financial assets that are measured at fair value with no effect on income (Fair Value through Other Comprehensive Income – FVOCI); in turn, this category is subdivided into:
  - financial assets that are measured at fair value with no effect on income, recyclable
  - financial assets that are designated at fair value with no effect on income, non-recyclable

A financial instrument is first recognised in the statement of financial position when Raiffeisenlandesbank Oberösterreich acquires a contractual right and/or incurs obligations in connection with the financial instrument concerned. Purchases and sales of financial instruments are generally accounted for on the trade date. The trade date is the date on which the entity enters into the obligation to buy or sell a financial instrument. Financial instruments are stated at fair value following first time recognition. Additional transaction costs are stated for financial assets or liabilities that are not measured at fair value through profit or loss.

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognised when the contractually agreed rights to cash flows from the financial asset have expired or have been transferred, and the Group has transferred substantially all the risks and rewards associated with the ownership of the asset.

A financial liability is derecognised when the obligation associated with the liability has been settled, revoked or has expired.

Classification and valuation according to IFRS 9

IFRS 9 contains a classification model for financial assets that reflects the business model within whose scope the financial assets are held as well as the properties of their cash flows (cash flow condition).

Business model

The business model reflects how the Group administers assets to generate cash flows. In accordance with IFRS 9, there are three business models: “Hold to collect”, “Hold to collect and sell” and “Other”:

- The business model “Hold to collect” exists when the financial instrument is part of a business model whose goal is to hold financial instruments in order to generate cash flows from them.
- The “Hold to collect and sell” business model exists if the financial instrument is part of a business model whose objective is to hold financial instruments in order to collect contractual cash flows from them and to sell financial instruments.
- The “Other” business model applies if the financial instrument cannot be allocated either to the “Hold to collect” business model or to the “Hold to collect and sell” business model (i.e. always for the trading portfolio and in portfolios with frequent or substantial turnover activity). This business model concerns a residual amount.

The business model is defined at portfolio level. The allocation of portfolios is based on the management of business activities and must be objectively verifiable (referred to as the management approach).

The business model in the loan business of Raiffeisenlandesbank Oberösterreich generally corresponds to a “Hold to collect” model. A “Hold to collect” business model is only applicable if the disposals from the portfolio circulate within the lower range in terms of frequency, volume and distance to the due date of the items included. Sales that are not compatible with the “Hold to collect” business model may only be insignificant or be rare events. Raiffeisenlandesbank Oberösterreich has set thresholds for marginal sales in the credit business of the relevant sub-portfolio for each financial year. The sub-portfolios are sub-divided are oriented towards the respective business areas.

The “Hold to collect and sell” business model is the main one that applies for securities portfolios held at Raiffeisenlandesbank Oberösterreich. The “Hold to collect” business model is used to a significantly reduced extent for portfolios held with the intention of holding to collect. The volume of securities portfolios held for trading purposes ("Other" business model) on the other hand is of minor significance.

Payment flow condition

Financial assets are only valued at amortised cost if the SPPI criterion (Solely Payments of Principal and Interest criterion) is met. This is the case if the contractual conditions of the financial asset lead to payments at certain times which solely represent repayments and interest on the outstanding capital amount. These contractual payment flows must correspond to those of a basic lending arrangement.

IFRS 9 defines the loan amount as the fair value of the financial asset at the time of initial recognition which may change over the term (e.g. as a result of pro rata repayments). This amount usually equates to the transaction price that was paid upon receipt.

The following components fall under the definition of interest:

- The fee for the time value of money, i.e. the compensation for the transfer of money taking into account the currency of the financial instrument and the period for which the interest rate is fixed.
- The compensation for the default risk (credit risk) that is associated with the outstanding capital amount over a certain period.
- The compensation for liquidity costs.
- The fee for further risks and costs(e.g. administrative costs) that occur or are incurred as part of a basic loan allocation.
- Potential profit margins that are consistent with a basic lending arrangement.

Aspects of the interest rate agreement. g. interest rate escalation clause, maturity mismatch, advance adjustments or prior fixing of interest rates) and further contractual agreements g. non-recourse, unreasonable repayment amount, covenants independent of the credit risk) are examined in particular when reviewing whether the SPPI criteria have been met. The SPPI test is always carried out at the level of the financial asset at the time of receipt. The test of the SPPI criterion must be applied to the entire agreement for financial assets with embedded derivatives. Compliance with the payment flow condition is verified for the purposes of categorising the financial asset. If the SPPI criterion is not met, then the financial instrument must be measured at fair value entirely through profit or loss.

Benchmark test

The time value of money may be modified in certain cases. This is the case for instance if the frequency for redefining the interest rate is quarterly and the term (tenor) of the interest rate corresponds with a longer or shorter period. It is necessary in these cases according to IFRS 9 to analyse the effect of this modified time value and to perform qualitative and quantitative benchmark tests.

The aim of the benchmark test is to prove that the effect resulting from the modified time value of money is not material. The benchmark test is regarded as passed if the significance limits are not violated.

A qualitative benchmark test is considered if it is clear that the effect resulting from the modified time value of money is material or not material. A quantitative benchmark test must then no longer be performed. This immateriality is assumed in advance primarily for fixings at Raiffeisenlandesbank Oberösterreich if the time lag of the fixing only amounts to a few days at the beginning of a interest period.

In particular, the following interest rate clauses are evaluated in terms of their harmfulness:

- Maturity mismatch incl. UDRB
- Interest rate escalation clauses (CMS)
- Basket rates (blended interest rates)
- Prior fixing
- Average interest rates

Designated financial instruments

Raiffeisenlandesbank Oberösterreich may irrevocably designate financial assets and liabilities which are not held for trading purposes as being measured at fair value through profit or loss on initial recognition if one of the following criteria is met:

- The classification significantly eliminates or reduces mismatches in the valuation or designation of financial assets or financial liabilities which would otherwise occur.
- A portfolio of financial liabilities and its performance are managed and measured on a fair value basis in accordance with a documented risk management or investment strategy.
- The liability contains an embedded derivative that requires bifurcation.

The right to choose can be exercised separately for each individual financial instrument pursuant to IFRS 9.

Reclassification

A reclassification of financial assets is not carried out with the exception of very rare instances in which Raiffeisenlandesbank Oberösterreich changes the business model of a business field. A reclassification of financial liabilities is not carried out.

Valuation categories

Financial instruments measured at fair value through profit or loss (FVTPL)

This category includes derivatives, equity instruments and debt capital instruments that are neither measured at amortised cost nor at fair value with no effect on income or at fair value through profit and loss using the fair value option. Each fluctuation in value of the financial instrument is recorded in net income from fair value accounting through profit and loss. Interest income or expenses from financial instruments measured at fair value through profit or loss are recognised under net interest income. The regulations for forming the loan loss allowance are not to be applied to this valuation class.

The following item on the statement of financial position mainly include financial instruments at fair value:

- Loans and advances to banks
- Loans and advances to customers
- Financial assets
- Trading assets
- Trading liabilities

Financial instruments designated at fair value through profit or loss (fair value option, FVO)

These financial instruments are assessed at fair value. Unrealised and realised profits and losses are recorded with effect on the income statement as net income/loss from fair value accounting. Interest income or expenses from designated financial instruments are recognised under net interest income.

The effects of changes to the inherent default risk of a liability that was designated at fair value are recorded in other comprehensive income (OCI).

The following item on the statement of financial position mainly include financial instruments designated at fair value:

- Loans and advances to customers
- Financial assets
- Amounts owed to banks
- Amounts owed to customers
- Liabilities evidenced by certificates
- Subordinated capital

Financial assets or financial liabilities measured at amortised cost (AC)

This category does not include derivative financial assets that are held within the framework of a business model whose objective is to generate contractual cash flows from the assets held and which have passed the SPPI test. The category does not include financial assets that, on initial recognition, are designated as at fair value through profit and loss.

Financial assets in this category are measured at amortised cost using the effective interest method. Interest income or expenses from financial instruments which are measured at amortised cost are recognised in the "Net interest income" item in the income statement. Impairment losses as defined by IFRS 9 (Impairment) are recognised in profit or loss. The effects from the modifications of other financial instruments measured at amortised cost are disclosed in "Net income from other financial instruments".

If financial instruments on the liabilities side are neither classified as "At fair value through profit and loss" nor are they are attributed to the category "Designated at fair value through profit and loss", a valuation is performed at amortised cost.

The following item on the statement of financial position include financial instruments measured at amortised cost:

- Loans and advances to banks
- Loans and advances to customers
- Financial assets
- Amounts owed to banks
- Amounts owed to customers
- Liabilities evidenced by certificates
- Subordinated capital

Financial assets measured at fair value through other comprehensive income – recyclable (Fair Value through Other Comprehensive Income, FVOCI)

This category does not include derivative debt capital instruments that have passed the SPPI test and are held within the framework of a business model whose objective is to generate contractual cash flows and sell financial assets. The first step of this valuation method involves calculating the amortised cost using the effective interest method. The difference between this "preliminary carrying amount" and the fair value is recorded directly against other comprehensive income (OCI). Impairment losses as defined by IFRS 9 (Impairment) are recorded through profit and loss and impact the other comprehensive income. Interest income or expenses from recyclable financial instruments which are measured at fair value with no effect on income are recognised under net interest income. The effects from modifications are disclosed in "Net income from other financial instruments".

The disposal of the instrument will result in the balance from the amount previously recorded in other comprehensive income (OCI) being derecognised in the income statement (referred to as recycling).

The item on the statement of financial position "Financial assets" includes recyclable financial assets that are measured at fair value with no effect on income.

Financial assets measured at fair value through other comprehensive income – non-recyclable (Fair Value through Other Comprehensive Income, FVOCI option)

An irrevocable decision can be made for equity instruments; this equity instrument must be measured at fair value with no effect on income (Fair Value through Other Comprehensive Income).

Fluctuations in the value of equity instruments in the FVOCI option category are recorded directly in other comprehensive income (OCI). The disposal of the instrument results in the accumulated fluctuations that were taken into account in other comprehensive income (OCI) not being recorded through profit and loss (no recycling). The balance will be transferred within equity from other comprehensive income (OCI) to the revenue reserve. Dividends from non-recyclable financial assets that are measured at fair value with no effect on income are recorded through profit and loss.

The right to choose can be exercised separately for each individual financial instrument. However, this right to choose does not apply to instruments that are acquired for trading. These instruments must be allocated to the FVTPL category. This right to choose is currently not applied by Raiffeisenlandesbank Oberösterreich.

Presentation of the item on the statement of financial position by measurement basis (IFRS 9) and category

	Main measurement basis		
ASSETS	**Fair value**	**Amortised cost**	**Category pursuant to IFRS 9**
Cash and cash equivalents		x	At amortised cost
Loans and advances to banks		x	At amortised cost
Loans and advances to banks	x		Fair value through profit and loss
Loans and advances to customers		x	At amortised cost
Loans and advances to customers	x		Fair value through profit and loss
Loans and advances to customers	x		Fair value option
Trading assets	x		Fair value through profit and loss
Financial assets		x	At amortised cost
Financial assets	x		Fair value through profit and loss
Financial assets	x		Fair value option
Financial assets	x		Fair value OCI

	Main measurement basis		
EQUITY AND LIABILITIES	**Fair value**	**Amortised cost**	**Category pursuant to IFRS 9**
Amounts owed to banks		x	At amortised cost
Amounts owed to banks	x		Fair value option
Amounts owed to customers		x	At amortised cost
Amounts owed to customers	x		Fair value option
Trading liabilities	x		Fair value through profit and loss
Liabilities evidenced by certificates		x	At amortised cost
Liabilities evidenced by certificates	x		Fair value option
Subordinated capital		x	At amortised cost
Subordinated capital	x		Fair value option

Modifications

The modifications within the meaning of IFRS 9 are subsequent changes to the contractual relationship between Borrowers and Lenders. Modifications may usually result from different reasons(e.g. restructuring or changed market conditions). If there is a significant modification, a substantial change to the financial instrument is to be expected. Aside from changes to the contractually agreed payment flows, contract changes may also cause a significant modification without having a direct impact on the agreed payment flows.

The following essential qualitative criteria represent a significant modification for financial assets:

- Change in currency
- Change in debtor
- Contract changes which cause a change in the assessment of the SPPI criterion
- Changes to the priority of servicing the financial instrument

The quantitative assessment of the contract changes for financial assets as regards to when a significant modification is to be assumed is carried out based on the difference between the present value of the originally agreed payment flows and the newly agreed payment flows at the time of the modification. The present value is calculated based on the effective interest rate before the modification. Raiffeisenlandesbank Oberösterreich defined a threshold of 10% as of which there is a significant modification.

A change to the contractual payment flows as of a difference between the present value of the original and the newly agreed payment flows of more than 10 % is to be classified as significant for financial liabilities. Qualitative criteria also apply for the assessment of the significance of modifications in the case of financial liabilities,(e.g. change in creditors.

If an existing contract is substantially changed, this corresponds economically to a disposal of the existing contract. The payment flows from the old contract are considered to be void and are replaced with the new, modified contract. This results in the derecognition of the (old) contract. The disposal income will be calculated from the difference between the net carrying amount of the disposed financial instrument and the fair value of the received financial instrument.

For insignificant modifications, the carrying amount is adjusted and the modification result is recorded in the amount of the adjustment. The amount of the carrying amount adjustment and the modification result is calculated from the comparison of the contractual cash flows of the asset or liability discounted with the previous effective interest rate before and after the modification. The focus is on the expected cash flows, taking into account all contract components but without taking into account expected losses. Fees incurred as a result of the modification are amortised over the term to maturity of the financial instrument. The result of the modification is reported in the income statement under the item “Net income from other financial instruments”.

Impairment according to IFRS 9

The impairment provisions of IFRS 9 are based on an expected loss model.

The following examples fall under the area of application of IFRS 9 Impairment provisions:

- financial assets that are measured at amortised cost according to IFRS 9 including trade receivables and active contract items according to IFRS 15,
- financial assets that are to be allocated to the category “at fair value with no effect on income (with recycling)”
- credit commitments provided that there is currently a contractual obligation for lending; credit commitments that are measured at fair value through profit and loss are excluded from this,
- financial guarantees that fall under the scope of application of IFRS 9 and are not measured at fair value through profit or loss, and
- Receivables from leases that fall within the scope of IFRS 16.

The formation of the loan loss allowance under IFRS 9 is calculated on the basis of the amount of the expected future loss and in terms of the period to be taken into account is dependent on the stage at which the financial instrument finds itself at the reporting date.

The allocation takes place in three stages for all financial assets in accordance with the evaluation of the credit risk. Those items that already feature an impairment upon recognition are excluded from this.

- Stage 1 includes all items upon recognition as well as those financial instruments for which no significant increase in credit risk has been determined since the point of recognition. The “expected 12-month loss” (present value of the expected payment defaults which result from possible default events within the next 12 months after the reporting date) is recognised for these items as a loan loss allowance amount in the statement of financial position.
- Stage 2 includes all financial instruments for which a significant increase in credit risk has been determined since these were first recognised. The total expected loss over the term to maturity of the instrument (present value of the expected payment defaults as a result of possible default events over the term to maturity of the financial instrument) is recognised for these items as a loan loss allowance amount in the statement of financial position.
- Stage 3 includes all financial instruments featuring a default. The total expected loss over the term to maturity of the instrument is recognised for these items as a loan loss allowance amount in the statement of financial position. In the lending business, specific loan loss allowances or provisions for contingent liabilities and loan commitments in the case of significant customer exposures are formed on a case-by-case basis. The amount of the loan loss allowance is determined by the expected discounted returns from interest and redemption payments as well as any recovery of securities. Statistical methods are used to determine the total losses expected over the term to maturity for insignificant customer exposures. In Stage 3, interest income is recorded as “unwinding” based on the net carrying amount.

With the exception of financial assets that have already exhibited an impairment upon recognition, the loss for Stage 2 financial instruments amounting to the present value of the expected loss over the term to maturity will be recorded if the default risk of the instrument increases significantly since the receipt of said instrument. The assessment of whether the default risk has increased significantly is based on a relative and absolute increase in the probability of default since receipt. The current probability of default for the term to maturity will be compared with the probability of default forecast for the current term to maturity at the time of receipt. In addition to the quantitative element, qualitative factors such as early warning signals or the verification of the payment delays are also included in the examination of the credit quality (backstop criterion). A "minimal" credit risk is defined at Raiffeisenlandesbank Oberösterreich as none of the aforementioned stage transfer criteria being met.

The transfer criteria (transfer of financial instruments between stages) are assessed in a symmetrical manner. If the transfer criteria described in the previous sections no longer apply, the loans and advances affected will be transferred back.

A right of choice applies to instruments whose default risk at the end of the financial year is "low": in this case, it may be assumed that the default risk has not increased significantly since receipt. Standard practice is to describe the default risk as "low" if there is only a minimal risk of defaults, the debtor is largely capable of making their contractually agreed payments, and detrimental changes to the economic and business environment may but will not necessarily have a negative impact on the debtor's ability to make their contractually agreed payments in the long term. An "Investment Grade" quality rating is described as a possible indicator of a minimal default risk as standard practice. Raiffeisenlandesbank Oberösterreich defines allocation to "low" credit risk in accordance with the stage transfer criteria described above.

Loan loss allowances in Stage 3 are recognised primarily if a debtor is experiencing economic or financial difficulties or fails to make interest payments or repayments of principal or if other circumstances arise that indicate a probability of default based on regulatory standards. Within the internal risk management system, ongoing monitoring of the counterparty and the specific case involved is used to determine whether relevant circumstances exist.

The 3-stage model is not applied for financial assets that were already classified as impaired upon recognition (POCI – Purchased or Originated Credit Impaired). The accumulated changes of the lifetime expected loss since the initial recognition will be recorded in the statement of financial position for these financial instruments in later reporting periods. The positive or negative changes are recognised as indirect impairment or reversal of the receivable.

The amount of the expected credit losses is measured as a probability-weighted estimation of credit losses (i.e. the present value of all payment defaults) over the expected term of the financial instrument. A payment default is the difference between the payments that are owed to a company contractually and the payments that the company is expected to receive.

Raiffeisenlandesbank Oberösterreich relies on different pieces of forward-looking information in evaluating the significant increase in the credit risk and in determining the expected credit losses. Macroeconomic factors are used for this(e.g. gross domestic product, the consumer price index and the unemployment rate from different sources, in particular the OeNB, OECD and the World Bank.

The macroeconomic variables and the forecasts for these enter subsequently into the model used to determine the future probabilities of default as well as the loss ratios upon default for the next three years. A convergence factor was determined for each model for the period beyond this which brings the parameters closer to the long-term average value. Three different scenarios are determined overall and included in the calculation with weighted values.

All models used as part of IFRS 9 in projections of future risk parameters are subject to uncertainty of estimation inherent to the model. The actual realisation of parameters may therefore differ significantly from the projections. However, the annual validation of the IFRS 9 risk parameters ensures that significant deviations are noticed and the knowledge gained from these is used in developing the model further. Furthermore, we carry out sensitivity analyses in order to better assess and estimate the estimation uncertainty. Further details can be found in the disclosures on the statement of financial position under "Sensitivity disclosures on loan loss allowances".

Simplified approach

IFRS 9 includes a simplification for trade receivables, active contract items and lease receivables. The loan loss allowance can be recorded for these financial instruments based on the lifetime expected loss. The accounting method for trade receivables, active contract items and lease receivables can be applied independently of each other. Raiffeisenlandesbank Oberösterreich uses the simplified approach for trade receivables and for loans and advances in relation to real factoring.

Off-balance-sheet commitments

Financial guarantees are contracts via which the guarantor undertakes to make certain payments to the guarantee holder to compensate the guarantee holder for any loss. This loss must have been occurred because a certain debtor has not met their original or modified payment obligations agreed by contract from a debt instrument. Financial guarantees are liabilities that are recognised at the time of the pledge with a time value, that steadily corresponds to the present value of the agreed return service.

Loan commitments (credit risks) are fixed obligations incumbent on a lender to provide credit to a borrower on fixed terms agreed by contract. Fixed obligations are defined as legally binding agreements to exchange a certain quantity of resources at a fixed price at one or more future points in time.

Raiffeisenlandesbank Oberösterreich recognises loan commitments and financial guarantees (in particular indemnity agreements and warranties) at the point in time at which the facility agreement or contract for the financial guarantee is formed with the Borrower. A loan loss allowance is formed on the statement of financial position at the amount of the 12-month expected credit loss (ECL) for the part that is expected to be claimed in the next 12 months when these off-balance sheet transactions are recorded. An ECL is calculated over the entire term of the expected utilisation period in the event of a significant increase in the credit risk. If a borrower is in default, then the Bank records a provision for the amount of the expected default. In the case of loan commitments, the estimated payments are discounted with the effective interest rate for the agreed loan. With financial guarantees a risk-free interest rate is used to calculate the present value. Risks specific to the payment flows are taken into account in estimating the payment flows.

Hedge accounting

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 loan 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.

A hedge must consist of one or more suitable hedging instrument(s) and one or more underlying transaction(s) in order to meet the requirements for hedge accounting. A formal designation must be made at the beginning of the hedge and corresponding documentation must be created. In addition, hedge accounting in accordance with IFRS 9 is based on the company's risk management strategy and objectives.

The main area of application in the group is the hedging of underlying transactions with fixed interest rate risks in relation to the basic parameters of primarily identical, yet opposed derivative financial instruments (e.g. issue with fixed coupons and receiver swap). The objective is to reduce the volatility of results that could occur without hedge accounting with a one-sided mark-to-market measurement of the derivative recognised in profit or loss.

Underlying transactions in the context of Micro fair value hedge accounting items are recorded above all in the following items on the statement of financial position:
- Loans and advances to customers
- Financial assets
- Amounts owed to banks
- Amounts owed to customers
- Liabilities evidenced by certificates
- Subordinated capital

In the portfolio fair value hedge, on the one hand, fixed-interest underlying transactions are identified on the basis of defined criteria and these are allocated to the macro hedge portfolio. On the other hand, variable-interest transactions with interest rate options are managed in a separate asset portfolio. In the asset portfolios, financial assets are allocated to the category "At amortised cost" (AC), which are generally financial instruments in the balance sheet item "Receivables from customers".

The result arising from portfolio fair value hedge accounting is reported in the income statement under the item "Net income from other financial instruments".

The hedging transactions in the context of micro and portfolio fair value hedge accounting are recorded – as are the other derivative financial instruments – under the item on the statement of financial position "Trading assets" and "Trading liabilities". The reflection of basis adjustments in the context of portfolio fair value hedges is generally recognised on both, the assets and liabilities side, in a separate balance sheet item, "Value adjustment from portfolio fair value hedges".

Furthermore, Raiffeisenlandesbank Oberösterreich hedges the foreign currency risk arising from net investments in foreign operations, applying the relevant provisions on such hedges of net investments in accordance with IFRS 9 in conjunction with IFRIC 16. The hedged underlying transaction in this case is the net investment in a foreign operation; the Group uses financial liabilities as the hedging instrument. The effective portion of the hedge is recognised in other comprehensive income.

Please refer to the tables and explanations in Note 11 "Disclosure of financial instruments" in the "Hedge accounting" subsection for further details on the use, strategy and impact of portfolio fair value hedge accounting.

Repurchase transactions

In a 'genuine' repurchase transaction (repo), the Group sells assets to a counterparty, at the same time agreeing to buy them back on a certain date and at a certain price. These assets remain on the statement of financial position and are measured according to the rules for the respective item. A liability in the amount of the price received is posted.

In a reverse repo transaction, the Group buys assets, at the same time agreeing to sell them back in the future. A receivable is recognised in the amount of the price paid. Interest expenses from repo transactions and interest income from reverse repo transactions are recognised over the period of the transaction and reported under net interest income.

In a non-genuine repo, the seller has an obligation to buy the assets back but it does not have the right to demand them back. The buyer alone decides whether it wants to sell the assets back or not. In a non-genuine repo, the assets are not reported on the seller's balance sheet, but on the balance sheet of the buyer.

Leases

Scope of application

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

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

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

Lessee

From the lessee's perspective, IFRS 16 essentially means that having to decide between the on-balance sheet effects of Lease Financing and off-balance sheet effects of Operating Leasing is dispensed with. This means that an agreement classified as a lease must be recognised in the statement of financial position. Accordingly, IFRS 16 requires that, for most leases, rights of use of the assets and liabilities for the outstanding lease payments are recognised in the statement of financial position. There is an exception in place here for short-term lease agreements with terms not exceeding one year and which include no option to purchase, as well as for low value lease items (up to EUR 5,000). This option to still present those leases off-balance sheet is exercised by the Raiffeisenlandesbank Oberösterreich Group.

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

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

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

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

Lease liabilities are measured at the present value of the lease payments, which are made up as follows:
- Fixed payments (including de facto fixed payments less any leasing incentives to be received)
- Variable lease payments linked to an index or interest rate
- Expected residual value payments from residual value guarantees
- Exercise of a call option if exercise by the lessee is sufficiently certain

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

Present value of lease payments + Present value of unguaranteed residual value	=	Fair value of leased asset + initial direct costs lessor

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

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

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

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

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

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

In 2020, the IASB issued a temporary relief provision on rent concessions in connection with COVID-19, which the Raiffeisenlandesbank Oberösterreich Group will apply. This relief provision was extended by the IASB for one year in March 2021 and now applies to rent concessions in conjunction with COVID-19, which originally reduced lease payments originally due on or before 30 June 2022. Please refer to the section, “Basis of presentation of the consolidated financial statements according to IFRS” for more information.

Lessor

The lessor shall classify each of its leases as either an operating lease or a finance lease.

Finance leases

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

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

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

Operating Leasing

In the case of operating leases, the underlying leased assets continue to be reported on the statement of financial position under fixed assets, or the provisions of the corresponding accounting standards (e. g. IAS 16) continue to be applied for the subsequent measurement of these assets. Lessors recognise lease payments on a straight-line basis over the lease term.

Subleases

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

Intangible assets

Purchased intangible assets are measured at cost on initial recognition. In subsequent measurement, a distinction is made between intangible assets with finite and those with indefinite useful lives.

Intangible assets with a finite useful life are subject to straight-line amortisation over the useful life concerned. In addition, an impairment test is carried out if there are indications of any impairment. The amortisation period and method are reviewed at the end of each financial year as a minimum and adjusted if necessary. Amortisation of intangible assets with finite useful lives is recognised in the income statement under general administrative expenses.

Intangible assets with indefinite useful lives are subjected to an impairment test annually and whenever there is otherwise an indication of impairment. In the impairment test, the carrying amount of the intangible asset is compared with the recoverable amount. The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. If the carrying amount of an intangible asset or a cash-generating unit exceeds the recoverable amount, the asset is impaired and must be written down to the recoverable amount. In addition, a review is carried out once a year to establish whether the classification of the useful life as indefinite is still justified or whether an appropriate adjustment must be made. Any impairment loss is recognised in the income statement under general administrative expenses.

With the exception of goodwill, all intangible assets have finite useful lives. The amortisation of intangible assets is based on the following useful lives:

	Years	Method of impairment/ amortisation
Goodwill	unlimited	Impairment test
Brand	5 – 15	Straight line
Customer base	3 – 15	Straight line
Other intangible assets	1 – 33	Straight line

Property and equipment and investment property

Property, plant and equipment, together with investment property, is measured at cost and reduced by depreciation. The following useful lives (with the exception of rights of use) are usually taken as the basis for straight-line depreciation:

	Years
Movable assets	1 – 26
Immovable assets	3 – 67
Investment property	5 – 67

With regard to the terms of capitalised rights of use under leases, please refer to the relevant section of the Notes entitled “Leases”.

If impairment is identified, an impairment loss is recognised to reduce the carrying amount to the higher of fair value less costs to sell and value in use in accordance with IAS 36. If the reasons for the impairment no longer exist, the impairment loss is reversed up to a maximum of the carrying amount that would have applied, taking into account depreciation, if the impairment loss had not been recognised.

Property that is held for rental and leasing or for capital appreciation is reported as “investment property”. If part of the property is owner-occupied, it is only classified as an investment property if the part used by the owner is insignificant. Buildings under construction that have the same expected purpose as investment property are treated as investment property. Investment property is also recognised at amortised cost in accordance with the relevant option in IAS 40.

Standard industry valuation reports and present value calculations are prepared for investment property classified as Level 3. Depending on the use of the investment property, the fair value is determined using the income capitalisation approach, the replacement cost approach or the sales comparison approach. The main input factors are income and expenses attributable to the property, condition and location of the property, similar assets and interest rates, depending on which valuation method is considered appropriate.

Other assets and other equity and liabilities

Inventories are reported under other assets. They are reported at the lower of cost and net realisable value.

Contract assets recognize the surplus of order costs incurred plus gains recorded via partial invoicing and advance payments received or due.

Contract liabilities include advance payments received as well as the balance on the liabilities side from production orders. The advance payments received are recognised at their nominal value.

Provisions

All social provisions (provisions for pensions, severance obligations and long-service awards) are determined in accordance with IAS 19 "Employee Benefits" using the projected unit credit method.

Raiffeisenlandesbank Oberösterreich Group has made commitments to a group of employees concerning old-age pension, occupational disability pension, widow's and/or orphan's pension. Defined benefit pension plans guarantee the employees a specific retirement benefit that depends on years of employment and a certain percentage of remuneration. If employees become permanently disabled, they are entitled to an invalidity pension under the Austrian General Social Security Act (Allgemeines Sozialversicherungsgesetz – ASVG) provided that they meet the criteria in section 271 (1) of this Act. A surviving dependants' pension is paid if an employee or pension beneficiary dies. For some of the beneficiaries, the obligations have been transferred to a pension fund. In the case of the obligations funded through a pension fund, the amount of the entitlement is determined once at the time of retirement; after that, no further contributions need to be paid.

A group of employees is entitled to an "ASVG equivalent", which will be paid to the employees or their surviving dependants for a limited period: employees are entitled to an invalidity and retirement pension; in the event of death, the surviving dependants are also entitled to a pension. The ASVG equivalent is paid after retirement and after the period covered by the severance package until an ASVG pension has been awarded and is paid.

The pension provisions include provisions for additional pension allowances. The beneficiaries receive, in the event of invalidity or upon retirement and after the end of the period covered by the severance package, a family allowance and/or supplementary insurance covering an allowance. The precondition for payment is that the employee has a right to one or both of these allowances at the time of retirement.

Employees of Austrian companies whose employment began before 1 January 2003 have a right to a severance payment if the employer ends the employment and when they retire. This right depends on the number of years they worked for the company and their final salary.

In Austria, employees receive anniversary bonuses (long-service awards) after a certain number of years of employment. The calculations are based on a notional pensionable age of 60 for women and 65 for men and take into account the statutory transitional provisions pursuant to the Austrian Budget Accompanying Act (Budgetbegleitgesetz) of 2003 as well as individual contractual provisions. The pensionable age for women has also been set in compliance with the Austrian Federal Constitutional Act on Differing Age Limits (Bundesverfassungsgesetz Altersgrenzen – BVG Altersgrenzen) (Federal Law Gazette 1992/832). The Actuarial Association of Austria's (AVÖ) calculation bases for pension insurance "AVÖ 2018-P – Rechnungsgrundlagen für die Pensionsversicherung" for employees were used as the bases for calculation.

For the qualifying period, the actuarial calculation of pension obligations uses an actuarial interest rate of 0.50% p.a. (previous year: 0.25 p.a.) and an average sector-specific salary increase of 1.46% p.a. affecting a pension (previous year: 1.29% p.a.). The parameters for the benefit phase are calculated using an actuarial interest rate of 0.50% p.a. (previous year: 0.25% p.a.) and an expected pension increase of 1.88% p.a. on average (previous year: 1.90% p.a.).

The actuarial calculation of severance obligations and long-service awards likewise uses an actuarial interest rate of 0.50% p.a. (previous year: 0.25 p.a.) and an average sector-specific salary increase of 3.31% p.a. (previous year: 3.27% p.a.). Calculations also take into account annual employee turnover rates (related to period of service) based on internal statistics for early termination of employment in addition to invalidity rates, mortality rates and factors resulting from the termination of employment on attaining retirement age.

Defined benefit plans give rise to actuarial risks in the Group. These risks include longevity risk, currency risk, interest rate risk, market risk and investment risk.

In accordance with IAS 19, actuarial gains and losses on pension and severance provisions are recognised immediately in other comprehensive income; actuarial gains and losses on the provisions for long-service awards are recognised immediately in profit or loss as personnel expenses. The net interest expense and service cost are recognised in profit or loss under personnel expenses

Further provisions are recognised for contingent liabilities to third parties in the amount of anticipated utilisation if it is likely that the liability will materialise. If the effect from the time value of money is material, then provisions of this nature are discounted and recognised at present value.

Defined contribution plans

Pursuant to IAS 19, a distinction needs to be made between defined contribution plans and defined benefit plans, the latter requiring provisions for pensions and severance payments. For a group of employees certain payments are transferred to a pension fund that manages the funds and makes the pension payments. For employees whose employment commenced after 31 December 2002, a defined contribution system is used to cover severance payment entitlements.

In such defined contribution plans, specified payments are made to an independent institution (pension fund, employee pension fund) and the company only guarantees the contributions, not the amount of the benefits to be paid out subsequently. These payments are recognised as personnel expenses in profit or loss.

Taxes on income

Taxes on income are accounted for in accordance with IAS 12. Deferred taxes based on country-specific tax rates are calculated for temporary differences between the amounts recognised in the consolidated financial statements and those in the tax base and that will reverse in subsequent periods. Deferred tax assets are recognised for loss carryforwards if it is probable that there will be taxable profits in the future in a similar amount in the same company or in the same corporate group.

In 2005, Raiffeisenlandesbank Oberösterreich, acting as head of the group, formed a corporate group with various financially affiliated entities within the meaning of section 9 of the Austrian Corporation Tax Act (Körperschaftsteuergesetz – KStG).

Deferred tax assets and deferred tax liabilities are reported in the Group on a net basis if there is a legally enforceable right to set off the taxes and the taxes relate to taxable items within the same tax unit or corporate group. Future tax obligations from offsetting of losses from foreign subsidiaries are recognised without discounting in the consolidated financial statements.

Trust fund transactions

Business operations based on the administration or placement of assets for third party account are not reported on the statement of financial position. Commission payments from these operations are included under net fee and commission income.

Net interest income

Interest and interest-related income includes interest income from loans and advances to customers and banks, bonds and interest-dependent derivatives as well as from lease financing. It also includes current income from shares, profit participation rights, fund units/shares as well as from affiliated companies and other equity investments that are neither fully consolidated nor accounted for using the equity method.

Interest expenses arise mainly from amounts owed to customers and banks, from leasing transactions, liabilities evidenced by certificates, subordinated capital and interest-dependent derivatives.

Interest income and expenses are subject to accrual accounting; dividends are recognised as soon as legal entitlement arises.

Negative interest in connection with financial liabilities is reported as a separate item in interest income. Negative interest in connection with financial assets is reported as a separate item in interest expenses.

Share of profit or loss of equity-accounted companies

The share of profit or loss of equity-accounted companies includes proportional profits or losses from current results as well as any expenses or income associated with impairments or reversals of impairment losses.

Loan loss allowances

This item on the income statement is used to report the recognition and reversal of loan loss allowances. This relates to all value adjustments and provisions from the loan and securities business. Direct impairment losses and subsequent receipts in respect of loans and advances that have already been written off are also included in this item.

Net fee and commission income

Net fee and commission income is the balance of income and expenses in connection with the service business, recognised in the periods to which the income and expenses apply. These arise mainly from payment transactions, foreign exchange, notes/coins business, precious metal transactions, securities business and financing business.

Net income from trading operations

Interest and dividend income, refinancing costs, commissions and changes in the value of securities in the trading portfolio are recorded under Net income from trading operations.

Net income from financial instruments carried at fair value

The "Net income from financial instruments carried at fair value" item includes realised and unrealised gains and losses in relation to the fair value valuation of financial instruments in the categories "At fair value through profit or loss" and "Designated at fair value through profit or loss".

Net income from other financial instruments

"Net income from other financial instruments" shows the income from disposals recorded at profit or loss which occur for securities of the IFRS 9 categories "At fair value through other comprehensive income" and "At amortised cost". Gains and losses from FVOCI inventories that are transferred into the income statement as part of recycling can be found in the statement of comprehensive income and the equity information in the Disclosures.

The modification result from financial assets of the categories “At amortised cost” or “At fair value without no effect on income” is disclosed in this item of the income statement. The amount of this carrying amount adjustment is calculated from the comparison of the contractual cash flows of the asset discounted with the effective interest rate before and after the modification.

The gain or loss arising from hedge accounting according to IFRS 9, gains and losses from first time consolidation and deconsolidation as well as – if applicable – disposal gains and losses from loans and advances to customers and banks measured at amortised cost and gains, and losses from reclassifications are also disclosed under this item of the income statement.

General administrative expenses

The general administrative expenses include personnel and administrative expenses as well as depreciation and amortisation of intangible assets, property, plant and equipment and investment property. This item also includes reversals and impairment losses on intangible assets, property, plant and equipment and investment property.

Other net operating income

In addition to regulatory fees, the business activities of companies outside of the banking and leasing industry are reflected in particular in other operating income. This essentially involves revenues from non-banking activities in the food, real estate and IT sectors.

IFRS 15 specifies that revenue is recognised when the customer acquires control over the agreed goods and services and can obtain benefits from them.

Proceeds are realised for a specific time period if the fulfilment of the service obligation by Raiffeisenlandesbank Oberösterreich Group goes hand in hand with the use and consumption by the customer, if an asset is generated or improved and the customer obtains the power of disposal during this process or if there is no alternative possibility for use and Raiffeisenlandesbank Oberösterreich is entitled to a payment for the service provided to date. The Raiffeisenlandesbank Oberösterreich Group uses an input-based method to determine the performance progress. If, on the other hand, none of these listed criteria apply, the sales proceeds are realised at a specific date.

The item “Other net operating income” also includes government grants in accordance with IAS 20. The accounting presentation of government grants depends on whether the grant is an expenditure grant or an investment grant. As soon as the recognition criteria for government grants related to income are met, they are recognised in profit or loss in the respective period. Investment grants are reported in the Raiffeisenlandesbank Oberösterreich Group in accordance with IAS 20.26 using the gross method. Thus, as soon as the recognition criteria are met, the premium is recognised as a liability and released to income over the useful life of the asset.

Management judgement and estimates

When applying the accounting and valuation methods in the consolidated financial statements of Raiffeisenlandesbank Oberösterreich, the management exercises judgement, keeping in mind the objective of the financial statements to provide meaningful information about the company’s financial position and financial performance as well as about any changes in the net assets and financial position of the business. Assumptions and estimates also take into account, in particular, market-related input factors, statistical data, empirical values and expert opinions. In the consolidated financial statements as at 31 December 2021, the negative effects and the increased uncertainties in connection with the particular challenges of COVID-19.

Key areas in which management judgement and estimates are applied are described below.

Fair value of financial instruments

If the fair value of the financial assets and liabilities accounted for cannot be determined based on the data of an active market there are various alternative methods that can be used. If there is no observable data from which to derive parameters for a valuation technique, the fair value is determined on the basis of estimates.

Equity investments and participation rights are generally classified as financial assets belonging to the category of “Financial instruments measured at fair value through profit or loss (FVTPL) and must therefore be measured at fair value. If there are no observable market prices, the income approach to valuation or other suitable forms of business valuation are used for material items g. net asset value or sum of the parts method) based on the data available. When using overall valuation methods (especially DCF, DDM, income approach to valuation) to determine the value of a company, the planned cash surpluses are discounted using a risk-adequate discount rate. The discount rate is derived on the basis of interest rate parameters or parameters observable on the market on the valuation date, which are derived using a group of listed companies similar to the valuation object (peer group). We make discretionary decisions here, especially in connection with the determination of the underlying peer group.

Valuation in conjunction with companies accounted for using the equity method

Recourse is likewise made to company valuations for holdings accounted for using the equity method in which there are indicators for impairment or, if applicable, a later reversal of impairment losses: in addition to the fair value (less sales costs), a value in use according to IAS 36 is usually established in this process with the aim of determining the amount to be achieved, based on company budget plans. With external assessments, a separate assessment of the underlying premises and budgetary planning is undertaken via the Raiffeisenlandesbank Oberösterreich. Reference is made to the item "Companies accounted for using the equity method" in the notes with respect to the essential application cases in the 2021 financial year.

Impairment tests for goodwill

IAS 36.90 requires that those cash-generating units to which a figure for good will is allocated must be subjected to an impairment test every year and whenever there is cause to suspect any impairment. In this context, it is again necessary to determine the recoverable amount as the higher of value in use and fair value (less costs to sell). There is scope for discretion in the determination of cash-generating units, the allocation of goodwill and the valuation on the basis of planning calculations. Reference is made to the item "Intangible assets" in the Notes with respect to impairment tests in the 2021 financial year.

Company valuations in connection with COVID-19

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.

The ongoing COVID-19 crisis and the unclear health implications of the same lead to an increase in planning uncertainty. With regard to the medium-term and long-term effects, a company-specific analysis was carried out to determine whether a sustainable impairment of the business model can be assumed due to changes in consumer behaviour. The result of these evaluations is that only individual companies in the equity investment portfolio have been negatively affected by the pandemic to a significant extent.

Valuation of expected credit losses

The basic impairment method is described in more detail in the "Impairment according to IFRS 9" section in which the key characteristics of the expected credit loss calculation are also listed. Several important assessments are required for measuring expected credit loss e.g.:

- 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
- 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	3.50%	4.03%	2.97%
Q3 2021	3.30%	3.88%	2.72%
Q4 2021	-1.20%	-0.66%	-1.74%
Q1 2022	0.80%	1.38%	0.22%
Q2 2022	1.30%	1.87%	0.73%
Q3 2022	0.60%	1.24%	-0.04%
Q4 2022	0.60%	1.26%	-0.06%
Q1 2023	0.60%	1.30%	-0.10%

*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	2.80%	-0.49%	6.09%
Q3 2021	3.30%	2.10%	4.50%
Q4 2021	3.80%	2.75%	4.85%
Q1 2022	3.90%	2.44%	5.36%
Q2 2022	3.50%	1.85%	5.15%
Q3 2022	3.20%	1.92%	4.48%
Q4 2022	2.30%	1.11%	3.49%
Q1 2023	2.50%	1.25%	3.75%

*Harmonised index of consumer prices; change on previous year in % (source: baseline: OeNB; optimistic, pessimistic: Raiffeisenlandesbank Oberösterreich)

Unemploy-ment rate Quarter	Basis for baseline*	base-line**	opti-mistic**	pessi-mistic**
Q4 2019	4.60 %	-1.44 %	-1.44%	-1.44%
Q1 2020	4.50 %	-7.15%	-7.15%	-7.15%
Q2 2020	5.40 %	16.65%	16.65%	16.65%
Q3 2020	5.50 %	20.67%	20.67%	20.67%
Q4 2020	5.60 %	19.07%	4.41%	33.73%
Q1 2021	5.70 %	23.05%	-13.27%	59.38%
Q2 2021	6.70 %	20.46%	-14.52%	55.43%
Q3 2021	5.70 %	-12.16%	-26.82%	2.51%
Q4 2021	5.60 %	0.60%	-11.71%	12.91%
Q1 2022	5.80 %	2.33%	-12.20%	16.85%
Q2 2022	5.40 %	-21.07%	-36.10%	-6.04%
Q3 2022	5.30 %	-7.86%	-21.20%	5.48%
Q4 2022	5.20 %	-7.41%	-21.06%	6.24%
Q1 2023	5.10 %	-12.86%	-28.34%	2.62%

* Unemployment rate according to Eurostat in %, starting point for baseline scenario of logarithmic rate of change (source: OeNB)

** Logarithmic rate of change of the unemployment rate on previous year's quarter according to Eurostat, seasonally adjusted in % (source: baseline: OeNB; optimistic, pessimistic: Raiffeisenlandesbank Oberösterreich)

The macroeconomic baseline forecasts shown in the table above (or their basis before further transformation) were taken from the OeNB and published on 22 December 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 are 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 disclosures 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 time series used by Raiffeisenlandesbank Oberösterreich in the course of the IFRS 9 model development had never before observed swings such as those brought about by the COVID-19 pandemic: while GDP recorded a decline of more than 11% in the second quarter of 2020, an opposite swing was observed in the third quarter of 2020 with growth of around 12%. This phase was followed by a period of alternating downturns and upturns of moderate magnitude until the reporting date of 31 December 2021. A further development of the IFRS 9 PD models in 2020 facilitated the processing of these comparatively extreme macroeconomic values accordingly.

As of the reporting date, there is a comparatively optimistic economic outlook following a positive economic development over the course of the year compared to the 2020 consolidated financial statements, but at the same time there is vagueness about further economic development in connection with the COVID-19 pandemic, distortions in global logistics and rising inflation. Subsequently, certain catch-up effects in the form of increased loan defaults after the reduction or termination of state support measures due to the pandemic cannot be ruled out. Due to this and also with regard to uncertainty about the development of the customer portfolio, Raiffeisenlandesbank Oberösterreich decided on a management override in 2021 to take this risk into account. Although the macroeconomic time series were very much updated as at the reporting date, the same time window was used to determine the optimistic and pessimistic scenario and the risk parameters as at 31 December 2021 as at 31 December 2020. Similarly, an optimistic and pessimistic scenario was calculated for observed realisations in 2021 (for details see tables above). This intervention leads to an increase in portfolio provisions of EUR 31.4 million as at the reporting date of 31 December 2021.

Raiffeisenlandesbank Oberösterreich decided to maintain the sector-specific collective stage transfer, which was carried out due to COVID-19 in 2020, and to extend it to new business in the "red" sectors as of 31 December 2021. The following sectors fall under this definition: "leisure", "tourism, accommodation and catering" and "hotels and spas". The decision-making basis for the post-model adjustment was the legally imposed lockdowns at the end of 2021 and the associated closures of restaurants and hotels as well as the travel warnings issued by Austria's neighbouring countries, which had a negative impact on the tourism sector. The affected clients were collectively transferred 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. These measures led to an overall increase in portfolio provisions of around EUR 11.1 million (difference between lifetime expected loss and one year expected loss) at Raiffeisenlandesbank Oberösterreich as at 31 December 2021. The following table quantifies the measures in all affected sectors that were taken by means of collective stage transfers in 2020 and 2021.

Industry	**Traffic light colour**	**One Year Expected Loss (S1) in EUR millions**	**Lifetime Expected loss (S2) in EUR millions**	**Delta**
Leisure	Red	-0.5	-1.7	1.2
Hotels and spas	Red	-1.3	-3.3	2.1
Tourism, accommodation, gastronomy	Red	-1.3	-6.1	4.7
Mechanical engineering and plant construction	Orange	-0.6	-2.1	1.5
Metal production and processing	Orange	-0.7	-1.7	1.0
Transport and warehousing	Orange	-0.3	-0.9	0.6
Comprehensive income		**-4.7**	**-15.8**	**11.1**

Provisions for pensions, severance payments and long-service awards

The actuarial measurement is largely based on assumptions about discount rates and future changes in personnel costs. Estimates of demographic trends are also necessary. Appropriate quantitative sensitivity analyses are presented in the notes under "Provisions".

Leasing

The basis for classifying leases from the perspective of the Raiffeisenlandesbank Oberösterreich Group as a lessor is the extent to which the risks and opportunities associated with the property leased lie with the lessor or lessee provides the basis for classifying leases. There is an estimate with this of the essential transfer of risk and opportunity, which may also differ with contractual amendments and require an adjustment. Detailed explanations are provided in the "Leases" section.

From the perspective of the Raiffeisenlandesbank Oberösterreich Group as a lessee, the classification as a lease and the determination of the lease term and the marginal interest rate on capital are particularly important estimates. Please refer to the section "Leases" for more information on the approach within the Raiffeisenlandesbank Oberösterreich Group in connection with classification as a lease and the determination of the lease term and the marginal interest rate on capital.

Assessment and valuation of deferred taxes

Deferred taxes are assessed and valued based on current evaluations and legislation. Deviations from the expected future results from business operations or changes to tax law may impact the tax position and result in a change to the deferred taxes. More detailed explanations are provided in the "Income taxes" section.

Recognition of contingent liabilities and contingent tax items

The use of estimated values is of relevance when determining the need for provisions for contingent liabilities and contingent tax items. The Group measures these potential losses – to the extent that they are probable and can be estimated – in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IAS 12 Income Taxes. Significant estimates are required regarding the amounts to be recognised for provisions. The final liabilities may ultimately differ from these estimates. Further disclosures are provided in the "Provisions" section.

Useful lives of non-current assets

Determination of the useful lives for property, plant, and equipment is based on assumptions, estimates and empirical values with regard to long-term assets. Further descriptions are available in the "Property, plant and equipment, and investment property" section.

SEGMENT REPORTING

Segment reporting in accordance with IFRS 8 is based on the segment approach in the internal management accounts submitted to the Managing Board. This is based on the accounting and valuation methods according to IFRS and the internal organisational structure in the business divisions. There are no differences compared with the Group's accounting and valuation methods.

As part of the internal report to the entire Managing Board, the segment information is regularly presented to the members of the Managing Board to aid decision making, support management and enable resource allocation. The entire Managing Board is the chief operating decision maker within the meaning of IFRS 8.

The segment reporting distinguishes between the following five segments:

Corporates

The Corporates segment encompasses the customer business of Raiffeisenlandesbank Oberösterreich in the areas of Corporates (industry, trade, services, property), Institutional Corporates and Correspondent Banking. Customer advice is primarily provided by personal advisers as well as with individual customer solutions for financing (incl. export financing, leasing and factoring), cash management, risk hedging, subsidies and investments.

Retail & Private Banking

The Retail & Private Banking segment includes the customers from the retail sector, private banking, direct banking as well as freelancers and small enterprises. These customers are served in the branch network of Raiffeisenlandesbank Oberösterreich (including HYPO Salzburg branches) and via the direct banking business. Marketing in the branch business takes place on the basis of individual advice. In particular, standardised products in the areas of financing (incl. leasing), investments, payment transfer business and provision products are used for this.

Financial Markets

The Financial Markets segment brings together the trading and service earnings from customer business involving foreign exchange, securities and derivatives. The earnings from the central interest rate and liquidity management activities in the banking and trading books are also included in this segment.

Equity Investments

In accordance with the management approach, all direct and indirect holdings of Raiffeisenlandesbank Oberösterreich are allocated to the “Equity Investments” segment. Aside from the most important fully consolidated subsidiaries, this segment also includes subsidiaries and other holdings that are reported under the equity or fair value method. The Equity Investments segment is sub-divided into four equity investment portfolios from an organisational perspective. These are Banks & Financial Institutions, Outsourcing & Bank-related Equity Investments, Real Estate and Venture & Partner Capital.

As a result of the merger of SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT with Raiffeisenlandesbank Oberösterreich AG in autumn 2021, the income and expenses of HYPO Salzburg will be incorporated into the respective banking segments from 1 January 2021. Previously, these were found in the Equity Investments segment. The presentation of the 2020 segment reporting was also retroactively adjusted according to this new organisational structure for the sake of comparability.

Aside from the subsidiaries, the entities accounted for using the equity method also shape the Equity Investments segment. These entities are, in particular, the main equity investments in the RBI Group, RLB OÖ Invest GmbH & Co OG (voestalpine AG), Raiffeisenbank Prag, Oberösterreichische Landesbank AG (Hypo Oberösterreich) and AMAG Austria Metall AG.

Corporate Center

This segment comprises income and expenses not assigned to any other segment. One-off items that would distort the various segment earnings and are not allocated to individual market segments in the internal Management Board reporting are also reported in this segment, if required.

With regard to the geographical information pertaining to IFRS 8, please refer to the breakdown in accordance with country-by-country reporting in the notes (see the notes regarding “Disclosures required under Austrian accounting standards”). The details are provided based on the registered head office of the consolidated company concluding the contract. With the exception of the carrying amount of the stake in Raiffeisenbank a.s., Prague, which is accounted for using the equity method (see notes on “Companies accounted for using the equity method”) the Group only has a negligible amount of long-term assets according to IFRS 8.33 abroad (i.e. not including financial instruments, deferred taxes and rights from insurance contracts).

The details on statement of financial position assets with their relevant carrying amounts are provided as at year end and correspond with the statement in the internal report to the entire Managing Board. For further details regarding the distribution of risk capital and Risk-Weighted Assets (RWA) over the segments, reference is made to the section dealing with “Risk-bearing capacity analysis” in the Risk Report.

Reporting by segment for the 2021 financial year

IN EUR '000	Corporates	Retail & Private Banking	Financial Markets	Equity Investments	Corporate Center	Total
Net interest income	**302,890**	**55,393**	**57,377**	**12,853**	**452**	**428,965**
Loan loss allowances	-40,234	-494	7,650	-4,898	-1,599	-39,575
Net interest income after loan loss allowances	**262,656**	**54,899**	**65,027**	**7,955**	**-1,147**	**389,390**
Share of profit or loss of equity-accounted companies	0	0	0	134,572	0	134,572
Net fee and commission income	51,714	52,401	40,027	50,223	4,730	199,095
Net income from trading operations	2,116	2,139	5,215	869	0	10,339
Net income from financial instruments carried at fair value	0	0	57,669	110,554	0	168,223
Net income from other financial instruments	-1,338	-658	-249	1,541	-17	-721
General administrative expenses	-99,547	-85,290	-38,472	-555,457	-96,650	-875,416
Revenue and miscellaneous other operating income	1,390	1,391	1,408	1,098,394	50,016	1,152,599
Cost of sales and miscellaneous other expenses	-26,286	-14,125	-1,736	-559,900	-18,254	-620,301
Pre-tax profit for the year	**190,705**	**10,757**	**128,889**	**288,752**	**-61,322**	**557,781**
Operating profit*	232,277	11,910	63,819	181,553	-59,706	429,853
Average equity	1,643,114	236,716	1,020,309	1,926,975	135,479	4,962,593
Return on Equity (RoE)	11.61%	4.54%	12.63%	14.98%	-45.26%	11.24%
Assets as at 31 Dec.	18,942,322	3,700,719	18,066,225	8,160,946	2,576,401	51,446,613

Note: due to the merger of SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT with Raiffeisenlandesbank OÖ AG in autumn 2021, the income and expenses of HYPO Salzburg will flow into the respective banking segments from 1 January 2021. The presentation of the 2020 segment reporting was also retroactively adjusted according to this new organisational structure for the sake of comparability.

Reporting by segment for the 2020 financial year

IN EUR '000	Corporates	Retail & Private Banking	Financial Markets	Equity Investments	Corporate Center	Total
Net interest income	**273,898**	**60,101**	**66,368**	**21,434**	**671**	**422,472**
Loan loss allowances	-117,729	-9,299	-13,480	-20,181	3,214	-157,475
Net interest income after loan loss allowances	**156,169**	**50,802**	**52,888**	**1,253**	**3,885**	**264,997**
Share of profit or loss of equity-accounted companies	0	0	0	84,657	0	84,657
Net fee and commission income	48,989	49,729	27,887	56,689	6,122	189,416
Net income from trading operations	2,042	2,691	5,868	1,552	186	12,339
Net income from financial instruments carried at fair value	-3,704	-92	-27,704	5,136	699	-25,665
Net income from other financial instruments	0	-50	3,545	-60	50	3,485
General administrative expenses	-98,419	-82,019	-42,955	-519,136	-93,818	-836,346
Revenue and miscellaneous other operating income	1,644	2,152	2,172	984,480	50,994	1,041,442
Cost of sales and miscellaneous other expenses	-29,840	-5,003	-2,489	-496,334	-18,886	-552,552
Pre-tax profit for the year	**76,881**	**18,210**	**19,212**	**118,238**	**-50,768**	**181,773**
Operating profit*	198,314	27,652	56,852	133,341	-54,731	361,428
Average equity	1,651,758	315,611	1,087,156	1,550,177	120,008	4,724,710
Return on Equity (RoE)	4.65%	5.77%	1.77%	7.63%	-42.30%	3.85%
Assets as at 31 Dec.	18,744,561	3,846,257	16,624,826	7,200,655	2,152,370	48,568,669

* 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, share of profit or loss of equity-accounted companies, net fee and commission income, income from trading transactions, and other operating income.

INCOME STATEMENT DISCLOSURES

1. Net interest income

IN EUR '000	2021	2020
Interest income using the effective interest method	**568,767**	**534,296**
from non-derivative financial assets in the "At amortised cost" (AC) category	407,589	420,499
from non-derivative financial liabilities in the "At amortised cost" (AC) category	102,303	48,046
from non-derivative financial assets in the "At fair value through other comprehensive income" (FVOCI) category	58,874	65,751
Other interest income	**374,785**	**403,104**
from non-derivative financial assets in the "At fair value through profit or loss" (FVTPL) category	1,990	2,090
from non-derivative financial assets in the "Designated at fair value through profit or loss" (FVO) category	5,263	5,853
from non-derivative financial liabilities in the "At fair value through profit or loss" (FVTPL) category	0	0
from non-derivative 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	294,375	318,069
from lease financing in accordance with IFRS 16	73,157	77,091
Other interest-related income	**181**	**113**
Current income from financial assets in the "At fair value through profit or loss" (FVTPL) category	**34,103**	**38,206**
Interest and interest-related income	**977,836**	**975,719**
Interest expenses	**-546,091**	**-550,265**
from non-derivative financial liabilities in the "At amortised cost" (AC) category	-180,729	-195,059
from non-derivative financial liabilities in the "At fair value through profit or loss" (FVTPL) category	0	0
from non-derivative financial liabilities in the "Designated at fair value through profit or loss" (FVO) category	-67,856	-78,399
from non-derivative financial assets in the "At amortised cost" (AC) category	-65,750	-37,844
from non-derivative financial assets in the "At fair value through other comprehensive income" (FVOCI) category	0	0
from non-derivative financial assets in the "At fair value through profit or loss" (FVTPL) category	-481	-529
from non-derivative financial Assets 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	-230,538	-237,684
from lease liabilities in accordance with IFRS 16	-737	-749
Other interest-related expenses	**-2,779**	**-2,983**
Interest and interest-related expenses	**-548,870**	**-553,248**
Net interest income	**428,965**	**422,472**

The interest income includes interest income from value-adjusted loans and advances to customers and banks of EUR +6,774 thousand (previous year: EUR +7,458 thousand). Interest income from significant value-adjusted loans and advances to customers and banks are recognised using the interest rate which was used in determining the impairment loss for discounting the future cash flow.

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

2. Loan loss allowances

IN EUR '000	2021	2020
Loan loss allowances	**-39,575**	**-157,475**
Changes to the loan loss allowance through profit and loss under IFRS 9	-72,939	-168,812
Direct impairment losses	-4,779	-7,009
Amounts received against loans and advances written off*	38,142	18,346

* including disposal effects in connection with POCI assets

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

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

IN EUR '000	2021	2020
Share of profit or loss of equity-accounted companies	**134,572**	**84,657**
Pro rate net income	270,749	194,686
Impairment from companies accounted for using the equity method	-136,314	-111,657
Reversal of impairment from companies accounted for using the equity method	137	1,628

Please refer to the "Companies accounted for using the equity method" section in the Notes for further details regarding the results from equity-accounted companies 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

2021 IN EUR '000	Corporates	Retail & Private Banking	Financial Markets	Equity Investments	Corporate Center	Total
Fee and commission income	**55,073**	**60,983**	**68,318**	**70,289**	**7,415**	**262,077**
from payment transactions	14,489	18,244	102	-244	4,458	37,048
from funding transactions	35,215	3,961	3,046	-652	1,390	42,960
from securities business	2,775	29,157	50,346	27,760	1,209	111,247
from foreign exchange, currency and precious metals transactions	2,482	1,544	1,905	3	241	6,175
from other service business	112	8,077	12,919	43,422	117	64,647
Fee and commission expenses	**-3,359**	**-8,582**	**-28,291**	**-20,066**	**-2,685**	**-62,982**
from payment transactions	-297	-1,508	-423	-377	-1,594	-4,198
from funding transactions	-2,595	-733	0	-6	-640	-3,974
from securities business	-73	-6,323	-27,824	226	-207	-34,201
from foreign exchange, currency and precious metals transactions	0	0	0	0	0	0
from other service business	-394	-18	-44	-19,909	-244	-20,609
Net fee and commission income	**51,714**	**52,401**	**40,027**	**50,223**	**4,730**	**199,095**

2020 IN EUR '000	Corporates	Retail & Private Banking	Financial Markets	Equity Investments	Corporate Center	Total
Fee and commission income	**53,005**	**54,860**	**54,545**	**72,789**	**8,289**	**243,488**
from payment transactions	14,045	17,214	76	-247	3,581	34,669
from funding transactions	32,702	5,219	2,730	-1,153	3,390	42,888
from securities business	2,660	22,552	50,095	34,678	829	110,814
from foreign exchange, currency and precious metals transactions	3,283	1,832	1,644	-2	296	7,053
from other service business	315	8,043	0	39,513	193	48,064
Fee and commission expenses	**-4,016**	**-5,131**	**-26,658**	**-16,100**	**-2,167**	**-54,072**
from payment transactions	-447	-1,393	-406	-331	-1,191	-3,768
from funding transactions	-3,076	-1,164	0	343	-625	-4,522
from securities business	-96	-2,481	-26,170	202	-150	-28,695
from foreign exchange, currency and precious metals transactions	0	0	0	0	0	0
from other service business	-397	-93	-82	-16,314	-201	-17,087
Net fee and commission income	**48,989**	**49,729**	**27,887**	**56,689**	**6,122**	**189,416**

5. Net income from trading operations

IN EUR '000	2021	2020
Net income from trading operations	**10,339**	**12,339**
Interest rate-related business	2,584	3,334
Currency related business	5,796	6,560
Other transactions	1,958	2,445

6. Net income from financial instruments carried at fair value

IN EUR '000	2021	2020
Net income from financial instruments carried at fair value	**168,223**	**-25,665**
from financial assets and liabilities classified as "At fair value through profit or loss" (FVTPL)	68,394	-15,167
from financial assets in the "Designated at fair value through profit or loss" (FVO) category	-15,945	7,833
from financial liabilities in the "Designated at fair value through profit or loss" (FVO) category	115,774	-18,331

7. Net income from other financial instruments

IN EUR '000	2021	2020
Gain or loss on disposal	**947**	**3,944**
of securities in the "At amortised cost" (AC) category	894	13
of securities in the "At fair value through other comprehensive income" (FVOCI) category	53	3,931
Gain or loss arising from hedge accounting	**-1,197**	**-399**
Gain or loss arising from fair value hedges	**-667**	**-1,070**
from underlying transactions in fair value hedges	167,339	-112,812
from hedging instruments in fair value hedges	-168,005	111,742
Gain or loss arising from portfolio fair value hedges	**-530**	**671**
from underlying transactions in portfolio fair value hedges	-66,324	17,773
from hedging instruments in portfolio fair value hedges	65,794	-17,101
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	**-2,011**	**-98**
Modification income	**1,714**	**0**
from financial assets in the "At amortised cost" (AC) category	1,714	0
from financial assets in the "At fair value through other comprehensive income" (FVOCI) category	0	0
Modification expenditure	**-3,725**	**-98**
from financial assets in the "At amortised cost" (AC) category	-3,725	-98
from financial assets in the "At fair value through other comprehensive income" (FVOCI) category	0	0
Gain or loss from initial consolidation and deconsolidation	**1,540**	**38**
Total	**-720**	**3,485**

Net income from initial consolidation and deconsolidation comes to a total of EUR +1,540 thousand (previous year: EUR +38 thousand). The table showing the individual additions and disposals is visible in the section "Basis of presentation of the consolidated financial statements in accordance with IFRS". The greatest effects in the 2021 financial year will result from the disposals of the following companies:

- IMPULS-LEASING Slovakia s.r.o. EUR +975 thousand
- IMPULS Bilina s.r.o. EUR +526 thousand

8. General administrative expenses

IN EUR '000	2021	2020
Personnel expenses	**-449,008**	**-433,157**
Wages and salaries	-341,985	-329,075
Compulsory social security contributions	-84,499	-82,124
Voluntary social security contributions	-5,114	-4,513
Expenses for severance payments and pensions	-17,411	-17,445
Administrative expenses	**-304,853**	**-284,495**
Rent and leasing expenses	-5,481	-4,905
Expenses for office space (operation and maintenance)	-51,162	-48,275
IT and communications	-83,736	-80,595
Legal and consulting expenses	-35,238	-31,307
Advertising and representation expenses	-30,026	-28,195
Expenses from real estate held as financial investments	-13,976	-12,672
Other administrative expenses	-85,233	-78,547
Depreciation and impairment losses and gains on property, plant and equipment and on investment property, amortisation and impairment losses on intangible assets	**-121,555**	**-118,693**
Property, plant and equipment	-89,162	-85,392
Investment property	-14,755	-15,664
Goodwill	0	0
Other intangible assets	-17,638	-17,637
Total	**-875,416**	**-836,346**

Breakdown of expenses for defined contribution plans covering severance and pension payments:

IN EUR '000	2021	2020
Pension fund	-7,476	-7,320
Employee pension fund	-3,255	-2,854
Total	**-10,731**	**-10,174**

In the 2021 financial year, general administrative expenses include around EUR 297.2 million (previous year: EUR 279.7 million) from the 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 "Oberösterreich Wohnbau" companies were posted at around EUR 34.7 million in the 2021 financial year (previous year: EUR 32.6 million).

9. Other net operating income

IN EUR '000	2021	2020
Revenues and miscellaneous other operating income	**1,152,599**	**1,041,442**
Sales revenue from non-banking activities	1,009,735	901,639
Income from real estate held as financial investments	31,952	41,180
Miscellaneous operating income	110,912	98,623
Cost of sales and miscellaneous other expenses	**-620,301**	**-552,552**
Cost of sales from non-banking activities	-472,384	-408,363
Changes in inventory	6,627	6,655
Other tax and fees	-11,015	-23,100
Miscellaneous operating expenses	-143,529	-127,745
Total	**532,298**	**488,890**

In the 2021 financial year, total expenditure of EUR 8.6 million (previous year: EUR 20.9 million) was posted for the stability fee for credit institutions. All expenses in connection with the stability fee are stated in the item "Other tax and fees". The expenses for the annual contributions in 2021 for the resolution fund and the deposit guarantee scheme amounting to EUR 30.8 million (previous year: EUR 25.2 million) are included under Other operating expenses.

In total, Other net operating income of the companies in the VIVATIS/efko Group amounts to about EUR 323.3 million (previous year: EUR 290.7 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 "OÖ Wohnbau" companies contribute about EUR 49.9 million to "other net operating income" (previous year: EUR 45.9 million).

In certain Group companies particularly affected economically by the COVID-19 pandemic – especially in the food industry – the following income-related government grants were claimed in the 2021 financial year:

IN EUR '000	2021	2020
Claims/compensation under the Epidemic Act	825	166
Funds for fixed costs	1,509	570
Short-time work	5,310	10,534
Lockdown revenue replacement	1,079	0
Loss replacement	4,473	0
Financial loss bonus	550	0
other aid in connection with COVID-19	198	249
TOTAL	**13,944**	**11,519**

In accordance with IAS 20.29, income-related grants are recognised in the item "Miscellaneous operating income".

In addition, applications have been submitted for investment premiums since the beginning of the pandemic in connection with COVID-19 in the amount of EUR 6.7 million, of which EUR 1.4 million will be recognised in the 2021 financial year due to capitalised investments (previous year: EUR 0.3 million). In accordance with IAS 20.26, investment premiums are reported in a separate item under "Other liabilities". In the item ""Miscellaneous operating income", the investment premiums recognised are released to income over the economic life of the investment object from the time of commissioning.

The income from non-banking activity are broken down by key product groups in the following table. All sales revenues from non-banking activities are disclosed in the Equity Investments segment.

IN EUR '000	2021	2020
Sales revenue from non-banking activities	**1,009,735**	**901,639**
Revenues from the food industry	657,067	604,368
Revenue from the real estate industry	190,687	141,008
Revenue from the IT group	116,788	111,136
Others	45,193	45,127

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	2021	2020
Cost of sales from non-banking activities	**-472,384**	**-408,363**
from the food industry	-352,094	-323,478
from the real estate industry	-117,481	-82,318
from the IT group	-2,809	-2,567
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

Taxes on income by cause:

IN EUR '000	2021	2020
Current taxes on income	**-68,188**	**-38,418**
Actual ongoing tax expenditure for the current year	-73,800	-40,721
Tax adjustments from previous years	3,805	2,368
Consideration of tax losses from earlier periods	1,807	-65
Deferred taxes	**-24,656**	**19,591**
Formation/reversal of temporary differences	-28,006	14,201
Tax adjustments from previous years	499	1,664
Effects of tax rate changes or introduction of new taxes	0	-1
Change in the reduction in value of deferred taxes without tax losses	1,761	44
Change in capitalised tax losses	1,090	3,683
Total	**-92,844**	**-18,827**

Taxes on income by origin

IN EUR '000	2021	2020
Current taxes on income	**-68,188**	**-38,418**
of which in Austria	-62,268	-33,733
of which foreign	-5,920	-4,685
Deferred taxes	**-24,656**	**19,591**
Total	**-92,844**	**-18,827**

The following reconciliation shows the relationship between the profit for the year and the effective tax expense:

IN EUR '000	2021	2020
Pre-tax profit for the year	**557,781**	**181,773**
Income tax expense expected for the financial year at the statutory tax rate (25%)	-139,445	-45,443
Tax increases/reductions due to tax-exempt income from equity investments	21,639	12,093
Tax reductions due to at-equity profit from companies reported under the equity method	18,679	17,618
Tax reductions due to other tax-exempt income	35,426	31,089
Tax increase due to non-deductible expenses	-36,605	-34,291
Tax credit/charge from previous years	4,304	4,032
Effect from different foreign tax rates	2,518	1,823
Change to the non-stated losses carried forward	2,934	1,132
Other	-2,294	-6,880
Actual tax burden	**-92,844**	**-18,827**

Changes in tax assets

IN EUR '000	2021	2020
Current tax assets	8,634	6,657
Deferred tax assets	41,212	45,524
Total	**49,846**	**52,181**

Of the current tax assets, assets in the amount of EUR 7,176 thousand (previous year: EUR 6,563 thousand) are due within one year.
Of the deferred tax assets, assets in the amount of EUR 16,441 thousand (previous year: EUR 13,702 thousand) are due within one year.

Changes in tax liabilities

IN EUR '000	2021	2020
Current tax liabilities	27,135	23,953
Deferred tax liabilities	50,989	39,397
Total	**78,124**	**63,350**

Of the current tax liabilities, liabilities in the amount of EUR 12,937 thousand (previous year: EUR 23,267 thousand) are due within one year.
Of the deferred tax liabilities, EUR 34,655 thousand (previous year: EUR 35,924 thousand) are due within one year.

Temporary differences between the carrying amounts in the IFRS consolidated financial statements and those in the tax base had the following impact on the deferred taxes recognised on the statement of financial position:

IN EUR '000	Deferred tax assets 2021	Deferred tax liabilities 2021	Recognised 2021
Financial assets in the category "At fair value through profit or loss" (FVTPL)	7,345	70,537	-17,953
Financial assets in the category "At amortised cost" (AC)	87,997	3,702	-63,746
Financial assets in the category "At fair value through other comprehensive income" (FVOCI)	4,580	47,892	23,855
Financial assets in the category "Designated at fair value through profit or loss" (FVO)	66,278	7,146	-27,975
Value adjustments from portfolio fair value hedges	12,219	0	16,301
Derivatives	314,615	411,564	49,354
Leases	388,514	372,082	6,270
Provisions	40,207	55	4,834
Tax losses carried forward, not yet utilised	15,349	0	1,191
Other temporary differences	19,387	53,290	-16,787
Netting of deferred taxes	-915,279	-915,279	0
Total	**41,212**	**50,989**	**-24,656**

IN EUR '000	Deferred tax assets 2020	Deferred tax liabilities 2020	Recognised 2020
Financial assets in the category "At fair value through profit or loss" (FVTPL)	7,290	50,992	-3,557
Financial assets in the category "At amortised cost" (AC)	43,994	11,644	13,690
Financial assets in the category "At fair value through other comprehensive income" (FVOCI)	20,987	101,869	-2,687
Financial assets in the category "Designated at fair value through profit or loss" (FVO)	216,109	18,891	33,013
Value adjustments from portfolio fair value hedges	0	4,082	-4,082
Derivatives	14,223	160,526	-21,590
Leases	382,694	372,456	-4,709
Provisions	36,192	92	3,416
Tax losses carried forward, not yet utilised	14,212	0	3,393
Other temporary differences	16,565	25,587	2,704
Netting of deferred taxes	-706,742	-706,742	0
Total	**45,524**	**39,397**	**19,591**

For tax losses carried forward in the amount of EUR 15,509 thousand (previous year: EUR 31,275 thousand), no deferred tax assets were recognised, as a tax benefit does not currently appear to be achievable within a reasonable period of time. Most of the tax losses carried forward can be carried forward without time limit.

The deferred tax assets include amounts totalling EUR 592 thousand (previous year: EUR 1,672 thousand) relating to as yet unused one-sevenths of tax write-downs to going-concern value on investments in accordance with section 12 (3) no. 2 of the Corporation Tax Act (KStG). An amount of EUR 37 thousand (previous year: EUR 2,386 thousand) has not been recognised as a deferred tax asset in respect of as yet unused one-sevenths of tax write-downs to going-concern value on investments, as, from today's view, a tax benefit does not appear to be achievable within a reasonable period of time.

Temporary differences in association with Shares in subsidiaries, branches and affiliated companies as well as shares in joint agreements for which no deferred tax liabilities have been recognised in the statement of financial position amount to EUR 2,620,947 thousand (previous year: EUR 2,337,230 thousand).

Dividends paid by Raiffeisenlandesbank Oberösterreich to owners did not result in any income tax consequences.

DISCLOSURES ON THE STATEMENT OF FINANCIAL POSITION

11. Financial instruments disclosures

Categories of financial assets and financial liabilities as at 31 December 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 31 Dec. 2021	Fair value total 31 Dec. 2021
Cash and cash equivalents	130,188	0	0	0	0	130,188	130,188
Loans and advances to banks	13,812,693	0	0	232,677	0	14,045,370	14,079,097
Loans and advances to customers	25,095,663	0	0	90,073	109,402	25,295,138	26,084,425
Trading assets	0	0	0	1,800,437	0	1,800,437	1,800,437
Financial assets	146,568	4,353,489	0	843,029	142,670	5,485,756	5,496,902
Assets held for sale*	43,656	0	0	34,639	0	78,295	80,023
Carrying amount total 31 December 2021	**39,228,768**	**4,353,489**	**0**	**3,000,855**	**252,072**	**46,835,184**	**47,671,072**

* 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 3,116 thousand for the 2021 financial year (aggregate valuation profit EUR 2,700 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 December 2021 was EUR 252,072 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. 2021	Fair value total 31 Dec. 2021
Amounts owed to banks	20,126,581	0	141,094	20,267,675	20,343,941
Amounts owed to customers	13,204,436	0	296,943	13,501,379	13,540,187
Trading liabilities	0	1,443,914	0	1,443,914	1,443,914
Liabilities evidenced by certificates	7,376,399	0	1,567,195	8,943,594	9,024,238
Subordinated capital	738,760	0	344,886	1,083,646	1,121,475
Carrying amount total 31 December 2021	**41,446,176**	**1,443,914**	**2,350,118**	**45,240,208**	**45,473,755**

As at 31 December 2021, Moody's gave Raiffeisenlandesbank Oberösterreich an A3 rating (previous year: Baa1). Of the changes in the fair value of liabilities designated at fair value through profit or loss in the 2021 financial year, EUR 18,517 thousand are attributable to valuation losses from changes induced by credit ratings (cumulative valuation gain of EUR 3,032 thousand before taking deferred taxes into account). 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 2,350,118 thousand as at 31 December 2021. EUR 552 thousand of accumulated profit or loss within equity was reclassified as a result of repayments or redemptions in the 2021 financial year.

The carrying amount of designated financial liabilities as at 31 December 2021 was EUR 51,989 thousand higher than the repayment sum contractually agreed.

Categories of financial assets and financial liabilities as at 31 December 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 December 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 December 2020, Moody's gave Raiffeisenlandesbank Oberösterreich a Baa1 rating (previous year: Baa1). Of the changes in the fair value of liabilities designated at fair value through profit or loss in the 2020 financial year, EUR 11,305 thousand are attributable to valuation gains from credit rating-induced changes (cumulative valuation gains of EUR 20,997 thousand before taking deferred taxes into account). 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 December 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 December 2020 was EUR 139,893 thousand higher than the repayment sum contractually agreed.

Breakdown of the fair value of financial instruments as at 31 December 2021:

IN EUR '000	Financial instruments measured at fair value 31 December 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)*	3,000,856	25,878	2,081,401	893,577
Designated at fair value through profit or loss (FVO)	252,072	142,670	0	109,402
Measured at fair value through other comprehensive income (FVOCI)	4,353,489	3,942,979	410,510	0
Designated at fair value through other comprehensive income (FVOCI option)	0	0	0	0
Total financial assets measured at fair value	**7,606,417**	**4,111,527**	**2,491,911**	**1,002,979**
Measured at fair value through profit or loss (FVTPL)	1,443,914	0	1,443,914	0
Designated at fair value through profit or loss (FVO)	2,350,118	0	2,350,118	0
Total financial liabilities measured at fair value	**3,794,032**	**0**	**3,794,032**	**0**

* of which EUR 34.6 million in connection with assets held for sale

Reclassifications between Level I and Level II in the 2021 financial year:

IN EUR '000	Reclassifications from Level I to Level II	Reclassifications from Level II to Level I
Measured at fair value through profit or loss (FVTPL)	0	0
Designated at fair value through profit or loss (FVO)	0	0
Measured at fair value through other comprehensive income (FVOCI)	10,290	0
Designated at fair value through other comprehensive income (FVOCI option)	0	0
Total financial assets measured at fair value	**10,290**	**0**
Measured at fair value through profit or loss (FVTPL)	0	0
Designated at fair value through profit or loss (FVO)	0	0
Total financial liabilitiesmeasured at fair value	**0**	**0**

The reclassifications from Level I to Level II were the result of the elimination of prices for identical assets listed on active exchanges. The reclassifications from Level II to Level I were the result of the appearance of prices listed on active exchanges that previously did not exist.

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.

Reconciliation accounting for financial instruments measured at fair value in Level III in the 2021 financial year:

IN EUR '000	Measured at fair valuethrough 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	77,818	0	0	0
Divestments	-28,648	-3,196	0	0
Change in the scope of consolidation	1,268	0	0	0
Effective results	87,628	-11,416	0	0
Effect-neutral results	0	0	0	0
Revalued at fair value	0	0	0	0
Reclassification to Level III	1,380	0	0	0
Reclassification from Level III	-15,772	0	0	0
As at 31 Dec. 2021	**893,577**	**109,402**	**0**	**0**

The amount of gains and losses effectively recorded from recurring measurements 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 +75,598 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 December 2021

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value gain -100 basis points IN %
Loans and advances	199,683	2.51%
Securities	338,107	8.31%
Equity Investments	372,888	18.05%

	Carrying amount corresponds with fair value (Level III) IN EUR '000	Fair value loss +100 basis points IN %
Loans and advances	199,683	-7.94%
Securities	338,107	-5.92%
Equity Investments	372,888	-14.62%

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

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

No interest rate shift was conducted for non-significant investments and non-fixed interest securities. The carrying amount and fair value of these financial assets (amounting to EUR 92,267 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 244.4 million, to an increase of +6.87% or to a reduction of -6.84% 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 173.5 million, to an increase of +0.74% or to a reduction of -2.88% 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 183.6 million, to an increase of +7.83% or to a reduction of -7.39% respectively.

Breakdown of the fair value of financial instruments not measured at fair value as at 31 December 2021:

IN EUR '000	Carrying amounts as at 31 Dec. 2021	Fair value 31 Dec. 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)
Loans and advances to banks	13,812,693	13,846,419	0	334,667	13,511,752
Loans and advances to customers	25,095,663	25,884,949	0	134,958	25,749,992
Financial assets	146,568	157,714	21,686	93,160	42,868
Assets held for sale	43,656	45,384	0	0	45,384
Total financial assets not measured at fair value	**39,098,580**	**39,934,466**	**21,686**	**562,785**	**39,349,996**
Amounts owed to banks	20,126,581	20,202,847	0	20,202,847	0
Amounts owed to customers	13,204,436	13,243,244	0	13,243,244	0
Liabilities evidenced by certificates	7,376,399	7,457,043	2,049,151	5,407,892	0
Subordinated capital	738,760	776,589	0	776,589	0
Total financial liabilities not measured at fair value	**41,446,176**	**41,679,723**	**2,049,151**	**39,630,572**	**0**

Breakdown of the fair value of financial instruments as at 31 December 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 onmarket 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 the 2020 financial year:

IN EUR '000	Reclassifications from Level I to Level II	Reclassifications from Level II to Level I
Measured at fair value through profit or loss (FVTPL)	0	0
Designated at fair value through profit or loss (FVO)	0	0
Measured at fair value through other comprehensive income (FVOCI)	0	10,290
Designated at fair value through other comprehensive income (FVOCI option)	0	0
Total financial assets measured at fair value	**0**	**10,290**
Measured at fair value through profit or loss (FVTPL)	0	0
Designated at fair value through profit or loss (FVO)	0	0
Total financial liabilities measured at fair value	**0**	**0**

Reconciliation accounting for financial instruments measured at fair value in Level III in the 2020 financial year:

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. 2020	**765,814**	**117,193**	**0**	**0**
Purchases	29,412	187	0	0
Divestments	-31,928	-4,609	0	0
Change in the scope of consolidation	5,601	0	0	0
Effective results	1,004	11,243	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 31 Dec. 2020	**769,903**	**124,014**	**0**	**0**

There was no reclassification from Level II to Level III in the 2020 financial year. 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 +10,545 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 December 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 gain +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 at fair value for the sensitivity analysis. New fair values were established based on this shift in credit spreads, either as an addition or a deduction in the discount curve in the valuation. The difference to the fair value originally established is shown in the table above in percentage values.

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

No interest rate shift was conducted for non-significant investments and non-fixed interest securities. The carrying amount 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.

Breakdown of the fair value of financial instruments not measured at fair value as at 31 December 2020:

IN EUR '000	Carrying amounts as at 31 Dec. 2020	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)
Loans and advances to banks	10,977,574	11,025,801	0	340,487	10,685,314
Loans and advances to customers	24,522,449	25,728,339	0	118,820	25,609,519
Financial assets	190,061	203,960	33,521	109,840	60,599
Assets held for sale	0	0	0	0	0
Total financial assets not measured at fair value	**35,690,084**	**36,958,100**	**33,521**	**569,147**	**36,355,432**
Amounts owed to banks	17,676,136	17,749,019	0	17,749,019	0
Amounts owed to customers	12,300,690	12,330,588	0	12,330,588	0
Liabilities evidenced by certificates	7,661,509	7,732,079	2,125,137	5,606,942	0
Subordinated capital	663,514	687,861	0	687,861	0
Total financial liabilities not measured at fair value	**38,301,849**	**38,499,547**	**2,125,137**	**36,374,410**	**0**

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
II	Financial assets	Shares in non-consolidated subsidiaries, other investments	Multiple method	Comparative figure (earnings or carrying amount multiple) based on comparable transactions or listed peer groups in individual cases indicative offers as best estimator for a future transaction value
II	Financial assets	Shares in non-consolidated subsidiaries, other investments	Transaction price	Transaction prices, provided that a transaction of the valuation object (or shares of this) has taken place within the last 12 months before the valuation date
II	Financial assets	Shares in non-consolidated subsidiaries, other investments	Options valuation	Underlying option contract (put or call option)
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 30-year German federal bonds at using the Svensson method Beta factor: derivation of the unlevered beta factor from listed companies comparable in terms of risk (peer group) Market risk premium: based on the recommendation of the Fachsenat für Betriebswirtschaft der Kammer der Steuerberater und Wirtschaftsprüfer (Professional Senate for Business Administration of the Chamber of Tax Advisors and Auditors), taking into account capital market data Yield requirement of lenders: risk-appropriate (peer group rating) interest rates on borrowed capital based on corporate yield curves Leverage ratio: leverage ratio of the peer group Country risk premium: publications by Prof. Damodaran; taken into account if the company does not have its registered head office in the eurozone

Level	Instrument	Types	Valuation technique	Input factors
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 30-year German federal bonds using the Svensson method Beta factor: derivation of the levered beta factor from listed companies comparable in terms of risk (peer group) Market risk premium: based on the recommendation of the Fachsenat für Betriebswirtschaft der Kammer der Steuerberater und Wirtschaftsprüfer taking into account capital market data Country risk premium: publications by Prof. Damodaran; taken into account if the company does not have its registered head office in the eurozone
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 statement of financial position loan loss allowances and staging in accordance with IFRS 9.
The equity premiums are calculated on the basis of the return claim on the economic capital under Pillar 2, which is also included in the contribution margin calculation and customer pricing as imputed equity costs. The amount of the interest claim is determined by the Managing Board.

Hedge Accounting

Hedging transactions 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	255,261	164,800	4,624,926	3,403,809
Fair value hedges – Liabilities				
Nominal amount	106,500	937,883	3,440,564	3,282,949

Hedging instruments 2021 IN EUR '000	Carrying amount of hedging instruments 31 Dec. 2021	Nominal amount 31 Dec. 2021	Change in the fair value which is used as the basis for recording hedge ineffectiveness 2021*
Micro fair value hedge derivatives – Assets (fixed interest rate risk)	331,330	5,167,009	-178,730
Interest rate swaps	331,330	5,167,009	-178,730
Micro fair value hedge derivatives – Liabilities (fixed interest rate risk)	232,943	5,451,487	10,724
Interest rate swaps	232,943	5,451,487	10,724
Portfolio fair value hedge derivatives – Assets (fixed interest rate risk)	31,488	3,281,787	34,639
Interest rate swaps	28,800	2,612,456	31,141
Caps/Floors	2,688	669,331	3,498
Portfolio fair value hedge derivatives – Liabilities (fixed interest rate risk)	46,177	2,316,409	31,155
Interest rate swaps	41,616	1,392,926	27,923
Caps/Floors	4,561	923,483	3,232

* including business that expires in the 2021 financial year

Underlying transactions 2021 IN EUR '000	Carrying amount of the underlying transactions 31 Dec. 2021	Cumulative amount of the hedge adjustment in the carrying amount of the underlying transaction 31 Dec. 2021	Change in the value of the underlying transaction which is used as the basis for recording hedge ineffectiveness in the period 2021*	Cumulative amount of the hedge adjustment remaining in the statement of financial position and no longer adjusted by hedging gains and losses 31 Dec. 2021
Micro fair value hedges – Assets (fixed interest rate risk)	3,979,027	70,676	-114,623	0
Loans and advances to banks	45,487	2,026	-1,948	0
Loans and advances to customers	730,202	24,327	-28,346	0
Financial assets	3,203,338	44,323	-84,329	0
Micro fair value hedges – Liabilities (fixed interest rate risk)	7,174,535	247,132	281,961	134
Amounts owed to banks	662,462	9,905	17,428	134
Amounts owed to customers	655,593	50,364	28,360	0
Liabilities evidenced by certificates	5,494,737	190,142	217,128	0
Subordinated capital	361,743	-3,279	19,045	0
Portfolio fair value hedges – Assets (fixed interest rate risk)	5,296,193	-48,875	-66,324	n/a
Loans and advances to banks	291,390	-2,899	n/a	n/a
Loans and advances to customers	4,959,951	-45,662	n/a	n/a
Financial assets	44,852	-314	n/a	n/a

* including business that expires in the 2021 financial year

Ineffectiveness 2021 IN EUR '000	Hedge ineffectiveness 2021*
Micro fair value hedges – Assets (fixed interest rate risk)	
Loans and advances to banks	23
Loans and advances to customers	252
Financial assets	-773
Micro fair value hedges – Liabilities (fixed interest rate risk)	
Amounts owed to banks	-131
Amounts owed to customers	-197
Liabilities evidenced by certificates	462
Subordinated capital	-304
Portfolio fair value hedges – Assets (fixed interest rate risk)	
Financial assets – AC	-530

* including business that expires in the 2021 financial year

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.

In micro hedge accounting, mainly positions on the liabilities side are hedged with regard to their fixed interest rate risk in order to reduce negative maturity transformation effects. Furthermore, on the asset side, there is an increase in interest rate hedging on a micro basis for large-volume customer transactions with stable cash flows and in the securities area.

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 them 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, no defaulted or no inter-company transactions).

Variable interest 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. Variable financial assets with interest rate floors are accounted for in a separate portfolio. Loans, promissory note loans and securities with explicit floors are allocated to this portfolio currently in compliance with the criteria listed above.

Micro fair value hedges

The main area of application for micro hedge accounting is the hedging of underlying transactions with fixed interest rate risks by the use of derivative financial instruments with opposite effects, in which the key parameters are otherwise largely identical g. Issue with fixed coupons and receiver swap). The positions usually contain 1:1 interest rate hedged underlying transactions for which a stable cash flow is to be expected (e.g. institutional issues, bond positions in assets or large loans with stable cash flows). They are therefore micro-hedge relationships in the form of fair value hedges. Interest rate swaps are currently used as possible hedging instruments to hedge interest rate risks. The aim of using hedge accounting is to prevent fluctuations in the income statement as a result of interest change risks. If the cash flows of the underlying transactions or the hedge ratios between underlying transactions and hedging transactions change during the term, the hedge is adjusted accordingly. Micro-hedge relationships can be formed at the beginning of an underlying transaction, or can take place through prospective hedge accounting during the term from the date of effectiveness.

Despite what are usually almost congruent conditions between underlying and hedging transactions, certain inefficiencies may occur with an effect on the income statement for the following reasons:
- differences in discounting for underlying and hedging transactions,
- interest valuation results on the variable side of derivative hedging transactions and
- Discrepancies of the specific business characteristics as verified in the critical term match, which are within the tolerance limits, such as the term discrepancy, nominal discrepancy and interest payment dates.

Portfolio fair value hedges

Within the scope of the portfolio fair value hedge, the fair value risk resulting from changes in the swap rate for fixed interest rate transactions and variable transactions with interest rate caps is hedged. The banking transactions with fixed interest rate risks are combined into an overall risk item in defined maturity bands and hedged with corresponding derivative hedging transactions. Plain vanilla swaps and stand-alone written options, which can be either held to maturity or with nominal development, are used as derivative hedges.

The cash flows of the underlying transactions are allocated to the maturity bands on the basis of the expected interest rate adjustment dates. In doing so, the respective nominal amount of a transaction is set exclusively in the maturity band of the respective interest rate adjustment date. In the case of fixed partial repayments, the total nominal amount is divided accordingly between the different maturity bands. The calendar year is used for the maturity bands. The designation of hedging transactions to maturity bands is based on the maturity. If there is a planned partial redemption in the derivative, the nominal amount is allocated to the maturity band in which the partial redemption takes place.

It is not the allocated transactions of a portfolio that are hedged individually, but a specific amount per maturity band and portfolio. This amount is usually a portion of the total cash flow allocated to a maturity band. The amount of the hedged amount (bottom layer) is derived per maturity band from the derivative hedging instruments designated for this maturity band. The hedging periods are one month. Accordingly, the hedging relationship is terminated at the end of each hedging period and redesignated at the beginning of the next hedging period. Regular prospective and retrospective effectiveness measurement are carried out. The first hedging period in the portfolio with fixed-interest financial assets with fixed-interest agreements began on 1 April 2020 and the first hedging period in the portfolio with variable-interest financial assets with interest rate floors began on 1 January 2021, with a basis adjustment of 0 in each case.

Raiffeisenlandesbank Oberösterreich uses an interest rate sensitivity calculation to determine the hedge ratio. The basis point value in the fixed-interest portfolio is calculated per maturity band for the portfolio transactions and the fixed side of the derivative financial instruments. An averaged hedge ratio resulting from the parallel shocks of +50 bp or -50 bp is used in the variable portfolio, because the change in fair values is not symmetrical in the case of positive and negative interest rate shifts, in contrast with linear fixed interest rate products.

The prospective effectiveness is measured using a regression analysis with historical market data and is carried out at the beginning of each hedging period, and thus monthly, per maturity band and portfolio. The regression analysis uses 36 data points, with the first 35 data points based on historical data and the last data point corresponding to a +100 BP interest rate shock, in which the change in the fair value of the hedged amount of the portfolio transactions per maturity band is compared to the change in the fair value of the designated derivative hedges per maturity band. In the variable portfolio, the last two data points correspond with a +50 bp and a -50 bp interest rate shock respectively, analogous to the hedge ratio determination, in order to achieve a total shift of 100 bp again. In addition to the slope of the regression line (effectiveness between 80% and 125%), the dispersion of the values is also measured in the form of the coefficient of determination R^2, whereby Raiffeisenlandesbank Oberösterreich specifies a lower limit of 90% for this. The slope of the regression line must also be statistically significant, for which a confidence interval of 95% is applied. Retrospective effectiveness is also measured using regression analysis by calculating all data historically. In contrast to prospective effectiveness measurement, it is not possible to use data points that have already been calculated because, on the one hand, a redesignation takes place at the beginning of each hedging period and, on the other hand, the transaction undergoes changes during the hedging period.

At the end of the hedging period, a basis adjustment results from the change in the fair value of the hedged amount of the portfolio transactions per maturity band. This basis adjustment corresponds to the change in this fair value between the beginning and end of the hedging period. If the hedging relationship is ineffective in a maturity band, no basis adjustment is made for the underlying transaction in the current period. Derivative hedges continue to be measured at fair value through the income statement. If their value goes below the bottom layer during the hedging period due to changes in the transactions that were allocated to the portfolio at the beginning of the hedging period, partial disposals in existing basis adjustments are taken into account in addition to ineffectiveness in the retrospective test. Only then is the basis adjustment amortised in instalments.

In addition to the reasons for ineffectiveness already mentioned in the micro fair value hedge, there are additional reasons for the portfolio fair value hedge in connection with the implementation in the bottom layer approach:

- In the retrospective effectiveness measurement, in contrast to the sensitivity analysis in the prospective effectiveness test, the hedge ratio is scaled in the event of changes in the designated transactions during the hedging period on the basis of the change in volume in order to achieve the hedged amount at the beginning of the hedging period in the result again.
- The change in the underlying transaction portfolio during the hedging period also changes the composition of the aggregated cash flows.

As regards statements on the hedging of a net investment in a foreign business operation, reference is made to the “Accounting policies” section as well as the description of respective reserves in the “Equity” notes.

Hedging transactions 2020 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	95,000	106,000	2,650,743	3,731,063
Fair value hedges – Liabilities				
Nominal amount	88,714	375,135	2,423,552	2,939,088

Hedging instruments 2020 IN EUR '000	Carrying amount of hedging instruments 31 Dec. 2020	Nominal amount 31 Dec. 2020	Change in the fair value which is used as the basis for recording hedge ineffectiveness 2020
Micro fair value hedge derivatives – Assets (fixed interest rate risk)	561,040	6,253,306	149,556
Interest rate swaps	561,040	6,253,306	149,556
Micro fair value hedge derivatives – Liabilities (fixed interest rate risk)	288,522	3,501,882	-35,797
Interest rate swaps	288,522	3,501,882	-35,797
Portfolio fair value hedge derivatives – Assets (fixed interest rate risk)	127	329,500	0
Interest rate swaps	127	329,500	0
Caps/Floors	0	0	0
Portfolio fair value hedge derivatives – Liabilities (fixed interest rate risk)	119,507	2,324,607	-17,101
Interest rate swaps	119,507	2,324,607	-17,101
Caps/Floors	0	0	0

Underlying transactions 2020 IN EUR '000	Carrying amount of the underlying transactions 31 Dec. 2020	Accumulated amount of the hedge adjustment in the carrying amount of the underlying transaction 31 Dec. 2020	Change in the value of the underlying transaction which is used as the basis for recording hedge ineffectiveness in the period 2020	Cumulative amount of the hedge adjustment remaining in the statement of financial position and no longer adjusted by hedging gains and losses 31 Dec. 2020
Micro fair value hedges – Assets (fixed interest rate risk)	3,598,628	185,639	40,473	0
Loans and advances to banks	51,889	4,031	1,334	0
Loans and advances to customers	824,217	52,956	19,892	0
Financial assets	2,722,522	128,652	19,247	0
Micro fair value hedges – Liabilities (fixed interest rate risk)	7,054,382	528,202	-155,887	162
Amounts owed to banks	690,509	27,287	-5,835	162
Amounts owed to customers	562,826	78,725	-14,528	0
Liabilities evidenced by certificates	5,474,613	406,379	-125,213	0
Subordinated capital	326,434	15,811	-10,311	0
Portfolio fair value hedges – Assets (fixed interest rate risk)	2,111,169	16,327	17,772	n/a
Loans and advances to banks	123,828	860	n/a	n/a
Loans and advances to customers	1,943,453	15,188	n/a	n/a
Financial assets	43,888	279	n/a	n/a

Ineffectiveness 2020 IN EUR '000	**Hedge ineffectiveness 2020**
Micro fair value hedges – Assets (fixed interest rate risk)	
Loans and advances to banks	9
Loans and advances to customers	45
Financial assets	-162
Micro fair value hedges – Liabilities (fixed interest rate risk)	
Amounts owed to banks	-208
Amounts owed to customers	84
Liabilities evidenced by certificates	-1,388
Subordinated capital	-35
Portfolio fair value hedges – Assets (fixed interest rate risk)	
Financial assets – AC	671

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 2021 financial year for a derivative volume of around EUR 20.1 billion (previous year: EUR 8.8 billion), including EUR 5.9 billion of this in micro fair value hedges and EUR 4.1 billion in portfolio fair value hedges. The compensation payments in this context amounted to a total of EUR +2,509 thousand in the 2021 financial year (previous year: EUR +198 thousand) and were recognised immediately in profit or loss. The valuation for a derivative volume of EUR 1.9 billion is left at €STR +8.5 bp (= EONIA) and consequently no more compensation payments are expected.

Raiffeisenlandesbank Oberösterreich has converted the existing business in the currencies concerned as planned as of 31 December 2021. The maturities still available in USD LIBOR for existing transactions will be converted as of 2023.

CHF LIBOR replacements

With the European Commission's Implementing Regulation (EU) 2021/1847 of 14 October 2021, a successor reference value was legally prescribed in time to avoid major market disruptions and risks.

With effect from 1 January 2022, the CHF LIBOR was thereby replaced by the risk-free overnight interest rate SARON (Swiss Average Rate Overnight) in the form of a compounded rate per maturity plus a legally defined spread value.

EONIA replacements

With the EU Commission's Implementing Regulation (EU) 2021/1848 of 21 October 2021, a successor reference value could be legally prescribed in time to avoid major market disruptions and risks.

With effect from 3 January 2022, the EONIA was thereby replaced by the Euro Short-Term Rate (EURSTR or €STR) plus a fixed spread adjustment of 8.5 bp.

GBP/USD/JPY replacements

No Implementing Regulation has been issued by the European Commission to date for the currencies GBP, JPY and USD, which is why Raiffeisenlandesbank Oberösterreich follows the recommendations of the respective working groups on LIBOR succession and uses the ICE Term SONIA Reference Rate (ICE TSRR) for the British pound, the CME Term SOFR Rate for the US dollar and the QUICK-Tokyo Term Risk Free Rate (TORF) for the Japanese yen.

The extent of the volumes affected by the LIBOR conversions at Raiffeisenlandesbank Oberösterreich can be seen in the table below.

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	218,378	135,198	405	649
Loans and advances to customers	60,138	120,959	4,181	163
Trading assets*	22,862	4,973	0	0
Financial assets	0	0	0	0
Assets held for sale	0	0	0	0
Carrying amounts as at 31 December 2021	**301,378**	**261,130**	**4,586**	**812**

* 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	32,430	3,624	45,454	500
Amounts owed to customers	206,386	9,537	4,070	5,910
Trading liabilities*	10,866	8,782	0	0
Liabilities evidenced by certificates	169,297	0	0	0
Subordinated capital	0	0	0	0
Carrying amounts as at 31 December 2021	**418,979**	**21,943**	**49,524**	**6,410**

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

Non-significant modifications

Non-significant modifications 2021

IN EUR '000	Stage 1	Stage 2	Stage 3
Gross carrying amount before modification	170,872	42,027	0
Net modification effect	-3,229	1,218	0

In 2021, there were loans with a non-significant modification with a gross carrying amount of EUR 20,657 thousand (previous year EUR 0 thousand) whose classification 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 -2,011 thousand in 2021.

Non-significant modifications 2020

IN EUR '000	Stage 1	Stage 2	Stage 3
Gross carrying amount before modification	9,246	0	0
Net modification effect	-98	0	0

There were no financial assets with 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 in the 2020 financial year.

The financial assets with non-significant modification recognised in the table above are related to interest rate changes and caused modification losses of EUR -95 thousand in 2020.

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

Financial assets in the “Measured at amortised cost” category in the amount of EUR 312 thousand were sold in the 2021 financial year (previous year: EUR 15,320 thousand), for which individual value adjustments were made in accordance with Stage 3. The derecognition resulted in profits in the amount of EUR +493 thousand (previous year: EUR +2,564 thousand) and losses in the amount of EUR 0 thousand (previous year: EUR 237 thousand), which are shown in the item “Loan loss allowances” in the Income statement. In addition, there was derecognition in both the loan and securities portfolio due to amortisations and redemptions.

The following derivative financial instruments were held as at the 2021 end of financial year:

Term to maturity IN EUR '000	Nominal amount up to 1 year	1 year to 5 years	Over 5 years	Total	Fair value Positive	Negative
Interest rate-dependent futures						
OTC products						
Forward rate agreements	0	100,000	0	100,000	80	0
Interest rate swaps	6,857,355	14,513,452	13,008,454	34,379,261	1,682,791	1,306,500
Interest rate options – calls	79,126	65,765	38,642	183,533	1,082	0
Interest rate options – puts	284,681	1,805,937	2,442,403	4,533,021	6,420	16,159
Other interest rate swaps	0	0	0	0	0	0
Exchange-traded products						
Interest rate futures	0	0	0	0	0	0
Interest rate options – calls	0	0	0	0	0	0
Interest rate options – puts	0	0	0	0	0	0
Total	**7,221,162**	**16,485,154**	**15,489,499**	**39,195,815**	**1,690,373**	**1,322,659**
Foreign exchange futures						
OTC products						
Spot exchange and forward transactions	1,547,698	682,285	0	2,229,983	46,190	48,331
Currency and interest rate swaps involving several currencies	3,797,250	487,284	150,749	4,435,283	60,102	72,904
Foreign exchange options – calls	8,449	0	0	8,449	21	0
Foreign exchange options – puts	8,449	0	0	8,449	0	20
Other foreign exchange contracts	0	0	0	0	0	0
Exchange-traded products						
Foreign exchange futures	0	0	0	0	0	0
Foreign exchange options	0	0	0	0	0	0
Total	**5,361,846**	**1,169,569**	**150,749**	**6,682,164**	**106,313**	**121,255**
Other futures						
OTC products						
Structured shares/index products	0	0	0	0	0	0
Shares options – calls	0	0	0	0	0	0
Shares options – puts	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0
Precious metal transactions	0	0	0	0	0	0
Commodity options – calls	0	0	0	0	0	0
Commodity options – puts	0	0	0	0	0	0
Other transactions	0	0	0	0	0	0
Exchange-traded products						
Shares futures	0	0	0	0	0	0
Shares options	0	0	0	0	0	0
Other futures	0	0	0	0	0	0
Other options	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Total OTC products	**12,583,008**	**17,654,723**	**15,640,248**	**45,877,979**	**1,796,686**	**1,443,914**
Total exchange-traded products	**0**	**0**	**0**	**0**	**0**	**0**
Total	**12,583,008**	**17,654,723**	**15,640,248**	**45,877,979**	**1,796,686**	**1,443,914**

The following derivative financial instruments existed on the 2020 reporting date:

Term to maturity IN EUR '000	Nominal amount up to 1 year	1 year to 5 years	Over 5 years	Total	Fair value Positive	Negative
Interest rate-dependent futures						
OTC products						
Forward rate agreements	0	12,764	0	12,764	2	41
Interest rate swaps	2,665,360	12,817,272	15,015,701	30,498,333	2,319,091	1,783,409
Interest rate options – calls	21,615	142,510	58,783	222,908	2,052	14
Interest rate options – puts	180,023	1,663,202	2,167,671	4,010,896	578	37,430
Other interest rate swaps	0	0	0	0	0	0
Exchange-traded products						
Interest rate futures	0	0	0	0	0	0
Interest rate options – calls	0	0	0	0	0	0
Interest rate options – puts	0	0	0	0	0	0
Total	**2,866,998**	**14,635,748**	**17,242,155**	**34,744,901**	**2,321,723**	**1,820,894**
Foreign exchange futures						
OTC products						
Spot exchange and forward transactions	1,056,242	428,340	0	1,484,582	29,346	26,474
Currency and interest rate swaps involving several currencies	2,898,248	495,347	295,956	3,689,551	39,439	63,736
Foreign exchange options – calls	31,885	0	0	31,885	74	0
Foreign exchange options – puts	31,885	0	0	31,885	0	74
Other foreign exchange contracts	0	0	0	0	0	0
Exchange-traded products						
Foreign exchange futures	0	0	0	0	0	0
Foreign exchange options	0	0	0	0	0	0
Total	**4,018,260**	**923,687**	**295,956**	**5,237,903**	**68,859**	**90,284**
Other futures						
OTC products						
Structured shares/index products	0	0	0	0	0	0
Shares options – calls	0	0	0	0	0	0
Shares options – puts	0	0	0	0	0	0
Credit derivatives	0	0	0	0	0	0
Precious metal transactions	0	0	0	0	0	0
Commodity options – calls	0	0	0	0	0	0
Commodity options – puts	0	0	0	0	0	0
Other transactions	0	0	0	0	0	0
Exchange-traded products						
Shares futures	0	0	0	0	0	0
Shares options	0	0	0	0	0	0
Other futures	0	0	0	0	0	0
Other options	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Total OTC products	**6,885,258**	**15,559,436**	**17,538,111**	**39,982,804**	**2,390,582**	**1,911,178**
Total exchange-traded products	**0**	**0**	**0**	**0**	**0**	**0**
Total	**6,885,258**	**15,559,436**	**17,538,111**	**39,982,804**	**2,390,582**	**1,911,178**

Possible effects of netting agreements

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

Assets

IN EUR '000	Financial assets (gross) = recognised financial assets (net)	Unrecognised amounts: Effect of offsetting framework agreements	Unrecognised amounts: Cash securities	Net amount
Loans and advances to banks	14,045,370	-95,616	-628,405	13,321,349
Positive fair values generated from derivative financial instruments	1,796,686	-785,146	-550,885	460,655
Total 31 Dec. 2021	**15,842,056**	**-880,762**	**-1,179,290**	**13,782,004**

IN EUR '000	Financial assets (gross) = recognised financial assets (net)	Unrecognised amounts: Effect of offsetting framework agreements	Unrecognised amounts: 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**	**-1,498,510.0**	**10,960,653**

Liabilities

IN EUR '000	Financial liabilities (gross) = recognised financial liabilities (net)	Unrecognised amounts: Effect of offsetting framework agreements	Unrecognised amounts: Cash securities	Net amount
Amounts owed to banks	20,267,675	-95,616	-550,726	19,621,333
Negative fair values from derivative financial instruments	1,443,914	-785,146	-628,564	30,204
Total 31 Dec. 2021	**21,711,589**	**-880,762**	**-1,179,290**	**19,651,537**

IN EUR '000	Financial liabilities (gross) = recognised financial liabilities (net)	Unrecognised amounts: Effect of offsetting framework agreements	Unrecognised amounts: 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. Loans and advances to banks

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Loans and advances to central banks	6,943,722	4,702,974
Payment on demand loans and advances to banks	4,889,055	4,337,675
Money market transactions	433,254	593,322
Loans to banks	1,558,613	1,243,159
Purchased receivables	220,727	386,034
Total	**14,045,370**	**11,263,162**
In Austria	13,143,392	9,995,324
Abroad	901,978	1,267,838
Total	**14,045,370**	**11,263,162**

13. Cash and cash equivalents

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Cash in hand	38,325	42,024
Balances at central banks	91,863	103,889
Total	**130,188**	**145,913**

14. Loans and advances to customers

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Money-market transactions	1,236,063	1,309,570
Loan transactions	20,910,479	20,457,799
Purchased receivables	784,640	646,987
Lease financing	2,339,225	2,311,034
Others	24,731	19,323
Total	**25,295,138**	**24,744,714**
In Austria	15,029,501	14,895,905
Abroad	10,265,637	9,848,809
Total	**25,295,138**	**24,744,714**

15. Loan loss allowances

Loan loss allowances 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*
Loans and advances to banks	**15,500**	**1,869**	**-11,012**	**-1,605**
thereof Stage 1 – Non POCI	6,738	1,868	-8,133	-1,590
thereof Stage 2 – Non POCI	8,470	1	-2,879	-15
thereof Stage 3 – Non POCI	292	0	0	0
thereof POCI	0	0	0	0
Loans and advances to customers – excl. lease financing	**323,918**	**25,013**	**-13,241**	**55,570**
thereof Stage 1 – Non POCI	40,299	11,946	-5,399	-15,153
thereof Stage 2 – Non POCI	74,766	9,131	-6,239	17,796
thereof Stage 3 – Non POCI	219,958	3,037	-15,102	50,985
thereof POCI	-11,105	899	13,499	1,942
Loans and advances to customers – Lease financing	**47,125**	**3,892**	**-4,889**	**10,168**
thereof Stage 1 – Non POCI	1,720	1,225	-128	-334
thereof Stage 2 – Non POCI	5,480	958	-461	258
thereof Stage 3 – Non POCI	39,925	1,709	-4,300	10,244
thereof POCI	0	0	0	0
Financial assets – excluding FVOCI	**201**	**20**	**-91**	**0**
thereof Stage 1 – Non POCI	121	20	-45	-12
thereof Stage 2 – Non POCI	80	0	-46	12
thereof Stage 3 – Non POCI	0	0	0	0
thereof POCI	0	0	0	0
Financial assets – FVOCI	**8,000**	**392**	**-578**	**-4,935**
thereof Stage 1 – Non POCI	2,941	316	-538	-4,701
thereof Stage 2 – Non POCI	5,059	76	-40	-316
thereof Stage 3 – Non POCI	0	0	0	0
thereof POCI	0	0	0	82
Assets held for sale	**0**	**209**	**-9,453**	**631**
thereof Stage 1 – Non POCI	0	198	-310	-42
thereof Stage 2 – Non POCI	0	9	-601	81
thereof Stage 3 – Non POCI	0	2	-8,542	592
thereof POCI	0	0	0	0
Subtotal	**394,744**	**31,395**	**-39,264**	**59,829**
Provisions for off-balance-sheet obligations	**59,451**	**21,421**	**-9,201**	**-6,430**
thereof Stage 1 – Non POCI	9,493	3,968	-3,670	-8,978
thereof Stage 2 – Non POCI	10,594	1,219	-1,047	-666
thereof Stage 3 – Non POCI	39,364	16,234	-4,484	3,214
thereof POCI	0	0	0	0
Held for sale in accordance with IFRS 5 – off balance sheet	**0**	**2**	**-13**	**-4**
thereof Stage 1 – Non POCI	0	2	-12	0
thereof Stage 2 – Non POCI	0	0	-1	0
thereof Stage 3 – Non POCI	0	0	0	-4
thereof POCI	0	0	0	0
Total	**454,195**	**52,818**	**-48,478**	**53,395**

* in the case of POCI assets, these are changes in the respective net carrying amount
** the Other adjustments largely relate to IMPULS-LEASING Slovakia s.r.o. due to the reclassifications to the IFRS 5 sections of Assets held for sale

Reclassifications due to stage transfer	Changes due to modification	Utilised	Change in basis of consolidation	Other adjustments**	As at 31 Dec. 2021
0	**0**	**0**	**0**	**0**	**4,752**
5,562	0	0	0	0	4,445
-5,562	0	0	0	0	15
0	0	0	0	0	292
0	0	0	0	0	0
0	**-530**	**-19,630**	**0**	**-3,545**	**367,555**
11,480	-751	-4	0	-299	42,119
-11,709	33	-43	0	-365	83,370
229	188	-19,583	0	-2,881	236,831
0	0	0	0	0	5,235
0	**0**	**-4,943**	**259**	**-6,113**	**45,499**
-153	0	0	77	-106	2,301
330	0	-65	182	-456	6,226
-177	0	-4,878	0	-5,551	36,972
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**130**
0	0	0	0	0	84
0	0	0	0	0	46
0	0	0	0	0	0
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**2,879**
3,857	0	0	0	0	1,875
-3,857	0	0	0	0	922
0	0	0	0	0	0
0	0	0	0	0	82
0	**0**	**-487**	**0**	**9,658**	**558**
-23	0	0	0	405	228
20	0	0	0	821	330
3	0	-487	0	8,432	0
0	0	0	0	0	0
0	**-530**	**-25,060**	**259**	**0**	**421,373**
0	**0**	**0**	**0**	**-18**	**65,223**
9,872	0	0	0	-13	10,672
-2,151	0	0	0	-1	7,948
-7,721	0	0	0	-4	46,603
0	0	0	0	0	0
0	**0**	**0**	**0**	**18**	**3**
0	0	0	0	13	3
0	0	0	0	1	0
0	0	0	0	4	0
0	0	0	0	0	0
0	**-530**	**-25,060**	**259**	**0**	**486,599**

The changes due to a different default risk 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-based subsidiaries with a total amount of EUR -222 thousand.

Loan loss allowances 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*
Loans and advances to banks	**1,052**	**8,682**	**-499**	**6,265**
thereof Stage 1 – Non POCI	758	805	-416	5,679
thereof Stage 2 – Non POCI	2	7,877	-83	586
thereof Stage 3 – Non POCI	292	0	0	0
thereof POCI	0	0	0	0
Loans and advances to customers – excl. lease financing	**253,627**	**29,135**	**-19,073**	**107,885**
thereof Stage 1 – Non POCI	33,447	13,503	-4,115	988
thereof Stage 2 – Non POCI	22,731	9,801	-2,578	41,756
thereof Stage 3 – Non POCI	208,191	5,732	-14,287	66,827
thereof POCI	-10,742	99	1,907	-1,686
Loans and advances to customers – Lease financing	**35,956**	**4,227**	**-1,557**	**13,024**
thereof Stage 1 – Non POCI	1,742	654	-90	58
thereof Stage 2 – Non POCI	1,197	1,345	-69	2,139
thereof Stage 3 – Non POCI	33,017	2,228	-1,398	10,827
thereof POCI	0	0	0	0
Financial assets – excluding FVOCI	**228**	**0**	**-11**	**-16**
thereof Stage 1 – Non POCI	228	0	-11	-70
thereof Stage 2 – Non POCI	0	0	0	54
thereof Stage 3 – Non POCI	0	0	0	0
thereof POCI	0	0	0	0
Financial assets – FVOCI	**691**	**2,616**	**-27**	**4,720**
thereof Stage 1 – Non POCI	662	380	-27	1,917
thereof Stage 2 – Non POCI	29	2,236	0	2,803
thereof Stage 3 – Non POCI	0	0	0	0
thereof POCI	0	0	0	0
Assets held for sale	**0**	**0**	**0**	**0**
thereof Stage 1 – Non POCI	0	0	0	0
thereof Stage 2 – Non POCI	0	0	0	0
thereof Stage 3 – Non POCI	0	0	0	0
thereof POCI	0	0	0	0
Subtotal	**291,554**	**44,660**	**-21,167**	**131,878**
Provisions for off-balance-sheet obligations	**53,046**	**8,066**	**-4,939**	**3,278**
thereof Stage 1 – Non POCI	6,884	3,624	-1,161	1,588
thereof Stage 2 – Non POCI	1,948	3,457	-595	-6,044
thereof Stage 3 – Non POCI	44,214	985	-3,183	7,734
thereof POCI	0	0	0	0
Held for sale in accordance with IFRS 5 – off balance sheet	**0**	**0**	**0**	**0**
thereof Stage 1 – Non POCI	0	0	0	0
thereof Stage 2 – Non POCI	0	0	0	0
thereof Stage 3 – Non POCI	0	0	0	0
thereof POCI	0	0	0	0
Total	**344,600**	**52,726**	**-26,106**	**135,156**

* in the case of POCI assets, these are changes in the respective net carrying amount

The changes due to a different default risk 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-based subsidiaries with a total amount of EUR -1,074 thousand.

Reclassifications due to stage transfer	Changes due to modification	Utilised	Change in basis of consolidation	Other adjustments	As at 31 Dec. 2020
0	**0**	**0**	**0**	**0**	**15,500**
-88	0	0	0	0	6,738
88	0	0	0	0	8,470
0	0	0	0	0	292
0	0	0	0	0	0
0	**167**	**-47,823**	**0**	**0**	**323,918**
-3,537	27	-14	0	0	40,299
2,990	140	-74	0	0	74,766
547	0	-47,052	0	0	219,958
0	0	-683	0	0	-11,105
0	**0**	**-4,526**	**1**	**0**	**47,125**
-650	0	0	6	0	1,720
873	0	0	-5	0	5,480
-223	0	-4,526	0	0	39,925
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**201**
-26	0	0	0	0	121
26	0	0	0	0	80
0	0	0	0	0	0
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**8,000**
9	0	0	0	0	2,941
-9	0	0	0	0	5,059
0	0	0	0	0	0
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	**167**	**-52,349**	**1**	**0**	**394,744**
0	**0**	**0**	**0**	**0**	**59,451**
-1,442	0	0	0	0	9,493
11,828	0	0	0	0	10,594
-10,386	0	0	0	0	39,364
0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	**167**	**-52,349**	**1**	**0**	**454,195**

In the “transport/warehousing”, “mechanical engineering and plant construction”, “metalworking/manufacturing”, “leisure” and “tourism, accommodation and catering” sectors, which are heavily affected by COVID-19, loan loss allowances for loans and advances to customers increased by EUR 28 million from 2019 to 2020. In addition to creditworthiness-related transfers to Stage 2, this increase was due to the collective stage transfer carried out for these industries.

Significant changes in the gross carrying amount for 2021

Gross carrying amounts IN EUR '000	As at 1 Jan. 2021	Additions, disposals, balance changes	Re-classifica-tions due to stage transfer	Utilised	Direct amortisa-tions	Change in the scope of consoli-dation	Other adjust-ments*	As at 31 Dec. 2021
Loans and advances to banks	**10,993,074**	**2,814,621**	**0**	**0**	**0**	**12,741**	**-2,991**	**13,817,445**
thereof Stage 1 – Non POCI	10,867,873	2,857,912	76,916	0	0	12,741	-2,686	13,812,756
thereof Stage 2 – Non POCI	124,909	-43,291	-76,916	0	0	0	-305	4,397
thereof Stage 3 – Non POCI	292	0	0	0	0	0	0	292
thereof POCI	0	0	0	0	0	0	0	0
Loans and advances to customers – excl. lease financing	**22,535,333**	**734,994**	**0**	**-19,630**	**-1,928**	**0**	**-124,776**	**23,123,993**
thereof Stage 1 – Non POCI	17,617,538	843,767	-513,248	-4	-7	0	-86,317	17,861,729
thereof Stage 2 – Non POCI	4,358,760	-64,038	258,723	-43	-17	0	-34,546	4,518,839
thereof Stage 3 – Non POCI	502,287	-20,864	254,525	-19,583	-1,904	0	-3,913	710,548
thereof POCI	56,748	-23,871	0	0	0	0	0	32,877
Loans and advances to customers – Lease financing	**2,358,159**	**76,140**	**0**	**-4,943**	**0**	**61,134**	**-105,766**	**2,384,724**
thereof Stage 1 – Non POCI	1,502,723	354,710	-234,551	0	0	50,795	-46,014	1,627,663
thereof Stage 2 – Non POCI	749,103	-241,484	180,194	-65	0	10,339	-49,619	648,468
thereof Stage 3 – Non POCI	106,333	-37,086	54,357	-4,878	0	0	-10,133	108,593
thereof POCI	0	0	0	0	0	0	0	0
Financial assets – excluding FVOCI	**190,263**	**-43,566**	**0**	**0**	**0**	**0**	**0**	**146,697**
thereof Stage 1 – Non POCI	166,409	-22,718	0	0	0	0	0	143,691
thereof Stage 2 – Non POCI	23,854	-20,848	0	0	0	0	0	3,006
thereof Stage 3 – Non POCI	0	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0	0
Financial assets – FVOCI	**4,325,195**	**-168,702**	**0**	**0**	**0**	**0**	**0**	**4,156,493**
thereof Stage 1 – Non POCI	4,054,260	-13,080	79,853	0	0	0	0	4,121,033
thereof Stage 2 – Non POCI	268,846	-155,462	-79,853	0	0	0	0	33,531
thereof Stage 3 – Non POCI	878	-661	0	0	0	0	0	217
thereof POCI	1,211	501	0	0	0	0	0	1,712
Assets held for sale	**0**	**-188,832**	**0**	**-487**	**0**	**0**	**233,533**	**44,214**
thereof Stage 1 – Non POCI	0	-98,400	0	0	0	0	132,361	33,961
thereof Stage 2 – Non POCI	0	-76,873	0	0	0	0	87,126	10,253
thereof Stage 3 – Non POCI	0	-13,559	0	-487	0	0	14,046	0
thereof POCI	0	0	0	0	0	0	0	0
Subtotal	**40,402,024**	**3,224,655**	**0**	**-25,060**	**-1,928**	**73,875**	**0**	**43,673,566**
Off-balance-sheet commitments	**9,866,718**	**241,155**	**0**	**0**	**0**	**0**	**-12,435**	**10,095,438**
thereof Stage 1 – Non POCI	8,239,954	377,426	29,480	0	0	0	-9,718	8,637,142
thereof Stage 2 – Non POCI	1,503,108	-99,882	-35,609	0	0	0	-2,717	1,364,900
thereof Stage 3 – Non POCI	123,656	-36,389	6,129	0	0	0	0	93,396
thereof POCI	0	0	0	0	0	0	0	0
Held for sale in accordance with IFRS 5 – off balance sheet	**0**	**-11,512**	**0**	**0**	**0**	**0**	**12,435**	**923**
thereof Stage 1 – Non POCI	0	-8,795	0	0	0	0	9,718	923
thereof Stage 2 – Non POCI	0	-2,717	0	0	0	0	2,717	0
thereof Stage 3 – Non POCI	0	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0	0
Total	**50,268,742**	**3,454,298**	**0**	**-25,060**	**-1,928**	**73,875**	**0**	**53,769,927**

* the Other adjustments largely relate to IMPULS-LEASING Slovakia s.r.o. due to the reclassifications to the IFRS 5 sections of Assets held for sale

Significant changes in the gross carrying amount for 2020

Gross carrying amounts IN EUR '000	As at 1 Jan. 2020	Additions, disposals, balance changes	Re-classifica-tions due to stage transfer	Utilised	Direct amortisa-tions	Change in the scope of consoli-dation	Other adjust-ments	As at 31 Dec. 2020
Loans and advances to banks	**8,607,308**	**2,385,766**	**0**	**0**	**0**	**0**	**0**	**10,993,074**
thereof Stage 1 – Non POCI	8,604,995	2,432,423	-169,545	0	0	0	0	10,867,873
thereof Stage 2 – Non POCI	2,021	-46,657	169,545	0	0	0	0	124,909
thereof Stage 3 – Non POCI	292	0	0	0	0	0	0	292
thereof POCI	0	0	0	0	0	0	0	0
Loans and advances to customers – excl. lease financing	**21,205,757**	**1,383,968**	**0**	**-47,823**	**-6,569**	**0**	**0**	**22,535,333**
thereof Stage 1 – Non POCI	19,208,202	910,700	-2,501,323	-14	-27	0	0	17,617,538
thereof Stage 2 – Non POCI	1,493,475	536,284	2,329,110	-74	-35	0	0	4,358,760
thereof Stage 3 – Non POCI	440,796	-58,562	170,191	-47,052	-3,086	0	0	502,287
thereof POCI	63,284	-4,454	2,022	-683	-3,421	0	0	56,748
Loans and advances to customers – Lease financing	**2,309,803**	**53,285**	**0**	**-4,526**	**-403**	**0**	**0**	**2,358,159**
thereof Stage 1 – Non POCI	2,074,681	107,890	-679,848	0	0	0	0	1,502,723
thereof Stage 2 – Non POCI	146,302	-12,712	615,513	0	0	0	0	749,103
thereof Stage 3 – Non POCI	88,820	-41,893	64,335	-4,526	-403	0	0	106,333
thereof POCI	0	0	0	0	0	0	0	0
Financial assets – excluding FVOCI	**214,650**	**-24,387**	**0**	**0**	**0**	**0**	**0**	**190,263**
thereof Stage 1 – Non POCI	214,650	-24,389	-23,852	0	0	0	0	166,409
thereof Stage 2 – Non POCI	0	2	23,852	0	0	0	0	23,854
thereof Stage 3 – Non POCI	0	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0	0
Financial assets – FVOCI	**4,224,506**	**100,726**	**0**	**0**	**-37**	**0**	**0**	**4,325,195**
thereof Stage 1 – Non POCI	4,220,926	14,355	-181,021	0	0	0	0	4,054,260
thereof Stage 2 – Non POCI	1,675	86,150	181,021	0	0	0	0	268,846
thereof Stage 3 – Non POCI	1,905	-990	0	0	-37	0	0	878
thereof POCI	0	1,211	0	0	0	0	0	1,211
Assets held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
thereof Stage 1 – Non POCI	0	0	0	0	0	0	0	0
thereof Stage 2 – Non POCI	0	0	0	0	0	0	0	0
thereof Stage 3 – Non POCI	0	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0	0
Subtotal	**36,562,024**	**3,899,358**	**0**	**-52,349**	**-7,009**	**0**	**0**	**40,402,024**
Off-balance-sheet commitments	**9,353,118**	**513,600**	**0**	**0**	**0**	**0**	**0**	**9,866,718**
thereof Stage 1 – Non POCI	8,960,138	251,850	-972,034	0	0	0	0	8,239,954
thereof Stage 2 – Non POCI	263,930	263,625	975,553	0	0	0	0	1,503,108
thereof Stage 3 – Non POCI	129,050	-1,875	-3,519	0	0	0	0	123,656
thereof POCI	0	0	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**
thereof Stage 1 – Non POCI	0	0	0	0	0	0	0	0
thereof Stage 2 – Non POCI	0	0	0	0	0	0	0	0
thereof Stage 3 – Non POCI	0	0	0	0	0	0	0	0
thereof POCI	0	0	0	0	0	0	0	0
Total	**45,915,142**	**4,412,958**	**0**	**-52,349**	**-7,009**	**0**	**0**	**50,268,742**

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 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 Stage 1 and 2 is a particular focus.

In this context, it is noted that the management override adopted by Raiffeisenlandesbank Oberösterreich in 2021 has an influence on the sensitivity analyses. The impact is based on the freezing of the time window as of the fourth quarter of 2020 for risk parameter generation. Further details on the management override can be found in the section “2021 Management judgement and estimates”. As at the reporting date 31 December 2021, realisations are in use until Q3 2021 for the macroeconomic factors used. These are no longer affected by a GDP or property price shift and therefore remain unchanged for the sensitivity analysis. As a result, the effect of the estimates is lower than in the previous year. The shift factor on the forecasts will only come into effect from the fourth quarter of 2021.

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. It was therefore identified as a 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 evenly distributed over one year, taking into account the statistical overhang. 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 an 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 data on gross domestic product (GDP)

IN EUR '000	As at 31 Dec. 2021	Delta	Status PD GDP -1%-point
Loans and advances to banks	**4,460**	**2,180**	**6,640**
thereof Stage 1 – Non POCI	4,423	2,161	6,584
thereof Stage 1 with transfer in Stage 2 – Non POCI	22	11	33
thereof Stage 2 – Non POCI	15	8	23
Loans and advances to customers – excl. lease financing	**125,489**	**1,031**	**126,520**
thereof Stage 1 – Non POCI	41,826	16	41,842
thereof Stage 1 with transfer in Stage 2 – Non POCI	293	394	687
thereof Stage 2 – Non POCI	83,370	621	83,991
Loans and advances to customers – Lease financing	**8,527**	**49**	**8,576**
thereof Stage 1 – Non POCI	2,292	0	2,292
thereof Stage 1 with transfer in Stage 2 – Non POCI	9	15	24
thereof Stage 2 – Non POCI	6,226	34	6,260
Financial assets – excluding FVOCI	**129**	**0**	**129**
thereof Stage 1 – Non POCI	84	0	84
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	45	0	45
Financial assets – FVOCI	**2,797**	**643**	**3,440**
thereof Stage 1 – Non POCI	1,875	588	2,463
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	922	55	977
Assets held for sale	**558**	**2**	**560**
thereof Stage 1 – Non POCI	228	0	228
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	330	2	332
Subtotal	**141,960**	**3,905**	**145,865**
Provisions for off-balance-sheet obligations	**18,621**	**324**	**18,945**
thereof Stage 1 – Non POCI	10,638	273	10,911
thereof Stage 1 with transfer in Stage 2 – Non POCI	35	6	41
thereof Stage 2 – Non POCI	7,948	45	7,993
Held for sale in accordance with IFRS 5 – off balance sheet	3	0	3
thereof Stage 1 – Non POCI	3	0	3
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Total	**160,584**	**4,229**	**164,813**

IN EUR '000	As at 31 Dec. 2021	Delta	Stand PD GDP +1%-Point
Loans and advances to banks	**4,460**	**-1,452**	**3,008**
thereof Stage 1 – Non POCI	4,445	-1,447	2,998
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	15	-5	10
Loans and advances to customers – excl. lease financing	**125,489**	**-1,580**	**123,909**
thereof Stage 1 – Non POCI	42,119	-10	42,109
thereof Stage 2 with transfer in Stage 1 – Non POCI	1,306	-950	356
thereof Stage 2 – Non POCI	82,064	-620	81,444
Loans and advances to customers – Lease financing	**8,527**	**-50**	**8,477**
thereof Stage 1 – Non POCI	2,301	0	2,301
thereof Stage 2 with transfer in Stage 1 – Non POCI	22	-15	7
thereof Stage 2 – Non POCI	6,204	-35	6,169
Financial assets – excluding FVOCI	**129**	**0**	**129**
thereof Stage 1 – Non POCI	84	0	84
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	45	0	45
Financial assets – FVOCI	**2,797**	**-973**	**1,824**
thereof Stage 1 – Non POCI	1,875	-392	1,483
thereof Stage 2 with transfer in Stage 1 – Non POCI	637	-577	60
thereof Stage 2 – Non POCI	285	-4	281
Assets held for sale	**558**	**-3**	**555**
thereof Stage 1 – Non POCI	228	0	228
thereof Stage 2 with transfer in Stage 1 – Non POCI	2	-1	1
thereof Stage 2 – Non POCI	328	-2	326
Subtotal	**141,960**	**-4,058**	**137,902**
Provisions for off-balance-sheet obligations	**18,621**	**-223**	**18,398**
thereof Stage 1 – Non POCI	10,673	-182	10,491
thereof Stage 2 with transfer in Stage 1 – Non POCI	27	-9	18
thereof Stage 2 – Non POCI	7,921	-32	7,889
Held for sale in accordance with IFRS 5 – off balance sheet	3	0	3
thereof Stage 1 – Non POCI	3	0	3
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Total	**160,584**	**-4,281**	**156,303**

Sensitivity data on gross domestic product (GDP)

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
Assets held for sale	**0**	**0**	**0**
thereof Stage 1 – Non POCI	0	0	0
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
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
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0
thereof Stage 1 – Non POCI	0	0	0
thereof Stage 1 with transfer in Stage 2 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
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
Assets held for sale	**0**	**0**	**0**
thereof Stage 1 – Non POCI	0	0	0
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
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
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0
thereof Stage 1 – Non POCI	0	0	0
thereof Stage 2 with transfer in Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Total	**165,761**	**-11,283**	**154,478**

Sensitivity analysis for real estate prices

IN EUR '000	As at 31 Dec. 2021	Delta	Status LGD real estate price -5%-points
Loans and advances to banks	**4,460**	**0**	**4,460**
thereof Stage 1 – Non POCI	4,445	0	4,445
thereof Stage 2 – Non POCI	15	0	15
Loans and advances to customers – excl. lease financing	**125,489**	**10,680**	**136,169**
thereof Stage 1 – Non POCI	42,119	3,551	45,670
thereof Stage 2 – Non POCI	83,370	7,129	90,499
Loans and advances to customers – Lease financing	**8,527**	**56**	**8,583**
thereof Stage 1 – Non POCI	2,301	17	2,318
thereof Stage 2 – Non POCI	6,226	39	6,265
Financial assets – excluding FVOCI	**129**	**0**	**129**
thereof Stage 1 – Non POCI	84	0	84
thereof Stage 2 – Non POCI	45	0	45
Financial assets – FVOCI	**2,797**	**0**	**2,797**
thereof Stage 1 – Non POCI	1,875	0	1,875
thereof Stage 2 – Non POCI	922	0	922
Assets held for sale	**558**	**74**	**632**
thereof Stage 1 – Non POCI	228	27	255
thereof Stage 2 – Non POCI	330	47	377
Subtotal	**141,960**	**10,810**	**152,770**
Provisions for off-balance-sheet obligations	**18,621**	**565**	**19,186**
thereof Stage 1 – Non POCI	10,673	200	10,873
thereof Stage 2 – Non POCI	7,948	365	8,313
Held for sale in accordance with IFRS 5 – off balance sheet	3	0	3
thereof Stage 1 – Non POCI	3	0	3
thereof Stage 2 – Non POCI	0	0	0
Total	**160,584**	**11,375**	**171,959**

IN EUR '000	As at 31 Dec. 2021	Delta	Status LGD real estate price +5%-points
Loans and advances to banks	**4,460**	**0**	**4,460**
thereof Stage 1 – Non POCI	4,445	0	4,445
thereof Stage 2 – Non POCI	15	0	15
Loans and advances to customers – excl. lease financing	**125,489**	**-10,327**	**115,162**
thereof Stage 1 – Non POCI	42,119	-3,441	38,678
thereof Stage 2 – Non POCI	83,370	-6,886	76,484
Loans and advances to customers – Lease financing	**8,527**	**-49**	**8,478**
thereof Stage 1 – Non POCI	2,301	-14	2,287
thereof Stage 2 – Non POCI	6,226	-35	6,191
Financial assets – excluding FVOCI	**129**	**0**	**129**
thereof Stage 1 – Non POCI	84	0	84
thereof Stage 2 – Non POCI	45	0	45
Financial assets – FVOCI	**2,797**	**0**	**2,797**
thereof Stage 1 – Non POCI	1,875	0	1,875
thereof Stage 2 – Non POCI	922	0	922
Assets held for sale	**558**	**-72**	**486**
thereof Stage 1 – Non POCI	228	-26	202
thereof Stage 2 – Non POCI	330	-46	284
Subtotal	**141,960**	**-10,448**	**131,512**
Provisions for off-balance-sheet obligations	**18,621**	**-544**	**18,077**
thereof Stage 1 – Non POCI	10,673	-193	10,480
thereof Stage 2 – Non POCI	7,948	-351	7,597
Held for sale in accordance with IFRS 5 – off balance sheet	3	0	3
thereof Stage 1 – Non POCI	3	0	3
thereof Stage 2 – Non POCI	0	0	0
Total	**160,584**	**-10,992**	**149,592**

Sensitivity analysis for real estate prices

IN EUR '000	As at 31 Dec. 2020	Delta	Status LGD real estate price -5%-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
Assets held for sale	**0**	**0**	**0**
thereof Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
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
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0
thereof Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Total	**165,761**	**5,925**	**171,686**

IN EUR '000	As at 31 Dec. 2020	Delta	Status LGD real estate price +5-% 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
Assets held for sale	**0**	**0**	**0**
thereof Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
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
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0
thereof Stage 1 – Non POCI	0	0	0
thereof Stage 2 – Non POCI	0	0	0
Total	**165,761**	**-6,105**	**159,656**

16. Trading assets

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Bonds and other fixed-income securities	**3,751**	**5,657**
Municipal bonds that can be refinanced	0	0
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	3,751	5,657
Positive fair values from derivative transactions	**1,796,686**	**2,390,582**
Interest rate transactions	1,690,373	2,321,723
Currency exchange transactions	106,313	68,859
Stock- and index-related business	0	0
Other transactions	0	0
Total	**1,800,437**	**2,396,240**

17. Financial assets

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

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Bonds and other fixed-income securities	**541**	**621**
Municipal bonds that can be refinanced	0	0
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	541	621
Tier 2 capital	0	0
Shares and other variable-yield securities	**428,663**	**390,802**
Shares	20,214	15,003
Investment fund units/shares	2,423	2,449
Other variable yield securities	406,026	373,350
Shares in companies	**413,825**	**343,324**
Interests in affiliated companies	115,550	101,520
Other investments	298,275	241,804
Total	**843,029**	**734,746**

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

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Bonds and other fixed-income securities	**142,670**	**171,638**
Municipal bonds that can be refinanced	18,207	21,482
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	124,463	150,155
Total	**142,670**	**171,638**

Financial assets in the category "Measured at fair value with no effect on income" (FVOCI)

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Bonds and other fixed-income securities	**4,353,489**	**4,656,097**
Municipal bonds that can be refinanced	2,478,539	2,501,106
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	1,874,950	2,154,991
Total	**4,353,489**	**4,656,097**

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

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Bonds and other fixed-income securities	**146,568**	**190,061**
Municipal bonds that can be refinanced	0	0
Other public-sector debt instruments	0	0
Bonds and debt securities from other issuers	146,568	190,061
Total	**146,568**	**190,061**

18. Equity-accounted companies

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Banks	1,376,621	1,286,782
Non-banks	897,837	815,731
Total	**2,274,458**	**2,102,513**

Among other items, the share of Raiffeisenlandesbank Oberösterreich in the Raiffeisen Bank International (RBI) Group in the amount of 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.

For RBI, the year 2021 was marked by economic recovery after the pandemic-related slump in the economy in 2020. RBI closed the 2021 financial year with a consolidated profit of EUR 1,372 million, which was 71% higher than in the previous year. Both net interest income and net fee and commission income increased significantly with +7% in net interest income and +18% in net fee and commission income. Lower loan loss allowances, which at EUR 295 million were 51% lower than in the previous year, also contributed to the increase in the Group result. At the same time, the NPE ratio and NPE coverage ratio improved again to 1.6% and 62.5% respectively. General administrative expenses reflected the M&A activities in 2021, such as the acquisition and integration of Equa bank in Czechia and digitisation initiatives to implement Vision 2025. The CET 1 ratio was 13.1% as at 31 December 2021. A return on equity above the medium-term target of 11% was expected for 2022. This also reflects the result from the sale of Raiffeisenbank in Bulgaria. However, this outlook does not take the geopolitical risks into account. With regard to the expected effects of the outbreak of war between Russia and Ukraine, please refer to the note "Events after the reporting date".

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 31 December 2021. The fair value less sales costs as at 31 December 2021 was determined on the basis of the stock exchange rate of RBI on the Vienna Stock Exchange at the amount of EUR 25.88 per share (previous year: 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 13.16% (previous year: 12.85%) was used for the valuation of the RBI Group. A change in the cost of capital by +/-100 basis points would result in a reduction or increase in the company value of the RBI Group calculated this way of -9.53% and +11.26% respectively.

The recoverable amount as at 31 December 2021 was the higher value chosen from comparing the value in use and the fair value less sales costs. After assumption of the pro rata changes in earnings and capital in the amount of EUR 134,399 thousand (previous year: EUR 1,523 thousand) and taking into account the dividends paid in the amount of EUR 38,492 thousand (previous year: EUR 0 thousand), there was an impairment of EUR -125,949 thousand (previous year: EUR -110,741 thousand) in the 2021 financial year, resulting in an IFRS carrying amount of EUR 820,233 thousand (previous year: EUR 850,276 thousand) as at 31 December 2021.

The credit institutions accounted for using the equity method also include the 48.6% (previous year: 48.6%) or 41.1% (previous year: 41.1%) attributed stake in the Oberösterreichische Landesbank AG (Hypo Oberösterreich) Group, which is held via the fully consolidated Hypo Holding GmbH. Raiffeisenlandesbank Oberösterreich sees itself as a long-term strategic partner to the regional bank that is headquartered in Linz and in which the province of Upper Austria has a majority holding. On the basis of an updated medium-term planning of Hypo OÖ, a periodic company valuation was carried out on 31 December 2021. The attainable value was determined to be a value in use based on the present value of the expected dividends (discounted dividend method). The four-year plan which was used for the reference period is based on the planning that was approved by the Management and that was valid at the time the valuation was conducted. The discounting of the dividends that can be achieved from the valuation object is undertaken with by means of a risk-adequate capitalisation interest rate. For Hypo OÖ, cost of equity after tax of 7.36% (previous year: 7.67%) was used. Due to increased earnings expectations, there was an increase in value that exceeded the increase in balance sheet equity due to the results in 2021. This resulted in a slight reversal of impairment of EUR +137 thousand (previous year: EUR -916 thousand) to an IFRS carrying amount of EUR 134,766 thousand (previous year: EUR 123,781 thousand) as at 31 December 2021.

Any change in the discount rate used by +/-100 basis points would result in a reduction or increase in the company value calculated for Hypo Oberösterreich of -9.56% or +10.71% respectively.

Banks accounted for using the equity method also include the 25.0% holding (previous year: 25.0%) in Raiffeisenbank a.s., headquartered in Prague. This is the fifth largest bank in Czechia and has shown very stable and positive development in recent years. The planned acquisition of Equa bank was successfully completed in the second half of 2021. In this context, Raiffeisenlandesbank Oberösterreich switched from individual financial statements to the consolidated financial statements of Raiffeisenbank a.s. with accounting using the equity method. In the run-up to the acquisition, a capital increase of EUR 170.8 million was carried out. The merger of the two banks is planned for 2022. The profit after tax of the Raiffeisenbank a.s. Group for the 2021 financial year increased to EUR +176.9 million (previous year: EUR +82.8 million).

As regards non-bank holdings, the participation in Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG is worth particular mention. Based on an agreement relating to voting rights with the co-shareholder, from the perspective of Raiffeisenlandesbank Oberösterreich joint control is in place with regard to Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG. Accounting using the equity method is undertaken under the classification as Joint Venture as defined by IFRS 11. According to the financial statements as at 30 September 2021, they also own 13.54% (previous year: 13.54%) of the shares in the voestalpine AG Group and have, as the largest individual shareholder, the opportunity to exercise a considerable influence on the financial and business policies of the most important steel company in Austria. In his function as Deputy Chairman of the Supervisory Board, the Chief Executive Officer of Raiffeisenlandesbank Oberösterreich, Heinrich Schaller, is an active participant in the strategic decisions made at voestalpine AG. At the level of Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, the investment accounted for using the equity method in voestalpine AG was subjected to an impairment test in the 2021 financial year, as a result of which the carrying amount was compared with the recoverable amount of the investment. This was determined on the basis of the stock exchange rate of voestalpine AG on the Vienna Stock Exchange as at 31 December 2021 in the amount of EUR 32.00 per share (previous year: EUR 29.30 per share). In the 2021 financial year, an impairment loss was recognised to the lower fair value less costs to sell following the acquisition of the positive pro rata results and other changes in equity of voestalpine AG. The profit or loss of Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, was transferred as part of the accounting process as a joint venture to the Raiffeisenlandesbank Oberösterreich Group in the amount of EUR +56,233 thousand (previous year: EUR +80,101 thousand) in accordance with the equity method. The carrying amount of Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG amounts to EUR 526,592 thousand as at 31 December 2021 (previous year: EUR 585,150 thousand).

He also has a significant influence on Aluminiumkonzern AMAG Austria Metall AG because Raiffeisenlandesbank Oberösterreich still holds 16.50% and remains the second largest single shareholder. In addition, Raiffeisenlandesbank Oberösterreich concluded a holding agreement with B & C Industrieholding GmbH. The aim of this holding agreement is to conduct an ongoing discuss dealing with key financial and business policy issues as well as providing advice and reaching agreements prior to decisions being made in the appropriate committees of AMAG Austria Metall AG. The Chief Executive Officer and Chairman of the Managing Board of Raiffeisenlandesbank Oberösterreich, Heinrich Schaller, is also involved in making decisions within the AMAG Austria Metall AG as a Deputy Chair of the Supervisory Board as well as a member of the committees of the Supervisory Board (exception: Remuneration Committee). There are also standard banking relations in place with AMAG Austria Metall AG. The price per share as at 31 December 2021 amounted to EUR 41.00 (previous year: EUR 29.90 per share).

As at 31 December 2021, the 41.25% (previous year: 41.25%) stake in Salinen Austria AG, was subjected to a periodic business valuation. The attainable value was determined to be a value in use based on the discounted cash flow method, whereby a WACC after tax of 7.56% (previous year: 5.81%) was used. Particularly as a result of an increased discount rate as well as higher debt, there was a decrease in the value in use compared to the previous year. After taking over the positive pro rata results, as at 31 December 2021 there was an impairment of EUR -10,365 thousand (previous year: reversal of impairment of EUR +1,628 thousand) to an IFRS carrying amount of EUR 21,181 thousand (previous year: EUR 30,016 thousand) as at 31 December 2021. A change in the discount rate used by +/-100 basis points would result in a reduction or increase in the company value calculated for Salinen Austria AG of -46.13% or +66.20% respectively.

Three of the companies have a reporting date that is different from that of Raiffeisenlandesbank Oberösterreich. Both, when applying the equity method and also for the overview below, Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG and Kapsch Financial Services GmbH were considered with values as at its reporting date of 30 Sept.. The data for Salinen Austria AG (reporting date 30 June) is based on an interim report as at 31 December.

A list of the companies that reported under the equity method can be found under the heading “Basis of consolidation”. The following table shows the financial data on the companies reported under the equity method. Operating income was included as earnings for banks.

Companies accounted for using the equity method at 31 December 2021

IN EUR '000	AMAG Austria Metall AG	Oberöster-reichische Landesbank AG	Raiffeisen Bank International AG	Raiffeisen-bank a.s., Prague	Raiffeisen-landesbank Oberösterreich Invest GmbH & Co OG	Other companies accounted for using the equity method
Assets	1,593,760	8,158,488	192,100,504	26,172,688	782,242	1,591,972
Liabilities	964,286	7,666,487	176,625,496	24,356,538	8,708	1,114,355
Equity	629,474	492,001	15,475,008	1,816,150	773,533	477,618
Earnings	1,259,406	93,423	5,570,386	563,988	0	568,618
Result	64,614	27,486	1,507,617	176,937	74,419	47,574
Total other comprehensive income	-21,476	-2,221	150,319	-16,975	15,231	688
Comprehensive income	43,137	25,264	1,657,936	159,962	89,650	48,262
Net assets (owners)	629,474	492,100	12,838,426	1,621,810	773,533	465,578
Proportionate net assets	103,863	239,112	1,221,422	405,453	585,150	188,422
Adjustments	34,536	-104,346	-401,189	16,169	0	-14,135
Carrying amount in Raiffeisenlandesbank Oberösterreich	138,399	134,766	820,233	421,622	585,150	174,288
Market value (Stock Market value)*	238,561	n/a	809,906	n/a	585,150	n/a
Dividends received	2,909	1,445	38,492	0	9,081	7,927

* at Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG derived from stock market price of voestalpine AG

Equity-accounted companies at 31 Dec. 2020

IN EUR '000	AMAG Austria Metall AG	Oberöster-reichische Landesbank AG	Raiffeisen Bank International AG	Raiffeisen-bank a.s., Prague	Raiffeisen-landesbank Oberösterreich Invest GmbH & Co OG	Other companies accounted for using the equity method
Assets	1,549,287	7,825,106	165,958,871	15,664,034	699,605	1,498,233
Liabilities	947,875	7,355,431	151,670,826	14,316,948	3,482	1,047,582
Equity	601,412	469,675	14,288,045	1,347,086	696,123	450,651
Earnings	904,167	71,601	5,195,047	396,884	0	540,576
Result	11,619	9,335	909,606	81,010	105,941	49,106
Total other comprehensive income	-9,129	5,985	-806,439	-8,379	-4,738	30
Comprehensive income	2,490	15,320	103,167	72,631	101,203	49,135
Net assets (owners)	600,504	469,775	11,830,348	1,188,211	696,123	405,556
Proportionate net assets	99,083	228,264	1,125,516	297,053	526,592	158,955
Adjustments	34,536	-104,483	-275,240	15,672	0	-3,435
Carrying amount in Raiffeisenlandesbank Oberösterreich	133,619	123,781	850,276	312,725	526,592	155,520
Market value (Stock Market value)*	173,975	n/a	521,995	n/a	535,778	n/a
Dividends received	2,909	0	0	0	3,617	7,661

* at Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG derived from stock market price of voestalpine AG

The following table is a summary of the financial data on the associated companies not reported under the equity method. The figures are a sum of the information contained in the various most recent financial statements. Operating income was included as earnings for banks.

IN EUR '000	2021/2020	2020/2019
Assets	1,169,847	1,117,577
Liabilities	1,069,822	1,025,192
Earnings	294,514	325,156
Result	-3,709	3,198

19. Schedule of movements in fixed assets

Schedule of movements in fixed assets 2021

IN EUR '000	Purchase and production costs					
	As at 1 Jan. 2021	Change in basis of consolidation	Currency differences	Additions	Disposals	Changes due to modification
Intangible assets	**191,571**	**74,666**	**-2**	**17,574**	**2,028**	**0**
Goodwill	36,340	25,403	0	0	0	0
Other intangible assets	155,231	49,263	-2	5,688	2,028	0
Property under construction	0	0	0	11,886	0	0
Property, plant and equipment	**1,229,949**	**72,478**	**1,126**	**127,302**	**80,221**	**3,326**
Land and buildings used for operations	430,714	33,743	248	5,494	2,100	0
Right of use of land and buildings used for operations	125,281	15,743	76	2,798	1,293	2,842
Other property, plant and equipment	429,534	19,780	457	22,033	22,739	0
Rights of use of other property, plant and equipment	14,539	3,094	-4	17,811	124	484
leased assets from operating leases – Other property, plant and equipment	219,759	0	340	63,628	53,942	0
Property under construction	10,122	118	9	15,538	23	0
Investment property	**970,017**	**0**	**396**	**91,852**	**46,629**	**118**
Investment property	700,591	0	0	2,027	26,098	0
Rights of use of investment properties	26,080	0	0	0	66	118
Leased assets under operating leases – investment property	170,368	0	396	1,294	6,030	0
Property under construction	72,978	0	0	88,531	14,435	0
Total	**2,391,537**	**147,144**	**1,520**	**236,728**	**128,878**	**3,444**

Schedule of movements in fixed assets 2020

IN EUR '000	Purchase and production costs					
	As at 1 Jan. 2020	Change in basis of consolidation	Currency differences	Additions	Disposals	Changes due to modification
Intangible assets	**147,217**	**10,023**	**-169**	**35,185**	**685**	**0**
Goodwill	36,340	0	0	0	0	0
Other intangible assets	110,877	10,023	-169	35,185	685	0
Property under construction	0	0	0	0	0	0
Property, plant and equipment	**1,185,364**	**3,624**	**-1,852**	**107,055**	**67,001**	**2,759**
Land and buildings used for operations	420,492	34	-191	5,968	2,720	0
Right of use of land and buildings used for operations	119,621	2,727	-147	2,648	2,288	2,720
Other property, plant and equipment	409,405	773	-374	28,854	15,429	0
Rights of use of other property, plant and equipment	13,544	90	-44	1,113	203	39
leased assets from operating leases – Other property, plant and equipment	209,295	0	-1,091	55,873	44,318	0
Property under construction	13,007	0	-5	12,599	2,043	0
Investment property	**908,659**	**64,018**	**-233**	**59,897**	**62,541**	**217**
Investment property	650,777	51,829	0	5,147	25,295	0
Rights of use of investment properties	25,863	0	0	0	0	217
Leased assets under operating leases – investment property	198,629	0	-233	-721	27,307	0
Property under construction	33,390	12,189	0	55,471	9,939	0
Total	**2,241,240**	**77,665**	**-2,254**	**202,137**	**130,227**	**2,976**

			Appreciation and depreciation						Carrying amount
Re-classifications	**Reclassifications in conjunction with assets held for sale**	**As at 31 Dec. 2021**	**Aggregate depreciation**	**of which scheduled depreciation/ amortisation in the financial year**	**of which scheduled depreciation/ amortisation in the financial year**	**thereof reversal of impairment**	**Change in basis of consolidation**	**Reclassifications in conjunction with assets held for sale**	**As at 31 Dec. 2021**
25	**1,104**	**280,701**	**134,445**	**0**	**17,529**	**0**	**-1,505**	**927**	**145,677**
0	0	61,743	25,154	0	0	0	0	0	36,589
25	1,104	207,072	109,291	0	17,529	0	-1,505	927	97,202
0	0	11,886	0	0	0	0	0	0	11,886
2,702	**4,325**	**1,352,336**	**704,936**	**75**	**87,691**	**206**	**-27,721**	**1,697**	**621,376**
9,661	0	477,760	247,077	0	9,697	50	-13,930	0	216,753
0	1,065	144,382	45,127	0	11,484	0	0	308	99,563
4,854	962	452,957	332,225	75	29,763	0	-13,263	754	108,223
0	71	35,729	11,476	0	5,995	0	-528	39	23,764
0	2,227	227,557	69,031	0	30,752	0	0	596	159,122
-11,813	0	13,951	0	0	0	156	0	0	13,951
-2,727	**13,599**	**999,428**	**227,569**	**0**	**14,755**	**0**	**0**	**8,648**	**780,507**
19,021	13,599	681,942	162,174	0	8,650	0	0	8,648	528,416
0	0	26,132	4,476	0	1,509	0	0	0	21,656
0	0	166,028	60,772	0	4,519	0	0	0	105,256
-21,748	0	125,326	147	0	77	0	0	0	125,179
0	**19,028**	**2,632,465**	**1,066,950**	**75**	**119,975**	**206**	**-29,226**	**11,272**	**1,547,560**

			Appreciation and depreciation						Carrying amount
Re-classifications	**Reclassifications in conjunction with assets held for sale**	**As at 31 Dec. 2020**	**Aggregate depreciation**	**of which scheduled depreciation/ amortisation in the financial year**	**of which scheduled depreciation/ amortisation in the financial year**	**thereof reversal of impairment**	**Change in basis of consolidation**	**Reclassifications in conjunction with assets held for sale**	**As at 31 Dec. 2020**
0	**0**	**191,571**	**118,907**	**33**	**17,604**	**0**	**53**	**0**	**72,717**
0	0	36,340	25,154	0	0	0	0	0	11,186
0	0	155,231	93,753	33	17,604	0	53	0	61,531
0	0	0	0	0	0	0	0	0	0
0	**0**	**1,229,949**	**667,718**	**1,200**	**84,192**	**0**	**-555**	**0**	**561,676**
7,131	0	430,714	238,549	0	9,560	0	-5	0	192,160
0	0	125,281	33,987	0	11,388	0	0	0	91,294
6,305	0	429,534	323,361	324	29,685	0	-550	0	105,623
0	0	14,539	5,602	0	3,839	0	0	0	8,937
0	0	219,759	66,067	0	29,720	0	0	0	153,692
-13,436	0	10,122	152	876	0	0	0	0	9,970
0	**0**	**970,017**	**221,911**	**0**	**15,664**	**0**	**0**	**0**	**748,106**
18,133	0	700,591	158,406	0	8,925	0	0	0	542,185
0	0	26,080	3,032	0	1,523	0	0	0	23,048
0	0	170,368	60,364	0	5,177	0	0	0	110,004
-18,133	0	72,978	109	0	39	0	0	0	72,869
0	**0**	**2,391,537**	**1,008,536**	**1,233**	**117,460**	**0**	**-502**	**0**	**1,382,499**

20. Intangible assets

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Customer base	43,296	19,276
Brands	29,788	10,434
Goodwill	36,589	11,186
Other intangible assets	24,118	31,821
Property under construction	11,886	0
Total	**145,677**	**72,717**

The increase in the customer base, brands and goodwill compared to 31 December 2020 is primarily due to the acquisition and resulting first-time consolidation of the WOJNAR Group and Gerstner Catering Betriebs GmbH. Please refer to the section "Basis of presentation of the consolidated financial statements in accordance with IFRS" for more information.

IAS 36.90 requires that those cash-generating units to which a figure for good will is allocated for the financial year must be subjected to an impairment test every year and whenever there is cause to suspect any impairment. In this regard, in the fourth quarter we conducted the periodic impairment test for the remaining goodwill from the first-time consolidations of "PUREA Austria GmbH" with the "Rendering" cash generating unit in the 2012 financial year, "Frisch & Frost Nahrungsmittel GmbH" with the "Frozen convenience" cash-generating unit in the 2017 financial year, and the "IMPULS-LEASING International" Group (host country Romania) in the 2009 financial year. Under the impairment test, with due regard to the item being valued, the most suitable method to establish the value in use is employed.

The Discounted cash flow method is applied for the impairment test of both goodwill bearing, cash-generating units in the VIVATIS/efko Group. For this, the assets and liabilities (not including the interest-bearing liabilities) attributed to the cash-generating unit including the attributable goodwill are compared with the company value (value in use). In determining the value in use of the goodwill-bearing, cash-generating units, a distinction is made between a detailed forecasting period and a subsequent extrapolation period. The reporting period for the detailed forecast covers a period of three years and is based on the current medium-term budgeting. The free cash flows were calculated indirectly with inclusion of the projected working capital change and investments. The cash flows beyond the detailed forecasting are determined using the perpetual annuity concept. The valuation-relevant cash flow for the perpetual annuity is based on a sustainable cash flow assumption, less a calculated reinvestment rate, depending on the assumed growth rate for the perpetual annuity of the respective goodwill-bearing, cash-generating unit. The present value of perpetual annuity was determined assuming a sustainable growth rate of 2.0%.

For the "Rendering" cash-generating unit, a WACC according to the Capital Asset Pricing Model (CAPM) before tax of 7.65% (previous year: 7.84%) is used. A change in the discount interest rate applied by +/-100 basis points would result in a fall or rise of the calculated value in use of EUR -6.2 million or EUR +8.6 million respectively. With regard to the goodwill of the "Rendering" cash-generating unit with a carrying amount of EUR 4.6 million (previous year: EUR 4.6 million) for the reporting date 31 December 2021 – analogous to the reporting date of the previous year – no impairment requirement was identified.

For the valuation of the "Frozen convenience" cash-generating unit, a WACC before taxes of 6.16% (previous year: 6.22%) is applied in accordance with the Capital Asset Pricing Model (CAPM). A change in the discount interest rate applied by +/-100 basis points would result in a fall or rise of the calculated value in use of EUR -10.1 million or EUR +16.5 million respectively. With regard to the goodwill of the "Frozen Convenience" cash-generating unit with a carrying amount of EUR 5.1 million, (previous year: EUR 5.1 million) for the reporting date 31 December 2021 – analogous to the reporting date of the previous year – no impairment requirement was identified.

The income approach to valuation is applied as the impairment test for the goodwill-bearing, cash-generating unit "IMPULS-LEASING International" Group based in Romania. For this the value of the company (value in use) determined at amortised cost is compared with the equity plus goodwill allocated to the cash-generating unit. When determining the value in use, a distinction is made between a detailed forecast period and a subsequent extrapolation period. The reporting period for the detailed forecast covers a period of five years and is based on the current medium-term budgeting, which is then discounted back in the course of the impairment test as at reporting date 31 December 2021. In contrast, the continuing value is based on the figures for the fifth planning year of the medium-range planning and is determined using the present value of the perpetual annuity without taking possible growth rates into account. The sum of the present values arising from the detailed forecast and the continuing value give the value in use, which is then compared with the equity plus the goodwill of the goodwill-bearing, cash-generating unit to test for any impairment. The medium-term planning used as the basis for this calculation is based on data from the past taking future market developments into account. Internal expectations from within the group are supplemented by external market expectations. For the valuation of the goodwill-bearing, cash-generating units in Romania, cost of equity before tax at 10.19% (previous year: 13.25%) is applied in accordance with the Capital Asset Pricing Model (CAPM). The goodwill of the "IMPULS-LEASING International" Group has a value of EUR 1.5 million as per 31 December 2021 (previous year: EUR 1.5 million).

Property and equipment and investment property

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Property, plant and equipment	**621,376**	**561,676**
Land and buildings used for bank operations	216,753	192,161
Right of use of land and buildings used for operations	99,563	91,294
Other property, plant and equipment	108,223	105,625
Rights of use of other property, plant and equipment	23,764	8,936
Leased assets from operating leases – Other property, plant and equipment	159,122	153,691
Property under construction	13,951	9,969
Investment property	**780,507**	**748,106**
Investment property	528,417	542,186
Rights of use of investment properties	21,656	23,048
Leased assets under operating leases – investment property	105,256	110,003
Property under construction	125,179	72,869
Total	**1,401,884**	**1,309,782**

With regard to the investment property, by far the largest portion – EUR 452.6 million (previous year: EUR 458.8 million) originates from the Upper Austrian residential building companies ("OÖ Wohnbau"). Access to this investment property is subject to legal restrictions as a result of the Austrian Public House Building Act (WGG).

The fair value of investment property, for which a fair value assessment exists, amounts to EUR 288,940 thousand (previous year: EUR 305,420 thousand) with a carrying amount of EUR 217,892 thousand (previous year: EUR 229,398 thousand). The reports were compiled by the Gesellschaft Real-Treuhand Immobilien Vertriebs GmbH.

In the 2021 financial year, a carrying amount of EUR 1,944 thousand (previous year: EUR 0 thousand) was reclassified from investment property to buildings and land used for operations due to a change in the intended use of a property.
As of 31 December 2021, no contractual obligations were in place as regards real estate held as financial investments (previous year: EUR 0 thousand).

21. Other assets

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Receivables from non-bank activities	164,814	147,051
Prepaid expenses	32,332	31,138
Inventories	290,726	287,137
Assets	14,528	1,875
Other assets	280,726	245,034
Total	**783,127**	**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 -468.6 million (previous year: EUR -399.2 million).

The proportion of "Other assets" attributable to the "OÖ Wohnbau" companies amounted to EUR 97.3 million (previous year: EUR 108.1 million).
Revenue recognised in the reporting period, which were included in the balance of contractual obligations at the beginning of the period, amount to EUR 3,301 thousand (previous year: EUR 752 thousand).

22. Assets held for sale and sales groups

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Sales group which is classified as being held for sale	43,656	0
Individual assets which are classified as being held for sale	39,951	343
Total	**83,607**	**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

A Czech loan portfolio in the amount of EUR 43.7 million as of 31 December 2021 has been classified as held for sale at Raiffeisenlandesbank Oberösterreich since June 2021 in connection with the increasing complexity of regulatory obligations and the particular challenge of servicing foreign markets. The contracts for implementation of the offer were signed on 12 October 2021. The transfer will take place via an ongoing process in the 2022 financial year. Due to the agreed conditions, no significant impact on earnings is expected.

The credit portfolio is allocated to the Retail & Private Banking segment.

Individual assets which are classified as being held for sale

As at 31 December 2021, three investments in real estate companies totalling EUR 34.6 million and three investment properties totalling EUR 5.0 million are classified as held for sale and consequently reported in the balance sheet item "Assets held for sale and sales groups".

The background is the bundling of the above-mentioned properties and real estate companies under the newly founded "Raiffeisen OÖ RealInvest GmbH" with the aim of subsequently transferring the majority of their shares and the economic benefit to Upper Austrian Raiffeisen banks. The sale of the assets listed is planned for the first half of 2022.

The assets concerned are assigned to the Equity Investments segment.

In addition, 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 as at 31 December 2021. The contract for the sale of the property was signed prior to the preparation of these consolidated financial statements.

The asset amount stated is assigned to the Equity Investments segment.

23. Amounts owed to banks

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Liabilities payable on demand	4,769,773	5,232,552
Money market transactions	10,925,080	8,293,781
Long-term financing	4,572,823	4,369,728
Total	**20,267,675**	**17,896,062**
In Austria	17,851,222	15,297,191
Abroad	2,416,453	2,598,871
Total	**20,267,675**	**17,896,062**

As at 31 December 2021, the portfolio of tender transactions amounts to EUR 7.4 billion (previous year: 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 (previous year: EUR 314 million) of this was subsequently made available to the Upper Austrian Raiffeisen banks. The credit growth required for the bonus interest until 31 December 2021 was achieved as expected. Therefore, the basic interest rate of -50 bp and the bonus interest rate of -50 bp were taken into account in the preparation of the financial statements as at 31 December 2021 with a pro rata positive effect on net interest income of EUR 68.2 million in the 2021 financial year (previous year: EUR 20.6 million). The terms of the long-term tender are not considered a government subsidy within the meaning of IAS 20 and are therefore accounted for at amortised cost in accordance with IFRS 9.

24. Amounts owed to customers

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Demand deposits	8,041,650	7,455,945
Term deposits	3,941,579	3,633,177
Savings deposits	1,359,654	1,379,821
Others	158,495	149,112
Total	**13,501,379**	**12,618,055**
In Austria	10,619,020	9,691,407
Abroad	2,882,359	2,926,648
Total	**13,501,379**	**12,618,055**

25. Trading liabilities

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Interest rate transactions	1,322,658	1,820,894
Currency exchange transactions	121,255	90,284
Stock- and index-related business	0	0
Other transactions	0	0
Total	**1,443,914**	**1,911,178**

26. Liabilities evidenced by certificates

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Bonds issued	4,804,178	4,860,436
Listed mortgage bonds/municipal bonds	83,424	94,051
Non-listed mortgage bonds/municipal bonds	342,669	353,268
Other securitised liabilities	3,713,323	4,130,868
Total	**8,943,594**	**9,438,623**

27. Provisions

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Provisions for personnel expenses	**169,381**	**176,782**
of which severance provisions	99,741	102,882
of which pension provisions	46,406	51,353
of which bonus fund provisions	23,235	22,547
Other provisions	**130,225**	**117,118**
of which provisions for off-balance-sheet obligations	65,226	59,451
of which Other provisions	64,999	57,667
Total	**299,606**	**293,900**

Due to the current level of interest rates, the valuation interest rate for calculating the provisions for personnel expenses as at 31 December 2021 was adjusted to 0.50% (previous year: 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 over the 2021 financial year was EUR 6.3 million (previous year: EUR 5.1 million). The amount of the provision as at 31 December 2021 was EUR 38.7 million (previous year: EUR 32.4 million). The amount is disclosed in “Other provisions” and the allocation made in Net interest income. Due to the Supreme Court ruling of 22 December 2021 on the interest on loan cases in the state moratorium for consumers and micro-enterprises, a provision of EUR 2.4 million was created for possible interest repayments in the 2021 financial year. The amount is also 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.

Severance provisions

Changes in severance obligations

IN EUR '000	2021	2020
Present value (DBO) 1 Jan.	103,365	106,070
Change in basis of consolidation	1,324	0
Current service cost	3,848	4,052
Past service cost	0	0
Gains or losses arising from the termination of employment	0	0
Interest cost	264	512
Payments	-5,829	-6,860
Actuarial profit/loss	-2,712	-409
of which adjustments based on past experience	-899	-1,728
of which changes in demographic assumptions	11	-82
of which changes in financial assumptions	-1,824	1,401
Reclassification to liabilities in conjunction with assets held for sale	0	0
Present value (DBO) 31 Dec.	**100,260**	**103,365**

Change in plan assets

IN EUR '000	2021	2020
Fair value 1 Jan.	483	399
Change in basis of consolidation	0	0
Interest income	3	0
Contributions	77	77
Payments	0	0
Other profits/losses	-44	7
Fair value 31 Dec.	**519**	**483**

Reconciliation of severance provisions

IN EUR '000	2021	2020
Present Value (DBO) of the severance obligations as at 31 Dec.	100,260	103,365
Fair value of plan assets as at 31 Dec.	519	483
Net obligations 31 Dec. (= provisions)	**99,741**	**102,882**

Pension provisions

Changes in pension provisions

IN EUR '000	2021	2020
Present value (DBO) 1 Jan.	53,962	54,354
Change in basis of consolidation	344	0
Current service cost	476	478
Past service cost	0	0
Gains or losses from settlements	0	0
Interest cost	131	263
Payments	-4,097	-3,824
Actuarial profit/loss	-1,466	2,691
of which adjustments based on past experience	-179	1,442
of which changes in demographic assumptions	0	0
of which changes in financial assumptions	-1,287	1,249
Other change	0	0
Present value (DBO) 31 Dec.	**49,350**	**53,962**

Change in plan assets

IN EUR '000	2021	2020
Fair value 1 Jan.	2,609	2,282
Change in basis of consolidation	258	0
Interest income	7	11
Contributions	82	27
Payments	-249	-249
Other profits/losses	237	-50
Other change	0	588
Fair value 31 Dec.	**2,944**	**2,609**

Change in pension provisions

IN EUR '000	2021	2020
Present Value (DBO) of the pension obligations as at 31 Dec.	49,350	53,962
Fair value of plan assets as at 31 Dec.	2,944	2,609
Net obligations 31 Dec. (= provisions)	**46,406**	**51,353**

The market value of the reimbursement claims reported amounted to EUR 1,871 thousand as at 31 December 2021 (previous year: EUR 1,748 thousand).

Classification of pension obligations by beneficiaries

IN EUR '000	2021	2020
Present Value (DBO) of the pension obligations as at 31 Dec.	49,350	53,962
of which obligations to active beneficiary employees	8,014	8,692
of which obligations to retired beneficiary employees with vested claims	305	601
of which obligations to pensioners	41,031	44,669

Investment of plan assets for severance and pension obligations

IN %	2021	2020
Bonds and other fixed-income securities	19.3	38.1
Shares and other variable-yield securities	21.4	18.0
Others	59.3	43.9
Total	**100**	**100**

Most of the plan assets are not invested in any active market. The plan assets do not include own financial instruments or other assets used by the Raiffeisenlandesbank Oberösterreich Group.

For 2022, defined benefit payments into the plan are planned in the amount of EUR 144 thousand.

Sensitivities

The following sensitivity analysis shows a change in the present value of the liability (DBO) as of 31 December 2021 when any of the actuarial parameters are changed that are considered to be essential. The calculations for the sensitivity analysis is analogous to the calculation of provisions pursuant to IAS 19 "Employee Benefits" using the projected unit credit method.

	Change in the parameter of	Effect on DBO in %	Change in the parameter of	Effect on DBO in%
Severance provisions				
Interest rate	+0.5%	-5.0	-0.5%	5.4
Increasing the bases for assessment	+0.5%	5.2	-0.5%	-4.9
Employee turnover	+0.5%	-3.2	-0.5%	1.3
Pension provisions				
Interest rate	+0.5%	-5.2	-0.5%	5.7
Increasing the bases for assessment	+0.5%	0.7	-0.5%	-0.7
Increase in future pensions	+0.5%	4.8	-0.5%	-4.4
Mortality table/Life expectancy	+1 year	6.2	-1 year	-6.5

Weighted residual maturity of the financial liabilities

IN YEARS	2021	2020
Severance obligations	10	11
Pension obligations	11	12

Changes in staff anniversary provisions

IN EUR '000	2021	2020
Present value (DBO) 1 Jan.	22,547	21,798
Change in basis of consolidation	846	0
Current service cost	1,623	1,608
Past service cost	0	0
Interest cost	59	106
Payments	-1,490	-1,289
Actuarial profit/loss	-350	324
Reclassification to liabilities in conjunction with assets held for sale	0	0
Present value (DBO) 31 Dec. (= provisions)	**23,235**	**22,547**

Changes in other provisions

The level of other provisions as at 31 December 2021 amounts to EUR 130,225 thousand (previous year: EUR 117,118 thousand). In addition to the other provisions, the development of which is shown in the following table, it still contains the provisions for off-balance-sheet obligations as of 31 December 2021 in the amount of EUR 65,226 thousand (previous year: EUR 59,451 thousand). Further details on the development of the provision for off-balance-sheet obligations can be found in the notes concerning "Loan loss allowances".

	Other provisions*	
IN EUR '000	2021	2020
As at 1 Jan.	57,667	51,322
Allocations	23,888	18,315
Reversals	-1,856	-2,842
Utilised	-14,700	-9,128
Change in basis of consolidation	0	0
As at 31 Dec.	**64,999**	**57,667**

* excl. provisions for off-balance-sheet obligations

The maturities of the remaining provisions are anticipated to be as follows:

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Total of other provisions	64,999	57,667
up to 1 year	60,843	53,744
1 year to 5 years	3,698	3,456
over 5 years	458	467

28. Other liabilities

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Liabilities from non-bank activities	168,216	150,128
Deferred income	19,811	21,992
Liabilities	7,541	4,995
Leasing liabilities	130,824	112,438
Other liabilities	343,172	276,203
Total	**669,563**	**565,755**

29. Subordinated capital

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Tier 2 capital and subordinated liabilities and participation capital	1,083,646	1,015,676
Total	**1,083,646**	**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	90,261	-48,210
of which deposit from issues	94,209	108,926
of which buyback/repayment	-3,948	-157,136
Changes not affecting payments	-22,291	4,639
of which net income from financial instruments carried at fair value	-27,324	10,436
thereof evaluation due to change in own credit risk	381	-4,929
of which other changes	4,652	-868
As at 31 Dec.	**1,083,646**	**1,015,676**

30. Equity

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Share capital	277,630	277,630
Capital reserves	971,973	971,973
Retained earnings	3,702,640	3,340,908
Non-controlling interests	206,870	175,561
Total	**5,159,113**	**4,766,072**

In accordance with its articles, Raiffeisenlandesbank Oberösterreich's share capital as at 31 December 2021 was EUR 277,630 thousand (previous year: EUR 277,630 thousand). It consists of 1,942,042 ordinary shares (previous year: 1,942,042 ordinary shares). The ordinary shares consist of ones in the name of holder without a nominal value (individual share certificates). Sales of name shares require the written approval of the Managing Board and of the Supervisory Board.

Capital reserves were built in the amount of EUR 410,859 thousand in connection with the transfer of the bank business from former Raiffeisenlandesbank Oberösterreich reg. Gen.m.b.H. to Raiffeisenlandesbank Oberösterreich in the financial year 2004, and in the amount of EUR 136,987 thousand resulting from a premium during a new issue of preferred shares in 2007. In connection with an additional payment in accordance with section 229 (2) line 5 of the Austrian Commercial Code, capital reserves increased by EUR 149,992 thousand in financial year 2008. The increase in share capital in the form of ordinary shares in 2013 led to the capital reserves rising in value by EUR 274,257 thousand. The change in the amount of EUR -122 thousand in the 2016 financial year was due to the conversion of participation capital into ordinary shares.

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 profit from 2020. A dividend of EUR 23.17 per ordinary share accordingly results from this. The recommendation of the Managing Board as to the use of the profit for 2021 will be to pay dividends of EUR 47,000 thousand on ordinary shares. This results in a planned dividend of EUR 24.20 per ordinary share.

In addition to the reinvested profit from the previous financial years, the item headed Cumulative profit in the amount of EUR 3,702,640 thousand (previous year: EUR 3,340,908 thousand) in the shareholders' equity of the controlling interests contains the share of changes in equity recognised with no effect on the income statement and the share of the current net profit for the year that is attributable to the shareholders of the parent company. Total equity includes other comprehensive income of the current period and of previous periods in the amount of EUR -224,482 thousand (previous year: EUR -204,904 thousand).

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	4,372	-2,325
Amounts reclassified to the profit reserve	0	0
Taxes recognised in respect of these amounts	-1,086	547
As at 31 Dec.	**-33,149**	**-36,435**

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	-18,517	11,305
Amounts reclassified to the profit reserve	552	5
Taxes recognised in respect of these amounts	4,491	-2,828
As at 31 Dec.	**2,274**	**15,748**

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 2021 financial year, an amount of EUR +552 thousand before deferred taxes (previous year: EUR +5 thousand) was reclassified to retained earnings.

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)	-53,221	6,598
Amounts reclassified to profit or loss	-1,638	-1,049
Taxes recognised in respect of these amounts	13,715	-1,388
As at 31 Dec.	**117,095**	**158,239**

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 2021 financial year, the fair value measurement of debt instruments classified as "measured at fair value through other comprehensive income" amounted to EUR -53,221 thousand (previous year: EUR 6,598 thousand). Furthermore, an amount of EUR -1,638 thousand before deferred taxes (previous year: EUR -1,049 thousand) was reclassified to the income statement in the 2021 financial year. Of this amount, EUR -1,060 thousand (previous year: EUR -1,629 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 -578 thousand (previous year: EUR -580 thousand) relate to loan loss allowances that were reclassified to the position "Loan loss allowances" in the income statement.

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

IN EUR '000	2021	2020
As at 1 Jan.	-381	-1,239
Gain or loss from the hedging of net investments	-1,943	1,145
Amounts reclassified to profit or loss	0	0
Taxes recognised in respect of these amounts	486	-287
As at 31 Dec.	**-1,838**	**-381**

There is hedging for currency risks resulting from a net investment in a foreign business. The volume of the hedged underlying transaction amounted to EUR 36.8 million as at 31 December 2021 (previous year: 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
Gain or loss from foreign currency translation	-284	-1,197
Amounts reclassified to profit or loss	0	-68
As at 31 Dec.	**-2,522**	**-2,238**

Development of "other comprehensive income" of companies reported under the equity method"

IN EUR '000	2021	2020
As at 1 Jan.	-339,837	-250,974
Change due to proportionate "Other results"	33,024	-88,807
Taxes recognised in respect of these amounts	0	-56
Other changes	471	0
As at 31 Dec.	**-306,342**	**-339,837**

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 year	464,937	162,947
Dividends	-49,706	-22,749
Other changes	-2,612	20,932
As at 31 Dec.	**4,133,992**	**3,721,373**

Significant non-controlling interests

Company	Country of registration	Non-controlling interests 2021 IN %	Non-controlling interests 2020 IN %	Equity 2021 IN EUR '000	Equity 2020 IN EUR '000	After-tax profit for the year 2021 IN EUR '000	After-tax profit for the year 2020 IN EUR '000	Total other comprehensive income 2021 IN EUR '000	Total other comprehensive income 2020 IN EUR '000	Total result 2021 IN EUR '000	Total result 2020 IN EUR '000
Hypo Holding subgroup	Austria	15.33	15.33	24,671	23,228	2,372	1,070	-166	439	2,206	1,509
efko Frischfrucht und Delikatessen GmbH	Austria	49.00	49.00	23,690	22,668	1,564	1,602	-1	6	1,563	1,608
OÖ Wohnbau gemeinnützige Wohnbau subgroup	Austria	n/a	n/a	112,054	101,367	10,694	8,700	25	-128	10,719	8,572
Other				46,455	28,298	4,253	3,601	222	-238	4,475	3,363
				206,870	**175,561**	**18,883**	**14,973**	**80**	**79**	**18,963**	**15,052**

Due to the regulations of section 10 of the Austrian Public Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG) regarding the restrictions on dividends and proceeds in connection with the withdrawal or liquidation, the equity share in the case of the non-profit housing development companies (OÖ Wohnbau gemeinnützige Wohnbau und Beteiligung GmbH and OÖ Wohnbau Gesellschaft für den Wohnungsbau gemeinnützige GmbH) is limited to the paid-up capital and to the results distributable to the owners when consolidating.

Companies with substantial non-controlling interests in 2021

IN EUR '000	Hypo Holding subgroup	OÖ Wohnbau subgroup	efko Frischfrucht und Delikatessen GmbH
Assets	160,911	576,621	63,424
Liabilities and provisions	14	453,802	15,076
Equity	**160,897**	**122,819**	**48,348**
Earnings	13,516	120,616	58,125
After-tax profit for the year	15,467	11,044	3,088
Total other comprehensive income	-1,079	25	-1
Comprehensive income	**14,388**	**11,069**	**3,087**
Dividends paid to non-controlling shareholders	767	32	541
Cash flow from operating activities	5,000	14,364	4,200
Cash flow from investing activities	0	-13,980	-3,206
Cash flow from financing activities	-5,000	-383	-1,000
Cash flow effect from change in the basis of consolidation	0	0	0
Change in cash levels	**0**	**1**	**-6**

Companies with substantial non-controlling interests in 2020

IN EUR '000	Hypo Holding subgroup	OÖ Wohnbau subgroup	efko Frischfrucht und Delikatessen GmbH
Assets	151,506	583,922	60,743
Liabilities and provisions	14	471,789	14,483
Equity	**151,492**	**112,133**	**46,260**
Earnings	3,617	96,055	59,886
After-tax profit for the year	6,980	9,050	3,166
Total other comprehensive income	2,862	-128	13
Comprehensive income	**9,842**	**8,922**	**3,179**
Dividends paid to non-controlling shareholders	20,497	31	492
Cash flow from operating activities	-59,983	5,184	3,337
Cash flow from investing activities	0	-4,844	-2,431
Cash flow from financing activities	-20,497	-341	-900
Cash flow effect from change in the basis of consolidation	80,480	0	0
Change in cash levels	**0**	**-1**	**6**

RISK REPORT

Summary

Raiffeisenlandesbank Oberösterreich Group's long-term success has largely been due to active risk management. In order to achieve this target, Raiffeisenlandesbank Oberösterreich, as the dominant group company, has implemented risk management with structures that facilitate the identification and measurement of all risks in the group in accordance with sections 39, 39a, Austrian Banking Act and the Bank Risk Management Regulation (KI-RMV) (credit risks, market risks, equity risks, liquidity risks, macroeconomic risks, operational risks and other risks) and their active managerial counteraction. ESG (Environment, Social, Governance) risks as a new dimension of risk are gradually being integrated into the existing risk categories, with the strongest focus currently on climate and environmental risk.

The risk policy that has been sanctioned by the Raiffeisenlandesbank Oberösterreich Managing Board serves as a guideline for the other group companies.

The Managing Board and all employees act in accordance with these risk policy principles and make decisions on the basis of these guidelines. Risk management is organised in such a way that conflicts of interest both on a personal level and at the organisation units level are avoided.

For the main types of risks, the Raiffeisenlandesbank Oberösterreich strives to operate a risk management system on a level which at least corresponds to that of institutions of a similar structure and size (best practice principle) and is primarily aimed at the continuation of the company as a going concern (going concern principle).

The Raiffeisenlandesbank Oberösterreich in general only aims its work at areas of business in which it has the requisite expertise in the assessment of the specific risks. The inclusion of new business areas or products is preceded by an appropriate analysis of the business-specific risks.

The Managing Board and the Supervisory Board of Raiffeisenlandesbank Oberösterreich are informed promptly of the bank's risk situation by means of comprehensive, objective reports. All the relevant risks (credit risks, market risks, equity risks, liquidity risks, macroeconomic risks, operational risks and other risks) to which Raiffeisenlandesbank Oberösterreich is exposed are monitored and coordinated with the group's overall strategy.

All the quantifiable risks are monitored on the basis of the group-wide risk-bearing capacity. The aim of the risk early identification and risk monitoring systems is to ensure the qualified and timely identification of all major risks.

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 Auditing assesses the effectiveness of working procedures, processes and internal controls.

Modifications and enhancements of risk management are continuously documented in the Risk Management Manual.

The supervisory Raiffeisenlandesbank Oberösterreich Group publishes detailed information with regard to risk management in accordance with Section 8 of the CRR. The information is published on the internet site of the Raiffeisenlandesbank Oberösterreich in the "Facts and Figures" domain.

Risk management organisation

The Managing Board of Raiffeisenlandesbank Oberösterreich bears responsibility for all risk management activities. The Managing Board approves the risk policy in accordance with the business strategies, the risk principles, procedures and methods of risk measurement and the risk limits. The Chief Risk Officer (Managing Board member) is responsible for controlling all the quantifiable risks, including in particular credit risk, market risk, equity risk, liquidity risk, macroeconomic risk and operational risks that Raiffeisenlandesbank Oberösterreich is exposed to and for developing and implementing the overall risk strategy.

An organisational separation between front and back offices is guaranteed.

The organisational units of risk management are responsible for identifying and measuring risks. They are also responsible for the development and deployment of risk measurement procedures and IT systems, generate the results and risk information necessary to carry out active risk control, and relay accounting-related information accordingly to the Managing Board. In addition, once a year, as part of the risk identification process, a review is carried out to determine whether existing risks should be classified differently in terms of their materiality and whether new risks have emerged. The result of this process is documented in the risk inventory.

The Committee for Product Approval ensures that the risks have been adequately portrayed for new products as well, and that they have been handled in accordance with the regulations. During the approval process, the committee not only reviews the risk measurement but also market topics, legal admissibility, supervisory stipulations and general questions about carrying out business. The result of the approval process must be recorded in writing by the responsible organisational units. New products /product variants must be submitted to the Managing Board of Raiffeisenlandesbank Oberösterreich for approval before the first transaction is completed – together with all necessary statements and opinions.

The Country Risk Committee is responsible for managing the country risk. Business transactions that result in a country risk/country exposure may only be carried out when the resulting country risk/country exposure is within the approved country risk and country exposure limit.

The further development of the existing risk management system (identification, measurement, control) is the responsibility of the Risk Management business area in coordination with the Chief Risk Officer, the Managing Board, and the employees responsible for assessing operating risk.

Legally independent group units and their boards are responsible for the risk policy of their business unit and only enter into risks if they are in harmony with the established risk policy of Raiffeisenlandesbank Oberösterreich.

To assess the group risks, the Risk Management business area identifies and measures the risks in cooperation with the group members. Business-related manifestations in the risk measurement procedure are coordinated with the Risk Management business. A high degree of standardisation has the purpose of ensuring a comparable consolidation of the group risks.

Risk management for the subgroup "Gesellschaft zur Förderung agrarischer Interessen in Oberösterreich GmbH" is decentralised among the individual group companies. In addition to credit risk, the subgroup is confronted with purchasing and sales related price risks. These result from the global supply and demand situation in the commodities markets and the industry-related intensity of competition.

After the process for managing the pandemic had developed into a kind of new normality, the working group that had been set up at the beginning of the pandemic and consisting of staff from the market and risk management departments was disbanded. The analyses and methods developed in the course of the pandemic were transferred to normal operations. This concerns, for example, the assessment of the impact of government restriction measures and the associated measures for the Bank's portfolio.

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

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

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

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

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

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

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

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

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

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

The following table shows the value at risk figures for the Raiffeisenlandesbank Oberösterreich Group as at 31 December 2021 and 31 December 2020 (confidence level 99.0%, holding period one month).
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	31 Dec. 2021 IN EUR '000	31 Dec. 2020 IN EUR '000
Total	79,392	81,853
Interest	71,328	66,323
Spread	26,293	75,165
Currency	9	8
Shares	2,708	7,250
Volatility	2,486	1,716

The total value at risk as at 31 December 2021 fell by EUR -2.5 million to EUR 79.4 million compared to 31 December 2020. The sharp decline in credit spread VaR is due to a normalisation of credit spread fluctuations after the COVID-related increases in the previous year.

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

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

The following table shows the results of the stress test as at 31 December 2021 and as at 31 December 2020:

	31 Dec. 2021		31 Dec. 2020	
IN EUR '000	+200 BP	-200 BP	+200 BP	-200 BP
EUR	-376,178	425,366	-313,822	329,250
USD	-933	1,022	-420	138
GBP	2	-2	-19	19
CHF	-655	786	-760	911
JPY	37	-4	-169	237
CZK	-2,725	3,403	-3,226	3,538
Other currencies	-773	798	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 basic business transactions (loans, issues) or their hedging. For asset items in proprietary fond holdings, a "statement of financial position review" is carried out; the bonds thus enter into the hedging strategies of the consolidated banking book.

Basic business transactions can be classified as fair value option 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 basic businesses 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 balance sheet, usually for retail issues, time 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, depending on the direction of impact of the macroeconomic factor, the upper or lower just under 1% to 10% quantile of the forecast interval is used by means of a polynomial function. This reflects the rising uncertainty with an increasing forecast horizon.

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. For the purposes of the group's risk reporting, it takes into account all elements of credit risk related to loans and advances, such as individual debtor default risk, country and sector risks.

The industry distribution of the credit portfolio is checked for concentration risks four times a year. The maximum exposure of individual borrowers or groups of associated customers is only permitted up to the upper limit for large-volume investments. The prerequisites are business policy and strategic interests of the Raiffeisenlandesbank Oberösterreich Group along with the an investment grade credit rating for the Borrower. In addition, a sector limit is in use and the credit volume in foreign currency is also limited.

The principles for assessing customers' creditworthiness are incorporated into the regulations 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.

Both hard and soft facts are employed as creditworthiness criteria. In corporate customer business, soft facts are also defined systematically during discussions with the company and then adjudged.

Providing loan securities for loans is a crucial strategy aimed at reducing any potential credit risk. The collateral recognised is defined in the Group Securities Guidelines with the associated valuation guidelines. The value of the securities is calculated using uniform methods which include pre-defined deductions, expert opinions and standardised calculation formulas. The securities is mapped and maintained in a central securities system.

Rating systems are differentiated according to the customer segments Corporates, Retail Customers, Projects, Banks, States, Federal States/Municipalities, Insurance Companies and Funds. A scoring system is in use for the automated classification of small volume retail business with non-self-employed private customers, freelancers and small entrepreneurs.

This credit rating system is constantly being validated and developed. A validation report is compiled for this every quarter with a summary of the validation results. Qualitative and quantitative elements are used for validation. The qualitative validation focuses on reviewing and improving data quality and an analysis of compliance with the rating standards. The quantitative validation involves an examination of the accuracy and the stability of the rating models.

The credit portfolio of Raiffeisenlandesbank Oberösterreich is reviewed periodically using automated parameters which highlight any negative economic developments for individual customers (early warning system). The customers identified as having a significant risk element are assigned to the customer portfolio "intensive support" in the wake of a four-eyes review and are subsequently subject to a follow-up review at least every six months.

Limitations on the industries are implemented at Raiffeisenlandesbank Oberösterreich using nominal limits based on the bank's exposure. The ICAAP credit risk for Raiffeisenlandesbank Oberösterreich as well as economic industry analyses form the basis for determining the nominal limits. The current limit utilisation can be queried by the consultant in the system. An assessment of the limited industries is also compiled and sent out monthly to the members of the Managing Board responsible for the markets and risk as well as financing.

The CVA risk represents the risk of a negative change in the fair value of OTC derivatives with an increase in the counterparty risk, and is accounted for by adjusting the fair value (credit-valuation adjustment) of a portfolio of transactions with a counterparty.

In the "Risk Report on counterparty risk" there is a structured presentation of Raiffeisenlandesbank Oberösterreich's counterparty risk for the purposes of internal risk control in the sense of the minimum standards for credit business and for general international standards ("ICAAP"). The structure and content of the Risk Report at Raiffeisenlandesbank Oberösterreich is also the standard for risk reports by the subsidiaries. The Risk Report is sent to the entire Managing Board each quarter.

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 further lockdowns 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.

Although the summer season was supposed to return to normal throughout, there were local restrictions due to the formation of clusters. Austria was therefore forced to cope with effects that varied by region in the second year of the pandemic.

The industries collectively transferred to “Stage 2” under IFRS 9 in 2020 continued to be regularly monitored and analysed. Due to the continuing uncertainty regarding the further course of the pandemic, the collective stage transfer was maintained in the sectors concerned. In this context, reference is made to the Notes in the management judgement and estimates with regard to the measurement of expected credit losses in connection with COVID-19 in the accounting and valuation methods.

These sectors of the economy also proved to be 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.

Credit value at risk

The overall risk of all assets exhibiting counter-party default risk is assessed on a monthly basis. Risk may arise due to credit default, deterioration in creditworthiness or a reduction in the intrinsic value of 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 risk. The portfolio value distribution is prepared on the basis of transition probabilities and correlations using a Monte Carlo simulation. The asset value model is applied to this end. The asset value model derives the correlations between the counterparties on the basis of the MSCI Sector Indexes. The unexpected loss per quantile is read from the portfolio value distribution.

For customers in recovery (economic rating of 5.2), the credit risk is calculated based on the ÖRS 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	31 Dec. 2021	31 Dec. 2020
Cash and cash equivalents (credit balance at central banks)	91,863	103,889
Loans and advances to banks	14,045,370	11,263,162
Loans and advances to customers	25,295,138	24,744,714
Trading assets	1,800,437	2,396,240
Financial assets	4,645,691	5,020,866
Assets held for sale	43,656	0
Total	**45,922,155**	**43,528,871**
Financial guarantees	2,889,016	2,789,582
Loan approvals	7,141,198	7,017,686
Held for sale in accordance with IFRS 5 – off balance sheet	921	0
Total	**10,031,135**	**9,807,268**
Total maximum credit exposure	**55,953,290**	**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	31 Dec. 2021	31 Dec. 2020
Loans and advances to banks	57,444	50,214
Loans and advances to customers	14,165,074	13,460,758
Trading assets	400,912	504,809
Financial assets	43,583	146,504
Assets held for sale	40,261	0
Total	**14,707,274**	**14,162,285**
Financial guarantees	240,374	232,591
Loan approvals	1,034,747	969,025
Held for sale in accordance with IFRS 5 – off balance sheet	43	0
Total	**1,275,164**	**1,201,616**
Total securities values	**15,982,438**	**15,363,901**

As at 31 December 2021, 66.0% (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	31 Dec. 2021	31 Dec. 2020
Credit institutions Austria*	15,121,565	12,069,471
Public sector and non-profit organisations	4,386,085	4,671,992
Commercial and other real estate projects	3,985,126	3,820,019
Construction and ancillary building trade	3,306,611	3,097,638
Private households	2,098,328	2,093,197
Mechanical engineering and plant construction	2,098,185	2,104,130
Residential property developers for profit	2,019,486	2,135,222
Credit institutions in the EU, except Austria	2,019,398	2,589,041
Motor vehicles	1,577,167	1,575,736
Metal production and processing	1,413,918	1,370,686
Transport and warehousing	1,403,300	1,417,358
Consumer goods	1,305,216	1,352,891
Foodstuffs	1,174,188	1,078,870
Plastics, chemical products	1,138,167	1,086,538
Tourism, accommodation, gastronomy	1,127,154	1,129,101
Real estate project operators	1,090,503	908,376
Electronic/electrical	1,054,634	1,103,989
Other economic services	909,228	814,951
Agriculture and forestry	761,884	711,505
Investment companies	757,278	680,244
Energy supply	747,316	646,203
Credit institutions other	744,223	1,129,363
Health and social work	736,319	717,258
Information and communication	671,748	621,481
Financial and insurance services	639,649	748,974
Residential property developers non-profit	515,876	618,063
Funds and private foundations	505,239	496,311
Leisure	465,187	359,927
Pharmaceutical industry and medical technology	423,212	195,545
Subtotal	**54,196,190**	**51,344,080**
Other sectors	1,757,100	1,992,059
Total	**55,953,290**	**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 31 December 2021 (31 December 2020: 23). Of these, 12 (31 December 2020: 11) major loans are with the commercial sector, 3 (31 December 2020: 3) major loans are with the banking sector and 20*** (31 December 2020: 9) major loans are with the public sector.

* The increase in exposures to "Credit institutions Austria" is mainly due to the deposit facility with the OeNB.
** Value (before application of exemptions and deduction of collateral) greater than 10% of equity eligible for inclusion for major loans according to CRR
*** With the entry into force of CRR II, guarantees are also allocated to the guarantor at the amount charged. This resulted in new major loans to budgets in the public sector.

Climate and environmental risks by industry group

As a bank with regional roots, the Raiffeisenlandesbank Oberösterreich Group finances a significant share of the local economy and industry. Many customers have already become aware of the climate and environmental risks of their business activities, including as a result of the increased focus on the EU taxonomy in this regard. With regard to the Paris climate targets, the Bank is working to identify transitory and physical risks and their impact on its clients' business models. Transitory risks are those arising from the transition to a climate-neutral economy. These are mainly the result of changing political and legal conditions as well as changing consumer sentiment. Physical risks are divided into acute (floods, forest fires, heat waves, etc.) and chronic (changing types of precipitation, progressive drying out of entire tracts of land, etc.) Risks. The transition to a carbon-neutral economy will have a major impact on the business models of companies in greenhouse gas-intensive industries in particular. In addition, the increasing physical hazards caused by advancing climate change will also have an impact on the business models of different companies. In addition to a sectoral impact, there are also increasing dangers in terms of physical risks that are derived purely from the companies' operating and production sites. The risks resulting from this consideration must be measured, monitored and controlled on an ongoing basis.

As a basis for identifying transitory risks, it can be stated for the 2021 financial year that, in absolute terms, the majority of greenhouse gas emissions are financed in the following sectors:

- Metal production and processing
- Manufacture of glass and glass products, ceramics, processing of stones, earths
- Energy supply
- Transport
- Manufacture of chemical products

These five sectors mentioned cover around two thirds of the total greenhouse gas emissions financed in the Raiffeisenlandesbank Oberösterreich Group. Furthermore, it has already been established that the greenhouse gas emissions financed are very highly concentrated. Around 70% of the greenhouse gas emissions financed are caused by around 10% of the corresponding exposure. The consideration of individual greenhouse gas intensities will therefore be of major importance in the future. The process for determining the greenhouse gases financed is continuously being refined. A more precise quantitative disclosure is planned from the Annual Report or sustainability report 2022. For the key figures in accordance with Article 8 of the EU Taxonomy Regulation, please refer to the sustainability report.

In addition to determining the greenhouse gas emissions financed, an ESG (Environment, Social, Governance) score is being worked on together with RBI AG. All dimensions can be considered individually or the ESG score can be considered overall. Starting from a basic score (depending on the industry and the customer's country of domicile), the plan is for a customer-specific score to be determined in future by means of a questionnaire. The scale ranges from 0 to 100 in each case.

Currently, the focus is on the E-Score (climate and environmental risks). The E-Score is less concerned with defining an absolute value for environmental performance (different criteria are used in the background depending on the sector) and more about showing development over time. The following table shows the loans and advances to customers for the reporting date 31 December 2021 classified according to the E-base score. A higher E-score indicates a higher environmental performance in relation to a lower E-score.

E-base score	Loans and advances to customers 31 Dec. 2021 IN EUR '000
0 to < 30	22,263
30 to < 40	4,543,411
40 to < 50	15,347,909
50 to 100	5,381,555
Total	**25,295,138**

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

IN EUR '000	31 Dec. 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	3,509,770	0	9,335	3,549
Private households	1,771,483	0	2,002	21
Residential property developers for profit	1,671,539	0	0	480
Construction and ancillary building trade	1,665,085	0	162	18,082
Public sector and non-profit organisations	1,232,531	0	8	188
Motor vehicles	1,095,284	0	258	73,677
Mechanical engineering and plant construction	1,087,180	0	12	64,495
Transport and warehousing	1,041,834	0	4,495	16,285
Metal production and processing	1,000,927	0	612	30,773
Tourism, accommodation, gastronomy	948,325	0	61,034	50,152
Real estate project operators	919,873	0	15	1,536
Foodstuffs	906,646	0	25	13,549
Consumer goods	848,582	0	3,800	47,897
Plastics, chemical products	799,188	0	32	40,177
Other economic services	743,509	0	302	5,117
Agriculture and forestry	623,259	0	7	1,224
Electronic/electrical	604,646	0	76	16,970
Health and social work	563,144	0	74	1,035
Energy supply	562,404	0	0	530
Investment companies	541,959	0	19	14,190
Residential property developers non-profit	461,608	0	0	0
Information and communication	460,859	0	35	19,030
Pharmaceutical industry and medical technology	350,226	0	0	2,544
Furniture production and trade	272,211	0	17	1,260
Freelance/technical services	262,213	0	85	3,443
Petroleum, natural gas, other raw materials	248,489	0	0	15
Funds and private foundations	243,640	0	0	0
Leisure	236,048	0	1,831	35,161
Paper and paperboard	196,162	0	0	15,626
Financial and insurance services	180,883	0	2	163
Water supply and waste disposal	138,348	0	84	1,960
Finance leases	61,271	0	0	0
Subtotal	**25,249,126**	**0**	**84,322**	**479,129**
Other sectors	46,012	0	4	3
Total	**25,295,138**	**0**	**84,326**	**479,132**

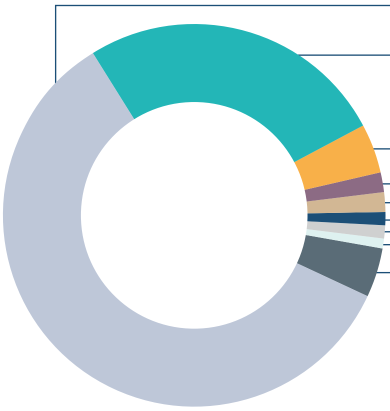
Loans and advances to customers by industry group and COVID-19 measures

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	2021 Carrying amount	2021 Loan loss allowances	2020 Carrying amount	2020 Loan loss allowances	Change Carrying amount	Change Loan loss allowances
Tourism, accommodation, gastronomy	948,325	34,650	914,152	30,853	34,173	3,797
Metal production and processing	1,000,927	29,995	960,309	20,765	40,618	9,230
Transport and warehousing	1,041,834	18,549	1,003,580	23,131	38,254	-4,582
Mechanical engineering and plant construction	1,087,180	18,431	1,113,459	14,437	-26,279	3,994
Leisure	236,048	4,248	232,643	3,275	3,405	973
Total	**4,314,314**	**105,873**	**4,224,143**	**92,461**	**90,171**	**13,412**

Geographic distribution of the loans and advances to customers



Disclosures on government bonds from selected European countries

Carrying amounts IN EUR M	Measured at fair value through other comprehensive income (FVOCI) 12/2021	FVOCI 12/2020	Measured at fair value through profit or loss (FVTPL) 12/2021	FVTPL 12/2020	Designated at fair value through profit or loss (FVO) 12/2021	FVO 12/2020	Total 12/2021	Total 12/2020
Ireland	171.8	164.1	0	0	0	0	171.8	164.1
Italy	143.5	131.4	0	0	0	0	143.5	131.4
Portugal	91.2	94.4	0	0	0	0	91.2	94.4
Spain	175.3	181.9	0	0	0	2.8	175.3	184.7
Total	**581.8**	**571.8**	**0**	**0**	**0**	**2.8**	**581.8**	**574.6**

As at 31 December 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 42.6 million (2020: EUR 49.8 million). Beyond that, we hold no credit default swaps (CDS) in connection with the aforementioned countries.

Structure of performing* overdue credit risk exposures and the related collateral

The carrying amounts of performing* overdue assets relate exclusively to the balance sheet item “Loans and advances to customers”. They are shown in the following table including the corresponding securities values:

	31 Dec. 2021			31 Dec. 2020		
	overdue assets		Securities for overdue assets	overdue assets		Securities for overdue assets
IN EUR '000	Gross balance	Carrying amount		Gross balance	Carrying amount	
up to 30 days	703,219	699,010	546,814	590,148	586,904	446,406
31 to 60 days	110,192	109,095	89,970	120,401	119,606	99,307
61 to 90 days	12,512	12,435	9,834	14,775	14,656	11,257
over 90 days	19,470	19,367	17,341	9,720	9,644	8,007
Total	**845,393**	**839,907**	**663,959**	**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 31 December 2021, 13.0% (31 December 2020: 15.1%) of the total collateral values for performing* overdue credit risk exposures is composed of collateral for immovable assets (e.g. mortgages, 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.

* Performing vs. non-performing according to Article 47a CRR

Loan loss allowances and collateral for non-performing* credit risk exposures

The financial assets that are determined to be non-performing* as at the reporting date have the following structure and have the following collateral assigned:

IN EUR '000	Loans and advances to banks		Loans and advances to customers		Financial assets		Financial guarantees		Credit risks	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Gross value	292	292	851,730	667,455	1,929	2,089	41,699	59,248	51,701	64,409
Loan loss allowances**	-292	-292	-280,929	-249,767	-657	-735	-21,530	-24,157	-25,073	-15,207
of which: loan loss allowances FX financing	0	0	-27,341	-25,852	0	0	0	0	-590	-178
Carrying amount	**0**	**0**	**570,801**	**417,688**	**1,272**	**1,353**	**20,169**	**35,091**	**26,628**	**49,202**
Securities	**0**	**0**	**424,783**	**263,150**	**0**	**0**	**3,338**	**6,328**	**12,152**	**6,984**

Loan loss allowances in accordance with the definition of non-performing* are recognised primarily if a debtor is experiencing economic or financial difficulties, fails to make interest payments or repayments of principal, or other circumstances arise that indicate a probability of default based on regulatory standards.

In addition to default according to Article 178 CRR (insolvencies, impending insolvency, lawsuits, deferrals, restructurings, significant credit risk adjustments, receivables waivers, direct impairment losses, interest exemptions related to creditworthiness, acceleration of maturity, moratoria/payment stop/licence withdrawal at banks, material 90-day overdues), the non-performing definition of the Raiffeisenlandesbank Oberösterreich Group also includes the transactions to be reported as non-performing in connection with forbearance (non-performing in accordance with Article 47a CRR).

Extensive government measures have ensured economic compensation for the safeguards put in place during the pandemic and therefore prevented an increase in non-performing cases in 2021.

New non-performing cases that were recorded in accordance with the Restructuring and Insolvency Directive Implementation Act/StaRUG in the second half of 2021, but do not constitute formal insolvency proceedings, have been of minor importance so far.

Customers with a non-performing indicator are either assigned to the credit rating classes 5.0, 5.1 and 5.2 or have been granted restructuring measures again as a result of repeated economic difficulties following an earlier non-performing phase or were more than 30 days overdue in the one-year trial phase following recovery from their non-performing status.

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 31 December 2021 was 2.14% (31 December 2020: 1.79%). Coverage Ratio I amounted as at 31 December 2021 to 33.01% (31 December 2020: 40.25%), Coverage Ratio II was at 82.86% (31 December 2020: 78.83%).

* Performing vs. non-performing according to Article 47a CRR
** incl. credit rating-induced fair value changes for transactions categorised at FVPL

Structure of non-performing* credit risk exposures by overdue bands

Gross carrying amounts of financial assets that are considered non-performing*:

IN EUR '000	not overdue or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Loans and advances to banks	0	0	0	0	0	0	292	292
Loans and advances to customers	615,989	376,953	14,997	19,408	8,445	7,737	212,300	263,357
Financial assets	1,929	2,089	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0	0
Financial guarantees	41,699	59,248	0	0	0	0	0	0
Loan approvals	51,701	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	**711,318**	**502,698**	**14,997**	**19,408**	**8,445**	**7,737**	**212,592**	**263,648**

Loan loss allowances for financial assets that are considered non-performing*:

IN EUR '000	not overdue or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Loans and advances to banks	0	0	0	0	0	0	292	292
Loans and advances to customers	178,093	119,141	1,673	4,580	1,506	2,236	99,657	123,810
Financial assets**	657	735	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0	0
Financial guarantees	21,530	24,157	0	0	0	0	0	0
Loan approvals	25,073	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	**225,353**	**159,240**	**1,673**	**4,580**	**1,506**	**2,236**	**99,949**	**124,102**

** incl. credit rating-induced fair value changes for transactions categorised at FVPL

Carrying amounts of financial assets that are considered non-performing*:

IN EUR '000	not overdue or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Loans and advances to banks	0	0	0	0	0	0	0	0
Loans and advances to customers	437,896	257,812	13,323	14,828	6,939	5,502	112,643	139,546
Financial assets	1,272	1,353	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0	0
Financial guarantees	20,169	35,091	0	0	0	0	0	0
Loan approvals	26,628	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	**485,965**	**343,458**	**13,323**	**14,828**	**6,939**	**5,502**	**112,643**	**139,546**

* Performing vs. non-performing according to Article 47a CRR

Collateral for non-performing* credit risk exposures by overdue bands

The following value-based collateral exists for the non-performing* financial assets:

	not overdue or up to 30 days		31 to 60 days		61 to 90 days		over 90 days	
IN EUR '000	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Loans and advances to banks	0	0	0	0	0	0	0	0
Loans and advances to customers	312,295	133,881	12,612	13,741	6,283	4,857	93,593	110,671
Financial assets	0	0	0	0	0	0	0	0
Assets held for sale	0	0	0	0	0	0	0	0
Financial guarantees	3,338	6,328	0	0	0	0	0	0
Loan approvals	12,152	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	**327,785**	**147,193**	**12,612**	**13,741**	**6,283**	**4,857**	**93,593**	**110,671**

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 31 December 2021, 65.3% (31 December 2020: 50.0%) of the total collateral values for non-performing* credit risk exposures consisted of collateral in immovable assets (e.g. mortgages, 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.

* Performing vs. non-performing according to Article 47a 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 loan or advance concerned. Appropriated securities is not generally used in the bank's own operations. The principal objective is to dispose of these properties within an appropriate time-frame. In cases where the disposal of a property proves difficult, alternative uses will be considered, especially letting the property. The carrying amount of these assets amounted to EUR 0 thousand as of 31 December 2021 (previous year: EUR 1,512 thousand) and is broken down as follows:

	31 Dec. 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 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 2021**	**Disposals 2021**	**31 Dec. 2021**
Loans and advances to customers	604,949	295,266	-308,833	591,383
Assets held for sale	0	30,687	-30,438	249
Loan approvals	12,419	15,689	-5,003	23,105
Held for sale in accordance with IFRS 5 – off balance sheet	0	209	-209	0
Total	**617,368**	**341,851**	**-344,483**	**614,737**
Loan loss allowances**	12,483	11,262	-9,494	14,250
Loan loss allowances** of exposures held for sale	0	344	-338	6

Non Performing* IN EUR '000	**31 Dec. 2020**	**Additions 2021**	**Disposals 2021**	**31 Dec. 2021**
Loans and advances to customers	236,356	122,954	-136,492	222,818
Assets held for sale	0	3,618	-3,618	0
Loan approvals	16,095	4,071	-14,430	5,736
Held for sale in accordance with IFRS 5 – off balance sheet	0	0	0	0
Total	**252,451**	**130,643**	**-154,540**	**228,554**
Loan loss allowances**	106,520	88,055	-55,784	138,791
Loan loss allowances** of exposures held for sale	0	1,235	-1,235	0

Performing IN EUR '000	**31 Dec. 2019**	**Additions 2020**	**Disposal 2020**	**31 Dec. 2020**
Loans and advances to customers	130,226	544,398	-69,675	604,949
Loan approvals	12,941	8,035	-8,557	12,419
Total	**143,167**	**552,433**	**-78,232**	**617,368**
Loan loss allowances**	2,396	10,732	-645	12,483

Non Performing*** IN EUR '000	**31 Dec. 2019**	**Additions 2020**	**Disposal 2020**	**31 Dec. 2020**
Loans and advances to customers	196,512	105,718	-65,874	236,356
Loan approvals	15,433	6,194	-5,532	16,095
Total	**211,945**	**111,912**	**-71,406**	**252,451**
Loan loss allowances**	118,179	56,388	-68,047	106,520

* Performing vs. non-performing in accordance with Article 47a CRR
** Loan loss allowances in accordance with IFRS 9
*** Non-performing in accordance with the European Banking Authority's Implementing Regulation 680/2014

"Forbearance" means measures which are characterised by the fact that conditions of the facility agreement are changed in favour of the borrower (e.g. deferred payments) or loans are refinanced because the borrower can no longer fulfil the existing conditions due to financial difficulties. A borrower's financial hardship and alterations to the facility agreement do not necessarily result in losses for the lending institution in every case. Should the lending institution experience losses as a result of forbearance measures, appropriate value adjustment measures in accordance with IFRS 9 will be undertaken for Stage 3.

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

In the context of the COVID-19 pandemic, statutory and private moratoria were concluded. 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.

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-point rating scale as follows:

IN EUR '000	31 Dec. 2021				
Rating class	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Gross carrying amount per stage by rating class					
0.5	7,887,218	358	0	0	7,887,576
1.0	10,439,830	81,499	0	0	10,521,329
1.5	9,983,351	528,587	0	0	10,511,938
2.0	9,134,791	1,009,203	0	222	10,144,216
2.5	4,755,123	1,085,547	0	1,786	5,842,456
3.0	2,625,044	1,775,210	0	336	4,400,590
3.5	1,174,651	1,612,342	0	0	2,786,993
4.0	78,106	354,867	0	1,152	434,125
4.5	64,927	130,755	0	0	195,682
5.0	0	0	913,046	31,093	944,139
No rating	95,858	5,026	0	0	100,884
Total	**46,238,899**	**6,583,394**	**913,046**	**34,589**	**53,769,928**
Gross carrying amount per stage by rating class					
0.5	-107	0	0	0	-107
1.0	-4,305	-137	0	0	-4,442
1.5	-7,205	-1,835	0	0	-9,040
2.0	-11,938	-6,936	0	643	-18,231
2.5	-11,854	-7,864	0	755	-18,963
3.0	-14,159	-25,537	0	500	-39,196
3.5	-10,852	-35,635	0	0	-46,487
4.0	-833	-14,111	0	-92	-15,036
4.5	-339	-6,793	0	0	-7,132
5.0	0	0	-320,699	-7,123	-327,822
No rating	-135	-7	0	0	-142
Total	**-61,727**	**-98,855**	**-320,699**	**-5,317**	**-486,598**
Total carrying amount	**46,177,172**	**6,484,539**	**592,347**	**29,272**	**53,283,330**

IN EUR '000 Rating class	31 Dec. 2020 Stage 1	Stage 2	Stage 3	POCI	Total
Gross carrying amount per stage by rating class					
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**
Gross carrying amount per stage by rating class					
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 has to be safeguarded at all times. The refinancing strategy therefore focuses on achieving the best possible diversification – both in terms of products (fixed-term, savings and demand deposits, senior funding through bonds and promissory note loans, covered bonds, interbank refinancing and equity instruments) and in terms of distribution channels and/or customers. This includes sales of the Bank's own issues directly to retail customers through Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria together with institutional funding through placements with institutional investors, either directly through the investment sales activities of Raiffeisenlandesbank Oberösterreich or through international intermediary banks. Further funding is available in the form of direct primary funding from deposits by Raiffeisenlandesbank Oberösterreich's retail and business customers and indirect primary funding from customer deposits at Upper Austrian Raiffeisen banks invested with Raiffeisenlandesbank Oberösterreich. Development banks are also used as direct sources of funding for lending.

Liquidity and liquidity risk at Raiffeisenlandesbank Oberösterreich is managed in a control loop between the Asset Liability Management, Risk Management ICAAP & Market Risk, and Raiffeisen Bank Business Administration departments. The Asset Liability Management department is responsible for liquidity management, while Risk Management ICAAP & Market Risk is responsible for liquidity risk management. The Asset/Liability Management Committee represents a crucial element in overall bank control as a cross-divisional body with responsibility for tasks related to asset/liability management and liquidity management.

The Upper Austrian Raiffeisen banks are integrated into the liquidity management system via the liquidity management agreement with the Aid association of the Raiffeisen Banking Group Upper Austria with the participation of Raiffeisenlandesbank Oberösterreich.

The objective of this agreement is to secure the supply of liquidity in Upper Austria. Every Raiffeisen bank plans and manages its own liquidity; Raiffeisenlandesbank Oberösterreich, as the central institution for the Raiffeisen Banking Group Upper Austria, plans and manages the liquidity for the sector. Communication with the Raiffeisen banks takes place via the Raiffeisen Bank Business Administration department. A liquidity committee is also set up which is made up of representatives from Raiffeisenlandesbank Oberösterreich, the Raiffeisen banks and the association of Raiffeisen banks, and which deals with current topics and/or develops countermeasures when the liquidity position is under pressure.

In Raiffeisenlandesbank Oberösterreich, in addition to the uniform sector liquidity emergency plan defined for the Austrian Raiffeisen Banking Group, Raiffeisen Banking Group Upper Austria also has its own liquidity emergency plan, which governs processes, responsibilities and actions in the event of a liquidity crisis.

Since 15 March 2021, there has also been an agreement on the “Institutional Protection Scheme” for the Raiffeisen Sector Austria (“Raiffeisen-IPS”, or “R-IPS” for short). All Raiffeisen institutions – from the central institution RBI and the regional Raiffeisenlandesbanks to the primary level of Raiffeisen banks – as well as various sector institutions are part of this IPS. Maintaining liquidity is part of the tasks of this IPS.

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. Whereas the normal scenario takes into account liquidity inflows and outflows based on the current market conditions (going concern), the crisis scenarios are based on an assumption of a deterioration in cash flows in certain projected market situations. In the reputational crisis scenario, the deterioration in conditions is triggered by damage to the Raiffeisen image (for example, as a result of negative reporting), but the systemic crisis scenario assumes a general crisis. The scenario problem/combined crisis is defined as a combination of reputation and system crisis.

All the scenarios involve the calculation of the anticipated inflows and outflows to determine resulting liquidity gaps, which are then compared against a liquidity buffer comprising liquid assets.

The following ratios are then determined and limited on the basis of this comparison:

- The operational liquidity maturity transformation ratio (abbreviated in German to “O-LFT”) for operational liquidity for up to 18 months is formed from the ratios of assets to liabilities accumulated from the beginning over the maturity band. Limiting the operational liquidity maturity transformation ratio (O-LFT) ensures that the risk appetite, i.e. the liquidity outflows in relation to the liquidity inflows taking into account the liquidity buffer, does not exceed a certain level.
- For the structural liquidity maturity transformation (S-LFT), the key figure is formed by taking the ratios of assets to liabilities calculated by going backwards from the end of the maturity band. The limitation of the S-LFT ensures that risk appetite in connection with longer maturities (taking the form of insufficiently long funding arrangements) is limited.
- The GBS (German abbreviation for the gap between the ratio total and total assets) ratio is formed by taking the ratios of the net positions per maturity band to total assets and shows any excessive funding risks. Therefore, this also limits risk appetite.

The following are also the key pillars for managing liquidity and liquidity risk at Raiffeisenlandesbank Oberösterreich:

- Operational liquidity is also measured, in addition to the aforementioned O-LFT, against the Liquidity Coverage Ratio (LCR) as well as a survival period.
- The intraday liquidity risk is also monitored and restricted using limitation.
- The structural liquidity is also measured against the net stable funding ration (NSFR).
- Funding risk gauges the loss of assets related to increased liquidity costs associated with closing liquidity gaps as a result of a price increase for funding, which will not – with 99.9% certainty – be exceeded within 250 trading days.
- A quantitative liquidity emergency plan is prepared on a weekly basis.

The LCR (liquidity coverage ratio) for the highest-level financial holding entity (the group of consolidated entities in accordance with the CRR in the registered cooperative society RBG OÖ Verbund eGen) as at 31 December 2021 was 186.1% (previous year: 167.1%) 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.

The NSFR has been mandatory since 30 June 2021 with a statutory minimum ratio of 100%. As at 31 December 2021, the NSFR for the highest-level financial holding entity (the group of consolidated entities in accordance with the CRR in the registered cooperative society RBG OÖ Verbund eGen) stood at 128.9% (previous year: 121.6%) and therefore already exceeded the future minimum NSFR requirement of 100%.

With regard to its long-term issuer rating, Raiffeisenlandesbank Oberösterreich is rated A3 by Moody's (raised from Baa1 on 8 October 2021).

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:

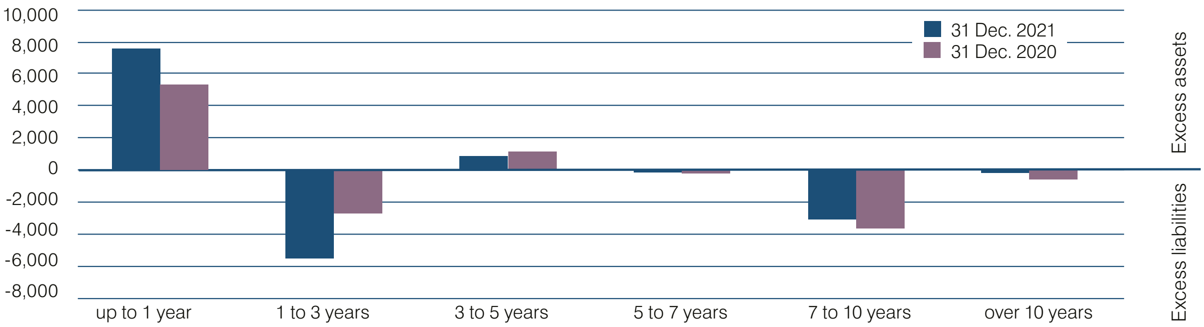
31 Dec. 2021 IN EUR '000	**payment on demand/ without a term**	**up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Amounts owed to banks	4,800,266	961,783	627,663	11,164,268	2,850,458	20,404,439
Amounts owed to customers	9,019,516	819,326	1,094,815	1,546,422	1,369,707	13,849,784
Liabilities evidenced by certificates	-2,999	475,332	653,148	4,473,036	3,570,768	9,169,285
Trading liabilities	0	76,699	105,560	426,428	643,699	1,252,386
Subordinated capital	25,000	61,157	81,243	451,458	625,224	1,244,082
Total	**13,841,783**	**2,394,298**	**2,562,429**	**18,061,612**	**9,059,856**	**45,919,976**
Financial guarantees	2,889,016	0	0	0	0	2,889,016
Loan approvals	7,141,198	0	0	0	0	7,141,198
Held for sale in accordance with IFRS 5 – off balance sheet	921	0	0	0	0	921

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
Total	**12,581,755**	**2,169,722**	**2,540,474**	**14,940,982**	**11,067,413**	**43,300,345**
Financial guarantees	2,789,582	0	0	0	0	2,789,582
Loan approvals	7,017,686	0	0	0	0	7,017,686

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 expansive central bank measures led to a more than sufficient supply of liquidity in the capital markets. The liquidity position remains stable.

From the gap analysis below it can be seen that there is only a low liquidity risk in the individual maturity periods. 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. A significant part of this collateral potential (EUR 7.4 billion, of which EUR 618 million was subsequently made available to the Upper Austrian Raiffeisen banks) has already been realised in 2021 – 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 year. The maturity structure of the liquidity buffer does not show any significant concentration of expiring securities within the next three years, apart from retained underlying own issues, which can be re-issued at maturity due to the cover pool reserved for this purpose. The vast majority of securities held as a liquidity buffer have a residual term of more than three years.

Raiffeisenlandesbank Oberösterreich liquidity gaps in EUR millions*



* Items without fixed capital commitment are analysed in light of more realistically described historical developments and are modelled as at 31 December 2021; values as at 31 December 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.

In the course of acquiring a new investment, the assessment made by investment risk management is supported as much as possible by due diligence performed by external experts. In addition, the organisational unit Financing Management Projects & Structured Financing provides a risk evaluation statement regarding the proposed acquisition.

The operative business activities of the investments is closely monitored by sending members of the board at Raiffeisenlandesbank Oberösterreich to Managing Boards, Supervisory Boards, and other committees.

Periodic controlling of investments includes the analysis and testing of financial statements and planning figures.

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.

Historical fluctuation intensities observed in the market with regards to cash flow volatilities (of the underlying sector) and discount rates are applied to the input parameters used in the expert valuation procedure; and statistically significant iterations are thus calculated. The procedure is similar for proportional market share values of listed participations. The risk potential of the entire investment portfolio can thus be determined by aggregating the risk potential of all investments.

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 the Raiffeisenlandesbank Oberösterreich as at 31 December 2021 and 31 December 2020, organised by credit risk classes. The quality of the financial assets is shown below based on the internal rating for loans:

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	**12/2021**	**12/2020**	**12/2021**	**12/2020**	**12/2021**	**12/2020**	**12/2021**	**12/2020**
Banks	1,409,927	1,312,612	0	0	7,665	8,645	404	404
Non-banks	1,319,184	617,113	328,179	868,945	83,327	26,324	458	132
Total	**2,729,111**	**1,929,725**	**328,179**	**868,945**	**90,992**	**34,969**	**862**	**536**

However, equity exposures are generally subject to higher risks compared to credit exposures.

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 rising quotations and write-ups for the investments measured by experts in the course of 2021 and as at 31 December 2021, there was a corresponding year-on-year increase in the exposure values and therefore in the reported equity investment risk.

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 behaviour code and directive, as well as scheduled and unscheduled audits by Internal Auditing. The operative management of this type of risk involves risk discussions and analyses with managers (early warning system) and the systematic recording of errors in a database for analysis (ex-post analysis).

In the wake of the COVID-19 crisis, special crisis expenses (e.g. disinfectants, physical protection devices) and special 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%).

In accordance with the "ECB's Internal Capital Adequacy Assessment Process (ICAAP) Guideline", no subordinated capital and no liability surcharge were taken into account in the cover fund from the first half of 2021 onwards.

As a result, the cover fund from the economic perspective (99.9%) 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 extremely 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 table on the next page shows the economic capital for the Raiffeisenlandesbank Oberösterreich Group as at 31 December 2021 compared to the previous year (confidence level 99.9%).

In accordance with the "ECB Guidelines for the Internal Capital Adequacy Assessment Process (ICAAP)", Raiffeisenlandesbank Oberösterreich distinguishes between the economic perspective (99.9%) and the supplementary normative perspective: the economic view focuses on a present value risk assessment and utilisation of the risk cover funds, whereas the normative view focuses on statement of financial position risks in the income statement and their impact on the capital ratios.

Procedures and methods for supervisory monitoring and evaluation

In the course of the annual report, the result of the institution's own procedure for assessing the adequacy of internal capital is published in the chapter "Regulatory consolidated own funds pursuant to Section 64 (1) (16 et seq.) of the Austrian Banking Act". Raiffeisenlandesbank Oberösterreich outperforms the SREP ratio stipulated by the authority at all times. The capital ratios applicable for 2022 (P2R and P2G) were also complied with by Raiffeisenlandesbank Oberösterreich as at 31 December 2021.

Stress tests

Integrated stress tests covering all risk types are also carried out in addition to the isolated stress tests for the individual risk types. These consider the impact on the income statement as well as on capital resources, and also present the impact on the risk utilisation.

In addition to the classic risk types, scenarios regarding climate and environmental risks are already being integrated into the stress test framework. Currently, the focus is on transitory climate risks, which arise primarily from changing political and legal framework conditions.

Impact on risk-bearing capacity in the normative perspective

In the course of the normative perspective of the risk-bearing capacity analysis, various stress scenarios are considered on the basis of the results of the baseline and adverse planning and their impact is analysed on the income statement and capital ratios. The default of the largest customers in certain industries and general rating downgrades are e.g. simulated for the next three years. The stress scenario with the highest losses is taken into account as the relevant scenario in the normative perspective in the risk-bearing capacity analysis.

Details regarding risk capital

Type of risk / Segment IN EUR M	Corporates		Retail & Private Banking		Financial Markets		Equity Investments		Corporate Center		Total	
	12/2021	12/2020	12/2021	12/2020	12/2021	12/2020	12/2021	12/2020	12/2021	12/2020	12/2021	12/2020
Market risk[1]	0.0	13.3			479.1	489.5	2.7	0.0			481.8	502.8
Credit risk[2]	883.0	864.0	118.8	150.8	98.0	143.3	26.1	30.0	75.1	64.2	1,201.0	1,252.3
Equity investment risk	35.3	35.3					1,093.3	876.4			1,128.6	911.7
Refinancing risk					0.0	0.0					0.0	0.0
Operational risk[3]	49.1	54.8	17.4	28.5	25.1	11.6	22.6	13.3	4.5	5.6	118.7	113.8
Others risks/buffers [3]	14.5	16.9	5.1	8.8	7.4	3.6	6.7	4.1	1.3	1.7	35.0	35.1
Total	**981.9**	**984.3**	**141.3**	**188.1**	**609.6**	**648.0**	**1,151.4**	**923.8**	**80.9**	**71.5**	**2,965.1**	**2,815.7**
RWA	**17,822.8**	**17,344.9**	**2,317.2**	**2,116.0**	**1,310.7**	**1,173.2**	**6,294.6**	**5,857.6**	**1,002.7**	**1,415.4**	**28,748.0**	**27,907.1**

Note: due to the merger of SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT with Raiffeisenlandesbank OÖ AG in autumn 2021, the income and expenses of HYPO Salzburg will flow into the respective banking segments from 1 January 2021. The presentation of the 2020 segment reporting was also retroactively adjusted according to this new organisational structure for the sake of comparability.

The assignment of risk capital and the RWAs follows the asset allocation as performed in the IFRS consolidated financial statements of Raiffeisenlandesbank Oberösterreich.

12/2020
1 The market risk arises in the Financial Markets and Corporates segments. The spread risk from M-bonds is allocated entirely to the 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. The CVA risk was reallocated to Financial Markets (previously Institutions).
3 The operational risk and the risk buffer were allocated pro rata to the income as at 30 September 2020 and adjusted pro rata to the credit risk reclassification as a result of the Hypo Salzburg merger.

12/2021
1 The market risk is incurred in the Financial Markets and Participations segments, as the Group VaR plus the M-bonds is smaller than the Group VaR and therefore no risk is incurred from M-bonds. This risk would otherwise still be allocated to Corporates. The risk of ILG is allocated to Participations.
2 Credit risks are also incurred in the Corporate Center, because financing is also allocated to this segment in the IFRS statements. The CVA risk is allocated to Financial Markets.
3 The operational risk and the risk buffer were allocated proportionately to the income as at 30 September 2021.

Effect on risk-bearing capacity in the economic perspective (99.9%)

The objective is to analyse the risk-bearing capacity under stress conditions for all types of risk and the risk coverage. The stressed credit risk or equity investment risk is determined by simulating deteriorations in the ratings of individual Borrowers that are in an industry that is significant to Raiffeisenlandesbank Oberösterreich. In addition, the effect of spread changes on the credit exposure or on the credit risk is taken into account. A negative trend for the interest rate curve or the credit spread is assumed in the Market Risk area. Three defined scenarios (problem, reputational risk and systemic crisis) are simulated with the refinancing risk resulting from this then defined. Default on the part of the biggest Borrowers is also simulated with an illustration of the operational harm.

EBA/SSM SREP stress test

The impact on the income statement and therefore on the capital ratios is also considered within the scope of the EBA or SSM-SREP stress test. The time frame is three years and is implemented in accordance with the methods stipulated by the authority.

Institutional protection scheme

Raiffeisen Banking Group Upper Austria

The Raiffeisen Banking Group Austria (RBG Ö) is Austria's largest banking group with around 327 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 428 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.

A new Raiffeisen IPS agreement was created with the IPS agreement dated 15 March 2021, replacing the previous IPS structure consisting of federal state IPSs and a national federal IPS. The new Raiffeisen IPS represents an institution-related protection scheme pursuant to Articles 49 (3) and 113 (7) CRR and has also been recognised as a deposit protection scheme.

The structure of the uniform Raiffeisen IPS is such that there are eight federal state groups within this IPS, consisting of the respective Landesbank and the Raiffeisen banks, as well as one federal group, consisting of the RBI and the eight Landesbanks.

The basis for the uniform Raiffeisen IPS is the uniform and joint risk monitoring within the framework of the early detection system of Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS), which is responsible for managing the Raiffeisen IPS. The Raiffeisen IPS also serves to ensure sufficient liquidity and solvency (solvency and minimum capital resources) of the parties to the agreement.

In Upper Austria, all members of the former L-IPS passed the necessary resolutions to join the new Raiffeisen-IPS. All members represented in the former L-IPS have therefore now also joined the new Raiffeisen-IPS.

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 (Hilfsgemeinschaft der RBG OÖ und 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 “Österreichischen Raiffeisen-Sicherungseinrichtung eGen”.

The act anticipates the establishment of a deposit guarantee fund that is stocked by annual contributions from banks. The target volume, which must be reached by 2024, is 0.8% of covered deposits. If these funds are 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.

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

Due to the deposit guarantee scheme cases Anglo Austrian AAB AG (formerly Meinl Bank AG) and Commerzialbank Mattersburg im Burgenland AG there were additional burdens on the fund contributions. In the Raiffeisen sector, this led to the re-establishment of a separate Raiffeisen deposit guarantee scheme (“Österreichische Raiffeisen-Sicherungseinrichtung eGen”), which has been active since 29 November 2021.

Another guarantor for the security of deposits is the Austria-wide institutional protection scheme (Raiffeisen-IPS), which was newly founded in 2021 and which both Raiffeisenlandesbank Oberösterreich and all Upper Austrian Raiffeisen banks have joined.

Bank Recovery and Resolution Act (BaSAG)

The Banking Recovery and Resolution Directive (BRRD) came into force with effect from 1 January 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 eGen created the 2021 group recovery plan based on this legal position, and this includes the specifics related to Raiffeisenlandesbank Oberösterreich.

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

For the purposes of the stress test associated with the recovery plan under the BaSAG, the bank’s recovery potential was ascertained in two different scenarios, whereby both a systemic crisis and a combined crises were considered, in the characteristics slow and slow/rapid. In terms of stringency, the scenarios meet the criteria of the EBA Guideline 2014/06.

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

Breakdown of remaining maturities

Breakdown of remaining maturities as at 31 December 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
Assets						
Cash and cash equivalents	130,188	0	0	0	0	130,188
Loans and advances to banks	11,819,327	233,370	327,896	1,167,460	497,317	14,045,370
Loans and advances to customers	1,056,393	3,290,698	3,890,748	10,276,839	6,780,461	25,295,138
Trading assets	153,910	54,206	31,481	247,575	1,313,265	1,800,437
Financial assets	876,121	188,829	346,575	2,395,375	1,678,856	5,485,756
Equity-accounted companies	2,274,458	0	0	0	0	2,274,458
Equity and liabilities						
Amounts owed to banks	4,479,820	990,055	616,014	11,297,948	2,883,838	20,267,675
Amounts owed to customers	8,846,931	866,758	1,052,761	1,471,965	1,262,964	13,501,379
Trading liabilities	88,863	54,904	40,801	194,324	1,065,021	1,443,914
Liabilities evidenced by certificates	51,932	443,831	585,251	4,206,538	3,656,042	8,943,594
Subordinated capital	74,860	44,706	57,132	365,188	541,759	1,083,646

Breakdown of remaining maturities as at 31 December 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
Assets						
Cash and cash equivalents	145,913	0	0	0	0	145,913
Loans and advances to banks	9,008,966	352,176	495,993	960,667	445,360	11,263,162
Loans and advances to customers	1,127,919	3,268,942	3,914,016	9,976,868	6,456,969	24,744,714
Trading assets	157,644	25,150	50,022	291,523	1,871,901	2,396,240
Financial assets	742,890	232,406	348,229	2,200,112	2,228,905	5,752,542
Equity-accounted companies	2,102,513	0	0	0	0	2,102,513
Equity and liabilities						
Amounts owed to banks	5,163,899	1,355,424	589,674	7,792,143	2,994,922	17,896,062
Amounts owed to customers	8,060,407	485,013	1,159,126	1,580,536	1,332,973	12,618,055
Trading liabilities	91,563	29,444	57,873	228,222	1,504,076	1,911,178
Liabilities evidenced by certificates	58,021	210,286	483,807	3,897,939	4,788,570	9,438,623
Subordinated capital	51,201	n/a	4,023	442,143	518,308	1,015,675

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 reported under the equity method. The "Joint enterprises" category includes all companies in which Raiffeisenlandesbank Oberösterreich is a partner company as part of a joint enterprise. The category of "Members of the Management in Key Positions" covers the Managing Board and Supervisory Board members of Raiffeisenlandesbank Oberösterreich. The category of "Other associated companies and persons" shows details of close family members of the management in key positions (incl. their companies).

Information regarding associated companies and persons as at 31 December 2021

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associated companies	Joint enterprises
Loans and advances to banks	0	0	4,699,516	0
Loan loss allowance for loans and advances to banks	0	0	2,451	0
Loans and advances to customers	0	135,618	894,884	1,409
Loan loss allowance for loans and advances to customers	0	119	2,771	39
Trading assets	0	0	201,641	0
Financial assets	403	110,787	878,035	326
Loan loss allowance for securities	0	0	466	18
Equity-accounted companies	0	0	1,689,308	585,150
Other assets	0	12,396	9,962	66
Loan loss allowance for receivables from non-bank activities	0	0	0	0
Assets held for sale	0	34,639	0	0
Amounts owed to banks	0	19,315	813,760	0
Amounts owed to customers	5,604	70,915	344,644	30
Trading liabilities	0	0	35,734	0
Liabilities evidenced by certificates	0	0	0	0
Provisions	0	0	0	0
Other liabilities	0	1,513	2,824	300
Liabilities in conjunction with assets held for sale	0	0	0	0
Subordinated capital	0	0	25,000	0
Granted credit commitments, financial guarantees and other commitments	0	5,477	445,804	6,049
Received credit commitments, financial guarantees and other commitments	0	0	2,849	71,250

Information regarding associated companies and persons in the 2021 financial year

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associated companies	Joint enterprises
Net interest income	0	13,157	55,428	10,637
Additions to allowances for losses on loans and advances	0	-257	-1,599	-25
Loan loss allowance reversal	0	211	4,525	70
Share of profit or loss of equity-accounted companies	0	0	78,339	56,233
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 December 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

Information regarding associated companies and persons in the 2020 financial year

IN EUR '000	Parent company	Subsidiaries (non-consolidated)	Associated companies	Joint enterprises
Net interest income	0	10,095	65,280	4,677
Additions to allowances for losses on loans and advances	0	-310	-7,350	-80
Loan loss allowance reversal	0	31	70	16
Share of profit or loss of equity-accounted companies	0	0	4,556	80,101
Direct impairment losses	0	0	0	0
Amounts received against loans and advances written off	0	0	0	0

Advances, credits and liabilities towards members of the Managing Board exist as at 31 December 2021 amounting to EUR 1,598 thousand (previous year: EUR 692 thousand) and towards members of the Supervisory Board EUR 290 thousand (previous year: 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 4,171 thousand (previous year: EUR 5,000 thousand).

As at 31 December 2021 advances, loans and liabilities amounting to EUR 3,714 thousand exist towards associated persons and companies (previous year: EUR 2,801 thousand) and liabilities amounting to EUR 2,162 thousand (previous year: EUR 1,028 thousand).

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

Remuneration of the Managing Board and the Supervisory Board

Expenses for the remuneration of members of the Managing Board of Raiffeisenlandesbank Oberösterreich were broken down out during the financial year as follows:

IN EUR '000	2021	2020
Ongoing payments	4,178	4,128
Post-employment benefits	3,211	2,763
Benefits upon termination of employment	0	0
Other long-term benefits due	9	6
Total	**7,398**	**6,897**

In 2021, remuneration (including reimbursements for travel expenses) of EUR 601 thousand (previous year: EUR 714 thousand) was paid to members of the Supervisory Board.

Non-consolidated structured companies

The following describes all relevant Group business activities with non-consolidated structured companies:

Mutual funds

The Group founds structured units to fulfil various customer requirements related to investments in specific assets.

Carrying amounts of assets and liabilities of Raiffeisenlandesbank Oberösterreich to non-consolidated structured companies

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Assets	**22,059**	**12,302**
Loans and advances to customers	369	10,121
Trading assets	19,670	148
Financial assets	2,020	2,033
Liabilities	**204,789**	**441,274**
Amounts owed to customers	155,932	362,247
Liabilities evidenced by certificates	44,539	61,676
Trading liabilities	346	13,265
Subordinated capital	3,972	4,086
Off-balance-sheet commitments	**155,881**	**158,410**

Scope of non-consolidated structured companies

The type of business activities in a structured unit determine their scope. For mutual funds for which transactions exist, they are reported as assets administered by the fund. Due to fluctuations in fund assets, an average is reported on the basis of daily asset levels.

IN EUR '000	2021	2020
Scope	8,083,799	6,824,974

Maximum exposure of companies in terms of losses from shares in non-consolidated structured companies

The maximum possible risk of loss is determined by the carrying amounts presented in the statement of financial position (statement of financial position) and the nominal values of the off-balance-sheet obligations (loan commitments) at the respective reporting date. The nominal values of off-balance sheet commitments do not reflect the probability of possible losses.

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Loans and advances to customers	369	10,121
Trading assets	19,670	148
Financial assets	2,020	2,033
Off-balance-sheet commitments	155,881	158,410

Off-balance-sheet commitments

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

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Contingent liabilities	**2,889,016**	**2,789,582**
of which from guarantees, warranties and letters of credit	2,887,999	2,788,969
of which from other contingent liabilities	1,018	613
Loan approvals	**7,142,118**	**7,017,686**

In accordance with IFRS 5, off-balance sheet liabilities held for sale include off-balance sheet transactions held for sale as at 31 December 2021 in the amount of EUR 923 thousand (31 December 2020: EUR 0 thousand).

Securities

As at 31 December 2021, trust fund deposits amounting to EUR 15,524 thousand (previous year: EUR 10,146 thousand) were backed by securities with a value of EUR 19,125 thousand (previous year: EUR 11,072 thousand) held as cover assets. Securities to the amount of EUR 43,358 thousand (previous year: EUR 45,654 thousand) were held as cover for mortgage bonds, municipal bonds and covered bonds, together with loans and advances to customers amounting to EUR 1,432,563 thousand (previous year: EUR 1,861,183 thousand). Loans and advances to customers amounting to EUR 356,396 thousand (previous year: EUR 401,997 thousand) were used as securities for third-party obligations.

In addition, receivables with a carrying amount of EUR 4,793,378 thousand (previous year: EUR 3,291,357 thousand) and securities with a carrying amount of EUR 3,036,511 thousand (previous year: EUR 1,597,734 thousand) were pledged as securities at banks and exchanges.

An amount of EUR 644,238 thousand (previous year: EUR 826,910 thousand) had been lodged with banks and customers under securities agreements. Loans and advances were assigned to banks amounting to EUR 4,311,721 thousand (previous year: EUR 4,169,568 thousand). The related contractual provisions are customary in the industry.

Leasing

Lessee

The item "Other liabilities" includes EUR 130,824 thousand (previous year: EUR 112,438 thousand) in liabilities from leases. These are broken down as follows:

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Minimum lease payments	**130,824**	**112,438**
up to 1 year	22,732	18,418
1 to 5 years	52,910	45,218
over 5 years	55,182	48,802
Interest portion	**737**	**749**

In the Raiffeisenlandesbank Oberösterreich Group, the relief provisions for short-term leases or leases with a low value, which are explained in the section "Accounting and valuation methods", were applied. In the 2021 financial year, expenses relating to short-term leases of EUR 101 thousand (previous year: EUR 80 thousand) are reported in the consolidated income statement under general administrative expenses. In addition, the same item includes expenses relating to leases with a minor value of EUR 428 thousand (previous year: EUR 491 thousand). The amount of lease obligations for short-term leases as of 31 December 2021 is EUR 52 thousand (previous year: EUR 41 thousand).

Furthermore, in the 2021 financial year, the Raiffeisenlandesbank Oberösterreich Group did not include a total of EUR 654 thousand (previous year: EUR 515 thousand) in variable leasing payments from Group companies in the valuation of leasing relationships. These are included in the item "General administrative expenses". In the Raiffeisenlandesbank Oberösterreich Group, the relief provisions were applied to the COVID-19 pandemic-related lease concessions, which resulted in an amount of EUR -227 thousand (previous year: EUR -171 thousand) being offset against the variable lease payments. The cash outflows for leases amounted to EUR 20,909 thousand (previous year: EUR 17,809 thousand).

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

	Years
Motor vehicles	up to 10
Sites (incl. building rights)	up to 100
Technical equipment and machinery	up to 10
Furniture and fixtures	up to 15

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

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

Lessor

The item "Lease receivables" includes EUR 2,318,095 thousand (previous year: EUR 2,280,276 EUR) in receivables from finance leases. These are as follows:

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Investment (gross)	**2,484,418**	**2,424,549**
Minimum lease payments	2,362,577	2,338,607
up to 1 year	708,912	706,996
1 to 2 years	547,780	548,651
2 to 3 years	408,679	404,561
3 to 4 years	259,816	252,239
4 to 5 years	187,012	151,191
over 5 years	250,378	274,969
Non-guaranteed residual values	121,841	85,942
Unrealised net financial income	**166,323**	**144,273**
up to 1 year	52,908	49,155
1 to 2 years	39,649	32,718
2 to 3 years	22,846	22,592
3 to 4 years	13,597	12,152
4 to 5 years	7,879	7,938
over 5 years	29,444	19,718
Investment (net)	**2,318,095**	**2,280,276**

Financial income of EUR 73,146 thousand (previous year: EUR 75,328 thousand) was recognised on net investments in the 2021 financial year.

The receivables from the finance leases shown originate almost exclusively from companies of the "IMPULS-LEASING" Group. It offers innovative financing solutions for corporate and retail customers. In addition to Austria, the "IMPULS-LEASING" Group is also represented in Southern Germany, Czechia, Poland, Romania and Croatia. In Austria and southern Germany, the "IMPULSE LEASING" Group offers real estate loans in addition to motor vehicle and movable property financing. Long-term success depends, among other things, on active risk management and risk strategy. This is characterised by a uniform Group-wide financing policy, a broad leasing portfolio with commitments and risk limits, uniform rating standards, compliance with quality assurance standards and refinancing in line with maturities, interest rates and currencies. The "IMPULSE LEASING" Group in general only aims its work at areas of business 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.

The future lease payments shown below refer to operating leases:

IN EUR '000	31 Dec. 2021	31 Dec. 2020
up to 1 year	43,991	39,734
1 to 2 years	28,976	35,180
2 to 3 years	19,733	21,225
3 to 4 years	12,601	13,194
4 to 5 years	7,821	8,130
over 5 years	18,943	25,702
Total	**132,065**	**143,165**

Other operating revenues from operating leases amounted to EUR 42,177 thousand for the financial year 2021 (previous year: EUR 41,646 thousand).

INFORMATION REQUIRED UNDER AUSTRIAN ACCOUNTING STANDARDS

Foreign currency volumes

The following volumes of assets and liabilities included in the consolidated financial statements are denominated in foreign currency:

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Assets	1,612,030	1,788,980
Equity and liabilities	935,499	909,646

Securities admitted for trading pursuant to section 64 of the Austrian Banking Act

	listed		Non-listed	
IN EUR '000	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Bonds and other fixed-income securities	1,482,874	1,683,629	0	0
Shares and other variable-yield securities	19	30,118	0	0

Of the bonds and other fixed-income securities admitted to trading, EUR 1,479,410 thousand (previous year: EUR 1,677,653 thousand) can be allocated to the fixed assets.

Of the shares and other variable-income securities admitted to trading, EUR 0 thousand (previous year: EUR 0 thousand) can be allocated to the fixed assets.

Volume of securities trading book in accordance with Article 92 of the Capital Requirements Regulation (CRR)

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Securities	16,894	16,199
Other financial instruments	6,340,617	4,941,168
Total	**6,357,511**	**4,957,367**

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 in 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 according to CRR:

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Capital instruments and the premium linked to them	1,032,857	1,032,857
Retained earnings	4,044,394	3,673,514
Accumulated other net gains/losses	-206,093	-186,541
Eligible Common Equity Tier 1 (CET 1) minority holdings (incl. transitional regulations)	13,532	9,893
Common Equity Tier 1 (CET 1) capital prior to regulatory adjustments (corrections and deductions)	**4,884,690**	**4,529,723**
Prudential filters correction	-8,355	-23,195
Intangible assets deduction (incl. goodwill)	-71,221	-60,224
Deductions for deferred taxes	-9,265	-10,731
Deduction of common Tier 1 capital instruments from companies in the financial sector	-79,562	0
Items to be deducted from the items of additional Tier 1 capital, exceeding the additional Tier 1 capital	-26,293	-19,055
Insufficient coverage of non-performing risk positions	-808	0
Other transition adjustments to common Tier 1 capital	0	0
Other deductions and components related to the common Tier 1 capital	-94,569	-83,232
Common Tier 1 capital (CET 1)	**4,594,616**	**4,333,286**
Eligible additional Tier 1 (AT 1) minority holdings (incl. transitional regulations)	2,294	2,120
Deduction of additional Tier 1 capital instruments from companies in the financial sector	-28,587	-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)	26,293	19,055
Additional Tier 1 capital (AT 1)	**0**	**0**
Tier 1 capital (Tier 1 = CET 1 + AT 1)	**4,594,616**	**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)	470,613	481,260
Tier 2 capital (T 2) before regulatory adjustments	**474,361**	**488,755**
Deductions as well as other transitional adjustments of Tier 2 capital	-43,578	-40,575
Tier 2 capital (T 2)	**430,783**	**448,180**
Total capital (TC = T 1 + T 2)	**5,025,399**	**4,781,466**

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

IN EUR '000	31 Dec. 2021	31 Dec. 2020
Own funds requirements for credit, counterparty and dilution risk	27,130,416	26,305,886
Own funds requirements for processing and delivery risks	0	0
Own funds requirements for position, foreign currency and commodity risks	67,963	81,906
Own funds requirements for operational risks	1,482,585	1,423,125
Own funds requirements for adjustments to credit evaluation (CVA)	67,051	96,162
Risk-weighted assets	**28,748,015**	**27,907,079**

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

IN %	31 Dec. 2021	31 Dec. 2020
Common Equity Tier 1 capital ratio (CET 1 ratio)	15.98	15.53
Tier 1 capital ratio	15.98	15.53
Total capital ratio (TC ratio)	17.48	17.13

Pursuant to section 23 of the Austrian Banking Act, the capital maintenance buffer is 2.50%. 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 systemically important institutions (G-SIIs) of 0.50% 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 1.00% to 0.50% 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 GDP. It is equivalent to between 0% and 2.50% of the risk-weighted assets and is 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 2.50%.

As at 31 December 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 2022 will, similarly to 2021, be insignificant in size.

Overview of statutory minimum capital requirements

IN %	31 Dec. 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	0.038	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	**9.022**	**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	**10.850**	**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	**13.288**	**13.306**

* 31 December 2021: both buffers are to be considered on an additive basis
31 December 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). In the current SREP process, a P2R of 2.00% and a P2G of 1.50% have been set, applicable from 1 March 2022.

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 8.00% 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 6.00%.

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 pursuant to section 266 of the Austrian Commercial Code

	31 Dec. 2021	31 Dec. 2020
Salaried employees	4,344	4,361
of which VIVATIS/efko	1,021	1,007
Workers	1,764	1,793
of which VIVATIS/efko	1,742	1,783
Total	**6,108**	**6,154**
of which VIVATIS/efko	2,763	2,790

Auditors' fees pursuant to section 251 of the Austrian Commercial Code

	2021		2020	
IN EUR '000	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungs-gesellschaft*	Österreichischer Raiffeisenverband**	KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungs-gesellschaft*	Österreichischer Raiffeisenverband**
Audit of the financial statements	1,688	1,134	1,729	941
Other attestation services	24	129	70	133
Tax consultancy services	568	0	313	0
Other services	619	0	760	0

* incl. network companies
** The expenses incurred by the Austrian Raiffeisen Association (ÖRV) in the financial year relate to the auditor appointed by the ÖRV.

In accordance with section 238 (1) (18) of the Austrian Commercial Code, the fee for auditing the financial statements of subsidiary companies is published in the notes to the consolidated financial statements. This is the cumulative fee for auditing the group's financial statement and those of the subsidiaries.

Additional information on maturities as required by section 64 of the Austrian Banking Act

In 2022, bonds and other fixed-income securities held by the bank to the amount of EUR 321,232 thousand (2021: EUR 212,675 thousand), along with bond issues of EUR 327,104 thousand (2021: 260,882 thousand).

Subordinated liabilities

In the case of subordinated liabilities, the subordination is always agreed separately in writing pursuant to section 51 (9) of the Austrian Banking Act.

Expenses for subordinated liabilities

The total amount for expenses for subordinated liabilities in the 2021 financial year totalled EUR 36,114 thousand (previous year: EUR 33,399 thousand).

Geographical distribution according to country-by-country reporting

Information with regard to the states of registration for the fully consolidated companies can be found in the section dealing with consolidated companies.

Country-by-Country Reporting in the 2021 financial year

IN EUR '000	Net interest income	Operating income	Pre-tax profit for the year	Taxes on income and earnings	Number of employees
Austria	307,869	1,154,457	517,710	-85,667	5,487
Czechia	3,285	13,049	1,749	-396	127
Germany	84,547	64,491	7,196	-2,237	210
Croatia	7,000	19,651	5,700	-1,032	53
Hungary	-8	4,507	548	-50	0
Poland	8,188	15,965	7,838	-1,017	90
Romania	15,803	28,535	18,105	-2,370	115
Slovenia	25	47	17	-2	0
Slovakia	2,257	4,567	-1,081	-74	26
Total	**428,965**	**1,305,269**	**557,781**	**-92,844**	**6,108**

Country-by-Country Reporting in the 2020 financial year

IN EUR '000	Net interest income	Operating income	Pre-tax profit for the year	Taxes on income and earnings	Number of employees
Austria	313,906	1,053,180	157,000	-15,489	5,503
Czechia	3,178	12,576	1,498	-459	133
Germany	74,006	62,122	2,658	-387	215
Croatia	5,901	19,321	3,803	-343	51
Hungary	-7	4,061	479	-47	0
Poland	7,931	14,320	3,855	-184	88
Romania	12,986	25,012	12,466	-1,708	111
Slovenia	25	44	25	0	0
Slovakia	4,546	7,139	-11	-210	53
Total	**422,472**	**1,197,774**	**181,773**	**-18,827**	**6,154**

Return on assets pursuant to section 64 (1)(19) of the Austrian Banking Act

As at 31 December 2021, the return on assets (ratio of after-tax profit for the year to total assets) was 0.90% (previous year: 0.34%).

EVENTS AFTER THE REPORTING DATE

The war in Ukraine and the subsequent sanctions imposed on Russia had a noticeable impact on the Bank's risk position after the reporting date.

An initial analysis of the effects has shown that Raiffeisenlandesbank Oberösterreich is directly and immediately only slightly affected by the acts of war or the sanctions. There are very few assets with a direct (Ukraine) or indirect (Russia, Belarus) link to the regions currently affected. The few financings of companies operating in these regions are largely secured by guarantees from parent companies with strong credit ratings in Raiffeisenlandesbank Oberösterreich's home market. There are currently no business relationships with sanctioned persons and companies – however, it should be noted that the list of sanctions or sanctioned persons currently changes on an almost daily basis.

A different picture emerges when analysing indirect effects. From the current perspective, it is difficult to conclusively assess which borrowers are indirectly affected by the war or the sanctions and to what extent. Therefore, those sectors whose dependence on the availability of raw materials – especially oil and gas – is particularly high are currently being intensively analysed. For each (material) credit application or extension, this issue is usually analysed and assessed together with the client and considered in the decision. Raiffeisenlandesbank Oberösterreich assumes that future GDP forecasts will take sufficient account of this development in terms of future statistically determined loan loss allowances. Whether additional provisions in the form of a management overlay for particularly affected sectors are appropriate will be analysed on an ongoing basis in 2022.

At the same time, the possible indirect effects of the crisis on the companies in the Raiffeisenlandesbank Oberösterreich investment portfolio are currently being examined. These indirect effects could be triggered by shortages and price increases on the commodity markets (e.g. energy), but also by a possible decline in demand due to the general economic situation in the sales markets. Due to the currently very dynamic, unclear situation and the uncertain further development, no concrete statements can be made on this yet.

In this context, there is an indirect but strong impact in the participation in Raiffeisen Bank International (RBI), as it has subsidiary banks in the regions affected by the war or the sanctions (Russia, Ukraine, Belarus). Raiffeisenlandesbank Oberösterreich is therefore in contact with its colleagues at RBI on an almost daily basis in order to be able to continuously assess the effects on the central institution on the one hand and the holding in RBI on the other. From the point of view of the present consolidated financial statements as at 31 December 2021, the outbreak of the war and the accompanying loss of value of the RBI participation is a subsequent event taking place in 2022. However, the concrete effects of necessary adjustments to the book value of the participation in 2022 cannot yet be estimated from the present point of view, although Raiffeisenlandesbank Oberösterreich is prepared as well as it possibly could be, thanks to its very good capitalisation. This is also confirmed by a corresponding sensitivity analysis, in the context of which the valuation of RBI – and thus also the IFRS carrying amount in Raiffeisenlandesbank Oberösterreich – was reduced by one third. Even in this negative scenario with a one-third loss of value, the consolidated CET 1 ratio of Raiffeisenlandesbank Oberösterreich Verbund eGen. deteriorates by less than 1 percentage point and thus remains far above all regulatory requirements including all buffers.

Another indirect effect of the war in Ukraine arises in connection with the deposit protection scheme. On the basis of instructions from the European Central Bank (ECB), the Financial Market Authority (FMA) has prohibited Sberbank Europe AG, with its registered office at Schwarzenbergplatz 3, 1010 Vienna, from continuing its business operations in their entirety with immediate effect by way of a mandate notice dated 1 March 2022 pursuant to section 70(2) no. 4 of the Austrian Banking Act. As a result of this decision, the covered deposits were officially suspended, so that no further deposits, withdrawals or transfers were possible and this triggered the deposit guarantee case within the meaning of section 9(2) Einlagensicherung und Anlegerentschädigungsgesetz (Deposit Guarantee Schemes and Investor Compensation Act – ESAEG). Sberbank Europe AG is a member of the deposit guarantee scheme AUSTRIA Ges.m.b.H. pursuant to section 8 (1) ESAEG. (ESA). However, due to the existence of a special financing case pursuant to section 27 ESAEG, all deposit guarantee institutions (this includes in particular the Österreichische Raiffeisen-Sicherungseinrichtung eGen "ÖRS") must raise pro rata amounts for payment to depositors. The disbursement amount for the deposit guarantee is around EUR 900 million, of which 35.45% is to be raised by the ÖRS. Since the ÖRS should have a target endowment of 0.80% of the covered deposits of the member institutions by 3 July 2024, this will result in additional contribution payments for Raiffeisenlandesbank Oberösterreich in the 2022 financial year, the amount of which cannot yet be determined in detail at the present time. Furthermore, Raiffeisenlandesbank Oberösterreich is not directly affected by the discontinuation of business operations, as there was no business relationship with Sberbank Europe AG.

There were no further events of particular significance after the reporting date. The consolidated financial statements were compiled on 5 April 2022 and presented to the Supervisory Board.

EXECUTIVE BODIES OF RAIFFEISENLANDESBANK OBERÖSTERREICH AKTIENGESELLSCHAFT

Chairman of the Managing Board
Heinrich Schaller, Chief Executive Officer

Deputy Chairwoman of the Managing Board
Michaela Keplinger-Mitterlehner,
Deputy Chief Executive Officer

Members of the Managing Board
Michael Glaser, Member of the Managing Board
Stefan Sandberger, Member of the Managing Board
Reinhard Schwendtbauer, Member of the Managing Board

Information on the members of the Raiffeisenlandesbank Oberösterreich Supervisory Board can be found on pages 12 and 13.

Linz, 5 April 2022
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

AUDITOR'S REPORT

Report on the Consolidated Financial Statements

Audit Opinion

I have audited the consolidated financial statements of

**Raiffeisenlandesbank Oberösterreich Aktiengesellschaft,
Linz,**

and its subsidiaries (the Group) comprising the consolidated balance sheet as of 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on my audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of 31 December 2021 and its financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements defined by Section 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and other regulatory requirements for banks.

Basis for Opinion

I conducted my audit in accordance with EU Regulation No. 537/2014 (hereafter EU-Regulation) and in accordance with Austrian Standards on Auditing. Those standards require that I comply with International Standards on Auditing (ISAs). My responsibilities under those regulations and standards are further described in the "Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of this report. I am independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for my audit opinion by this date.

Emphasis of Matter

I draw attention to the notes in section "Events after the reporting date", which describe the uncertainties regarding the recoverability of the equity-accounted investment in Raiffeisen Bank International AG (RBI) in subsequent periods. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance for my audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

My audit identified three key audit matters, which are described below:

1. Valuation of the equity-accounted investment in Raiffeisen Bank International AG

Relevant facts and risk for the financial statements

The investment in Raiffeisen Bank International AG (RBI), which also represents the central institution for RLB Oberösterreich AG is reported under "Equity-accounted companies" at an amount of EUR 820,233 thousand in the consolidated financial statements of RLB Oberösterreich AG as of 31 December 2021.

The management describes the accounting policy for investments accounted for using the equity method in the consolidated financial statements as of 31 December 2021 in the notes in chapters "Consolidation methods" and "Management judgement and estimates" and in note "18. Equity-accounted companies". The escalation of the conflict between Russia and Ukraine and the resulting developments as well as the financial impacts on the valuation of the investment in RBI are presented in the notes in section "Events after the reporting date".

The recoverability of the carrying amount of the equity-accounted investment in RBI must be tested if there are any objective evidence of impairment. Impairments or revaluations must be recognized up to the recoverable amount. The recoverable amount represents the higher of fair value less costs to sell and the value in use.

Objective evidence of impairment to the RBI investment was identified as of 31 December 2021.

In order to evaluate the recoverability of the investment, the carrying amount of the shares was compared with the recoverable amount. The value in use was determined based on a discounted cash flow method and exceeded the fair value. As the carrying amount exceeded the recoverable amount as of 31 December 2021, an impairment loss was recognised.

The risk for the consolidated financial statements arises from the fact that the calculation of the value in use is largely based on the estimation of future cash flows by the legal representatives, and the valuation result depends to a large extent on the discount rate used and is therefore associated with a considerable degree of estimation uncertainty.

Audit procedures

I evaluated the processes used to identify the objective evidence for impairment or reversal of impairment and assessed the controls in place to determine whether they are appropriate to identify objective evidence of impairment or the possible need for revaluation on a timely basis.

I assessed management's estimates regarding the presence of objective evidence of impairment.

I examined the correct determination of the recoverable amount by comparing the fair value (market price) and the value in use resulting from an external expert opinion considering adjustments made by the management regarding the used parameters and future cash flows.

I examined the bases of this external assessment, in particular the appropriateness of the valuation model and the adjustments made by the management. I checked the parameters used, such as the discount rate, by comparing them with capital market data as well as company-specific information and market expectations.

I compared the future cash flows used in the external expert opinion considering the adjustments made by the management with the Group's planning, analysed and assessed the quality of this planning, in particular on the basis of company documentation and the external opinion.

I compared the used fair value for determining the recoverable amount with the closing price at the Vienna Stock Exchange on the last trading day of the year 2021.

The mathematical accuracy of the impairment calculation was examined.

Furthermore, I assessed whether the disclosures on the impairment of the investment in RBI in the consolidated financial statements (Notes) are appropriate and to what extent an adequate presentation of the subsequent events with regard to the resulting developments and the financial impacts of the Russian military attack against Ukraine was given.

2. Valuation of loans and advances to customers

Relevant facts and risk for the financial statements

In the consolidated financial statements of RLB Oberösterreich AG as of 31 December 2021, the balance sheet item "Loans and advances to customers" is shown in the amount of EUR 25,295,138 thousand. The risk provisions for these receivables amounted to EUR 413,054 thousand as of the reporting date.

The management describes the procedure for determining the risk provisions considering the COVID-19 pandemic in the notes under "Accounting and valuation methods", under "Management judgement and estimates" and in note "15. Loan loss allowances".

As part of loan monitoring procedures, the Company evaluates whether there is any objective evidence of impairment, which would require the recognition of an individual risk provision. This evaluation also includes an assessment of whether the customers can repay the full contractually agreed amount.

The calculation of the risk provision for significant individual customers which are in default is based on an analysis of the expected future cash flows. This analysis is influenced by the estimate of the financial position and performance of the respective customer, the valuation of collaterals and as well as the estimates of the amount and timing of the related cash flows.

Risk provisions for defaulted, individually not significant customers are calculated based on a statistical valuation model.

The Bank uses statistical valuation models to calculate the loss allowances for loans that do not carry any objective evidence of impairment.

The loss allowance for receivables whose credit risk has not increased significantly since initial recognition is based on the 12-month expected credit loss. For receivables whose credit risk has increased significantly since initial recognition, the loss allowance is based on the lifetime expected credit loss.

The valuation model includes the outstanding customer balances, collaterals and macroeconomic factors. Parameters based on statistical assumptions include, particularly the probability of default based on the customer's credit rating and the loss rate before and after taking collateral into account.

Furthermore, loans which have a significant increase in credit risk due to the current economic environment resulting from the ongoing COVID-19 pandemic were assessed at collective level and transferred to stage 2 as post-model adjustments. The loss allowance for these loans is based on the lifetime expected credit loss.

In the forward-looking information included in the valuation model for the expected credit loss, the increased uncertainty due to the ongoing effects of the COVID-19 pandemic was taken into account by adjusting parameters with regard to future economic developments.

The risk for the consolidated financial statements arises from the fact that the identification of objective evidence of impairment, the rating of the credit risk and the determination of a significant increase in credit risk since initial recognition are based on assumptions and estimates. Since the determination of the credit risk provisions is influenced by the above mentioned assumptions and estimates, it is also related with discretionary judgment and estimation uncertainty particularly regarding the design of post-model adjustments due to the macroeconomic environment in the context of the ongoing COVID-19 pandemic concerning the amount of these provisions.

Audit procedures

I analysed the existing documentation and processes for granting, classification and monitoring of customer loans as well as the allocation of the related risk provisions. I assessed whether these processes are suitable for identifying objective evidence of impairment and determining the significant increase in the default risk since the initial recognition and thus ensure the proper valuation of customer loans. I identified the related process workflows and key controls and evaluated the design and implementation of key controls and tested their effectiveness in samples.

Based on the presented company documentation and processes, I assessed the correct classification of customer loans in connection with the business model and the characteristics of the contractual cash flows in samples.

The correct stage assignment in accordance with IFRS 9 and the relevant internal guidelines was verified.

For individually significant customers, based on samples of loans I examined whether there was objective evidence of impairment and whether the amount of the risk provisions was appropriate. Furthermore, I assessed if the rating adjustments were appropriate to represent the impacts of the ongoing COVID-19 pandemic. The samples were selected using statistical procedures on the basis of risk-oriented criteria with a particular focus on rating levels with a higher risk of default. In cases where objective evidence of impairment was identified, I reviewed the assumptions and underlying scenarios used by the Bank for the timing and amount of expected cash flows. Regarding the internal collaterals I tested in samples whether the assumptions made were adequate.

For defaulted and individually not significant customers and for customers with no objective evidence of impairment, I verified, together with experts, the applied models, related parameters and forward-looking information, also taking into consideration the validations carried out by the Bank. These models and parameters were evaluated regarding to their appropriateness for the determination of adequate risk provisions. The adjustments within the scope of the post-model adjustments were assessed for their appropriateness and the resulting effects were evaluated.

I verified the calculation of the risk provisions.

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

Information on estimation uncertainties related to the determination of loss allowances on the basis of statistical valuation models and due to the ongoing COVID-19 pandemic is provided in the notes in chapter "Management judgement and estimates".

3. Valuation of securities and derivative financial instruments

Relevant facts and risk for the financial statements

The fair values of the securities and derivative financial instruments in the consolidated financial statements of RLB Oberösterreich AG are based on observable market prices or determined with valuation models. Derivative financial instruments are used to a significant extent for hedging and trading.

The management provides information on the valuation of securities and derivate financial instruments, hedging in the notes in the chapters "Accounting and valuation methods" and "Management Judgement and estimates".

The fair value measurement of securities and derivative financial instruments for which market prices and sufficient observable market data are not available relates to discretionary judgment due to the use of internal valuation models and the included assumptions and parameters.

Additionally, the formation of hedging relationships requires compliance with documentation requirements for the hedge and its effectiveness.

Fair value hedge accounting of the interest rate exposure of a portfolio of financial assets or liabilities requires the determination and similarity of the selected hedged items as well as the calculation of the balance sheet item.

The risk for the consolidated financial statements arises from the fact that assumptions and parameters used in valuation models are highly discretionary and that the presentation and the formal material requirements for hedging relationships are met.

Audit procedures

I analysed the implemented guidelines and documentation of the processes for the valuation of securities and derivative financial instruments and carried out sampling procedures to test the effectiveness of the key controls.

I examined the valuation models and the underlying valuation parameters to determine the fair values for their appropriateness and consistent application. I compared in samples the material applied parameters with external data.

In particular, I assessed in samples whether the documentation of the hedging relationship and the effectiveness of the hedge was consistent with internal guidelines. I critically assessed the effectiveness tests carried out regarding their appropriateness.

Furthermore, I analysed if the hedged items of the fair value hedge accounting of the interest rate exposure of a portfolio of financial assets or liabilities are determined and similar. The calculated balance sheet item was examined.

In addition, I examined the appropriateness and completeness of the disclosures in the notes to the consolidated financial statements on the valuation methods and the formation of hedging relationships.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on my knowledge obtained in the audit - the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Responsibilities of Management and of the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the EU, and the additional requirements pursuant to Section 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and other regulatory requirements for banks, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statement, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU-Regulation and with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU-Regulation and with Austrian Standards on Auditing, which require the application of ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit.

I also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit conditions obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit, and I remain solely responsible for my audit opinion.

I communicate with the Audit Committee regarding, among other matters, the planned scope and timing of my audit as well and significant findings, including any significant deficiencies in internal control that I identify during my audit.

I also report to the Audit Committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these key audit matters in my auditor's report, unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report for the Group

Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles and banking regulations.
I conducted my audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

Opinion

In my opinion, the group management report was prepared in accordance with the valid legal requirements, includes the disclosures required by Section 243a, par. 2 of the Austrian Commercial Code ("Unternehmensgesetzbuch") and is consistent with the consolidated financial statements.

Statement

Based on findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to my attention.

Additional Information pursuant to Article 10 of the EU Regulation

I was appointed as auditor by Österreichischer Raiffeisenverband, the auditing association responsible for the statutory audit of the consolidated financial statements in the sense of the Austrian Banking Act ("Bankwesengesetz") for the 2021 financial year. I have been the group auditor of the company without interruption since the audit of the 2016 consolidated financial statements.

I confirm that the audit opinion in the section "Report on the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

I declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by me and that I remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The responsible auditor is Mr Andreas Gilly.

Vienna
5 April 2022
The bank auditor appointed by Österreichischer Raiffeisenverband:

Andreas Gilly
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.

Publication or sharing with third parties of the group financial statements together with my auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 par. 2 UGB (Austrian Commercial Code) applies to alternated versions.

AUDIT CERTIFICATE OF THE INDEPENDENT AUDITOR

Audit certificate

We examined the consolidated financial statements of

**Raiffeisenlandesbank Oberösterreich Aktiengesellschaft,
Linz,**

and its subsidiaries (the Group), consisting of the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity for the financial year ending on this reporting date, as well as the notes to the consolidated financial statements.

On the basis of the knowledge gained during the audit, in our judgement the consolidated financial statements comply with the legal regulations and present a true and fair view of the group's assets and financial position as at 31 December 2021 and the group's earnings and cash flows in the financial year ending on this date, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements of section 245a of the Austrian Commercial Code, and section 59a of the Austrian Banking Act.

Basis for the audit opinion

We were appointed by management as an additional (voluntary) auditor and conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these regulations and standards are described in further detail in the "Responsibilities of the auditor for auditing the consolidated financial statements" section of our report. We are independent of the group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and the Austrian Code of Ethics for Professional Accountants under the Wirtschaftstreuhandberufsgesetz 2017 ("WTBG 2017") together with relevant ordinances ("Guidelines on the Practice of Public Accounting Professions") and guidelines, and we have complied with our other professional duties in accordance with these requirements and the IESBA Code. The provisions of Regulation (EU) No 537/2014 on specific requirements for the statutory audit of public interest entities have not been agreed. This non-application may mean that, for example, the rules on external rotation, on compliance with the rules on the provision of prohibited non-audit services ("fee cap") and the obligation to prepare a separate report to the Audit Committee have not been complied with. In terms of our responsibility and liability as auditors to the company and to third parties, section 275 of the Austrian Commercial Code shall apply.

We are of the opinion that the audit evidence obtained by us is adequate and appropriate for the purposes of serving as a basis for our audit opinion as at the date of this audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year. These matters were considered in association with our audit of the consolidated financial statements as a whole and for the purposes of forming our audit opinion, and we do not give any separate audit opinion on these matters.

We have identified the following matters of particular importance:

- Impairment of loans and advances to customers
- Intrinsic value of the shares accounted for under the equity method in Raiffeisen Bank International AG

Impairment of loans and advances to customers

The risk for the financial statements

The loans and advances to customers include an amount in the consolidated statement of financial position of EUR 25,295,138 thousand, this includes loan loss allowances amounting to EUR 413,054 thousand.

The Managing Board describes the procedure for determining loan loss allowances in the Notes in the chapter "Accounting and valuation methods" under section "Impairment according to IFRS 9" and in the chapter "Management judgement and estimates" under the section "Valuation of expected credit losses".

As part of the credit monitoring process, the Group establishes whether there are any defaults on loans and advances to customers, and whether, as a consequence, individual loan loss allowances need to be recognised. This also includes estimates as to whether customers can fulfil the contractually agreed repayments in their entirety.

The calculation of the individual value adjustments for significant individual customers in default is based on an analysis of the expected scenario-weighted future repayments. This analysis is influenced by the estimate of the financial position and performance of the relevant customer, the valuation of securities, as well as the estimate of the amount and time of the repayments derived from this.

For defaulted, individually insignificant loans and advances to customers, the Group carries out a calculation of individual value adjustments on the basis of its valuation model. The parameters used in it are based on statistical empirical values.

For all other receivables, a portfolio allowance is created for the expected credit loss ("ECL"). In principle, the 12-month ECL (Stage 1) is used. In the event of a significant increase in credit risk, the ECL is calculated over the entire term (Stage 2). To determine the ECL it is necessary to make extensive estimates and assumptions. These include rating-based probabilities of default and flat loss rates that take into account current and forward-looking information. In order to adequately take into account the continuing uncertainties related to the COVID-19 crisis in the impairment model, the Group made a collective stage transfer of customers in critical industries and a management override of the Forward Looking Information (FLI) in addition to the original model result.

The risk for the financial statements thus arises from the fact that the determination of the stage transfer and the value adjustments, taking into account the COVID-19 adjustments, is based to a significant extent on assumptions from which discretionary powers and estimation uncertainties arise with regard to the amount of the loan loss allowances

Our audit approach

In testing the recoverability of loans and advances to customers, we performed the following key audit procedures:

- We have analysed the existing documentation of the processes for monitoring of customer loans as well as the formation of loan loss allowances and critically examined whether these processes are suitable for the purposes of identifying impending loan defaults and to appropriately reflect the recoverability of loans and advances to customers. In addition, we surveyed the relevant key controls, assessed their design and implementation and tested their effectiveness on a sample basis.
- We have examined in test samples of loan receivables whether there are indicators of loan defaults. The test samples were selected using a risk-based approach with particular consideration of customer ratings and industries with a higher probability of default. In the case of defaults on individually significant loans and advances to customers, the assumptions made by the Group were examined in test cases with regard to conclusiveness and consistency of the timing and amount of the assumed recoveries.
- For all other receivables for which loan loss allowances were calculated on the basis of the ECL, we analysed the Group's methodological documentation for consistency with the requirements of IFRS 9. Furthermore, on the basis of internal validations, we have checked the models and the parameters used in them to determine whether they are suitable for calculating adequate provisions. We have assessed the appropriateness of the probabilities of default based on twelve months and the entire term and loss ratios, and reviewed the mathematical functioning of the models. In addition, the selection and measurement of forward-looking assumptions and scenarios were analysed and their consideration in the context of stage allocation and parameter estimation was reviewed. We assessed the derivation and justification of the COVID-19 adjustments and the underlying assumptions in terms of their appropriateness. We have analysed the provisions' mathematical accuracy. We involved our financial risk management specialists in these audit procedures.

Intrinsic value of the shares accounted for under the equity method in Raiffeisen Bank International AG

The risk for the financial statements

The shares held in Raiffeisen Bank International AG (RBI), are listed under the item "Companies accounted for using the equity method" in the consolidated financial statements for Raiffeisenlandesbank Oberösterreich AG as at 31 December 2021, with a total amount of EUR 820,233 thousand.

The Managing Board describes the procedure for the valuation of shares accounted for using the equity method in the consolidated financial statements as at 31 December 2021 in the Notes in the chapter "Management judgement and estimates", in the section "Valuation in connection with companies accounted for using the equity method", as well as under Note 18. The war between Russia and Ukraine, the resulting developments and their financial impact on the carrying amount of the investment in RBI in subsequent periods are discussed in the chapter "Events after the reporting date".

The intrinsic value of the carrying amounts of companies accounted for using the equity method must be reviewed if there are objective indications of impairments of the shares, e.g. if the recoverable amount is less than the carrying amount.

As at 31 December 2021, there were objective indications of impairment due to the development of RBI's stock market price. The value in use is determined on the basis of a discounted cash flow method to assess any need for impairment. The basis for this is an external valuation report. The risk for the financial statements arises from the fact that the calculation of the value in use of the shares is largely based on the Managing Board's estimation of future cash inflows and the discount rate used, and is thus subject to discretion and estimation uncertainty.

Our audit approach

In our audit of the valuation of the shares in RBI accounted for using the equity method, we performed the following key audit procedures:

- We identified the main processes and assessed whether they are suitable for the timely recognition of impairments in a timely manner. We tested a key control for their design and implementation.
- We have assessed management's estimates on the existence of indications of impairment and reviewed the valuation of the shares in RBI based on the external expert opinion underlying the report.
- We have examined the bases of this external assessment, in particular the valuation model and the parameters used, such as the discount rate. We did so with the involvement of our valuation specialists. The valuation parameters used in the external valuation report were assessed for appropriateness.
- In addition we have analysed and assessed the appropriateness of the future inflows of cash and cash equivalents used in the calculation and the ability to adhere to the budget. In particular, this was based on company documents and the external expert opinion.

Other information

The legal representatives are responsible for the other information. Other information includes all information in the annual financial statements, with the exception of the consolidated financial statements and the Audit Certificate of the independent auditor. We obtained the group management report before the date of the independent auditor's report, and we expect to obtain the other parts of the annual financial statements after that date.

Our audit opinion on the consolidated financial statements does not cover this other information and we do not provide any type of warranty regarding this.

In connection with our audit of the consolidated financial statements, it is our responsibility to read this other information and, in the process, to consider whether the other information is materially inconsistent with the consolidated financial statements or the knowledge we obtained during the audit, or otherwise appears to be misstated.

If, based on our work performed on the other information obtained before the independent auditor's report, we conclude that there has been a material misstatement of that other information, we are required to report that fact. We have nothing to report in connection with this.

Responsibility of the legal Officers and the Audit Committee for the consolidated financial statements

The legal representatives are responsible for compiling consolidated financial statements that present a true and fair view of the assets, financial position and earnings of the company in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU as well as with additional requirements stipulated in section 245a of the Austrian Commercial Code and section 59a of the Austrian Banking Act. The legal representatives of the company are also responsible for the internal controls which they consider to be required in order to enable the preparation of consolidated financial statements that are free from any material misrepresentations due to fraudulent acts or errors.

In preparing the consolidated financial statements the legal representatives are responsible for assessing the ability of the Group to continue its activities as a going concern, stating any circumstances associated with continuing its activities as a going concern as applicable, and for applying the accounting principle of continuing its activities as a going concern, unless the legal representatives intend either to liquidate the Group or discontinue the company's activities or have no realistic alternative to this.

The Audit Committee is responsible for monitoring the Group's accounting process.

Responsibilities of the auditor for auditing the consolidated financial statements

Our objectives include obtaining sufficient certainty regarding whether the consolidated financial statements are as a whole free from material misrepresentations due to fraudulent acts or errors, and issuing an independent auditor's report which includes our audit opinion. Adequate certainty is a high degree of certainty, but not a guarantee, that any audit of the financial statements carried out in accordance with Austrian principles requiring application of the ISA will always reveal a material misrepresentation if one has been made. Misrepresentations may be the result of fraudulent activity or of mistakes and are seen as material if individually or as a whole they could reasonably be expected to influence the economic decisions of readers made based on these consolidated financial statements.

As part of any audit in accordance with the Austrian principles of proper accounting which require application of ISA we exercise due diligence and maintain a critical approach during the entire audit.

The following also applies:

- We identify and assess the risks of material misrepresentations in the financial statements due to due to fraudulent acts or errors, plan audit actions in response to these risks, implement the actions and obtain audit evidence that is adequate and appropriate to be used as a basis for our audit opinion. The risk that material misrepresentations resulting from fraudulent activity are not uncovered is higher than one resulting from a mistake, since fraudulent activity may involve fraudulent co-operation by accomplices, counterfeiting, intentional incompleteness, misleading representations or the bypassing of internal controls.
- We gain an understanding of the internal control system to the extent that it is relevant for the financial statements, in order to plan audit activities that are appropriate under the given circumstances, but not with the objective of providing an assessment on the effectiveness of the company's internal control system.
- Our audit also includes an assessment of the appropriateness of the accounting methods applied and the tenability of the estimated values provided by the legal representatives in the accounts and associated statements.
- We draw conclusions on the appropriateness of the application of the accounting principles, and of the continuation of the company's activities as a going concern by the legal representatives, and on whether there is any material uncertainty associated with the events or facts which may give rise to significant doubt regarding whether the company can continue as a going concern, based on the audit evidence obtained. If we do conclude that there is a material uncertainty, we are under an obligation to draw attention to the associated statements in the consolidated financial statements in our independent auditor's report, or to amend our audit opinion if these statements are inappropriate. We draw our conclusions based on the audit evidence obtained by the date of our independent Audit Certificate. Future events or facts may, however, result in the group discontinuing its activities as a going concern.
- We assess the overall presentation, the structure and content of the consolidated financial statements including the Notes, and also assess whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a picture that is as faithful as possible.
- We obtain adequate and appropriate audit evidence on the financial information of the entities or business activities within the Group in order to be able to provide an audit opinion on the consolidated financial statements. We are responsible for guiding, monitoring and implementing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinion.
- We discuss inter alia the planned scope and planned temporal arrangement of the audit with the Audit Committee, along with the significant audit findings, including any significant defects in the internal control system which we identify during our audit.
- We also make a declaration to the Audit Committee that we have complied with the relevant professional requirements on independence, and that we discuss with it all relations and other circumstances which can be sensibly assumed to affect our independence and hence, if relevant, associated protective measures.
- Based upon the circumstances which we have discussed with the Audit Committee, we determine those circumstances that were most significant for the audit of the consolidated financial statements for the financial year and are therefore the audit circumstances that are of particular importance. We describe these circumstances in our independent auditor's report, unless statutes or other legal regulations prohibit public disclosure of the relevant facts, or in extremely rare cases if we determine that a circumstance should not be communicated in our Audit Certificate as it can be reasonably expected that the negative consequences of any such communication would exceed the benefits of this to the public interest.

Chartered accountant and auditor

The accountant and auditor responsible for the audit of the financial statements is Ulrich Pawlowski.

Vienna, 5. April 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronic signature:
Ulrich Pawlowski
Wirtschaftsprüfer

This document has a qualified electronic signature and is only valid in this version. The consolidated financial statements containing our independent auditor's report may only be published or passed on in the version that we have certified. This independent auditor's report relates exclusively to the complete consolidated financial statements together with the Management Report in the German language.

MANAGEMENT REPORT 2021 OF RAIFFEISENLANDESBANK OBERÖSTERREICH AKTIENGESELLSCHAFT

1. BUSINESS DEVELOPMENT AND THE ECONOMIC SITUATION

1.1. Economic background

The global economy recovered quickly in 2021 from the initial waves of the coronavirus in 2020. However, the recovery then lost significant momentum as the year progressed, due to persistent and worsening supply chain issues, significant energy and commodity price increases, and the more infectious Delta variant of the coronavirus that emerged in the second half of the year. In addition, economic expansion became more diverse regionally over the course of 2021, as developed countries became better at absorbing the economic damage from new coronavirus waves thanks to vaccination progress and support for the fiscal crisis. However, there were also different trends within individual economies, as contact-intensive sectors and low-income households were hit much harder by the pandemic response measures.

Demand surpluses, disruptions in global value chains and node points (e. g. accident in the Suez Canal, pandemic-related harbour closures in China) and rising prices for carbon certificates, important raw materials such as oil/gas and industrial metals drove up inflation significantly in many parts of the world. Due to increased inflationary pressures, many central banks of emerging and developing countries felt compelled to raise key interest rates. Discussions began to turn towards less monetary expansion in the industrialised nations also.

Strong growth in consumption ensured extremely dynamic economic expansion in the USA in the first half of 2021. From August onwards, the Delta wave and supply bottlenecks slowed recovery. The labour market is also recovering well, although the participation rate is still below the pre-crisis level of 2019. Inflation rose steadily and significantly over the course of 2021 to a 40-year high of 7.0% in December 2021. The increased inflationary pressure, albeit partly transitory, prompted the US Federal Reserve to scale back its bond-buying programme at a faster pace and to hold out the prospect of more and earlier rate hikes.

Thanks to strong export performance, China's economic growth is expected to be around 8.0% in 2021, with the pace of growth slowing significantly over the course of the year. One reason for this is the government's zero-COVID strategy, which already imposes regional lockdowns when isolated infections occur. The tendencies towards debt and overheating in the real estate sector, which prompted the government and central bank to tighten regulations, and the prevailing energy shortage are also dampening economic momentum.

Economic activity also picked up strongly in the eurozone in the second and third quarters of 2021 after a weak first quarter following the openings and the resulting surge in private consumption, before the Delta wave in the fourth quarter brought new restrictions accompanied by a dampening of economic activity. The industrial economy was somewhat ahead of this development by taking action earlier, as it is less affected by the contact restrictions, but was already slowed down by global supply bottlenecks and the strong price increases for raw materials and energy in the middle of the year. As in other countries, inflationary pressures in the euro zone also partially impacted on consumer prices, although the ECB continues to classify this as a predominantly temporary phenomenon and barely derives any pressure to act on this in terms of monetary policy.

Austria's economy exceeded expectations in the first three quarters of 2021. However, the Delta wave and the accompanying restrictions dampened economic activity again in the fourth quarter. Private consumption in particular reproduces the waves of the pandemic: after the restrictions in the first quarter, it jumped in the second quarter with the opening steps and became the main growth driver in the summer. Industry and the export sector were ahead of the waves in some ways: the recovery was strong early in 2021 and also attracted correspondingly dynamic demand for investment. Around the middle of the year, however, global supply bottlenecks and price increases for energy, raw materials and supplier parts began to increasingly slow down the industrial and export economy. Support for the crisis proved to be very effective, especially in the labour market, with the unemployment rate being low, and problems caused instead by the shortage of skilled workers and qualification mismatches.

As an industrial and export federal state, Upper Austria came through the second year of coronavirus in 2021 comparatively well in economic terms: the manufacturing sector quickly learned to cope relatively well with the "new normal", and the construction sector also displayed strong momentum. The service sector (including tourism) on the other hand, which always suffers from contact restrictions, also plays an important role in Upper Austria, although not a dominant one. The Upper Austrian labour market is also in a correspondingly good position: the number of people in employment increased significantly in 2021 and the number of unemployed fell.

1.2. Business development

As a strong regional bank, Raiffeisenlandesbank Oberösterreich is closely linked to the local economy. This report is therefore always a reflection of the economic development in Austria. On the basis of a stable course and a sustainable orientation, the coronavirus-related economic challenges were mastered excellently. Despite the challenging environment, Raiffeisenlandesbank Oberösterreich continued to assume responsibility and act in the best interests of its customers in 2021 as a driving force and reliable financial partner. Many companies, whether industrial enterprises or SMEs, have already shown courage since the beginning of the coronavirus crisis and made investments, in many places either for projects and infrastructure measures that had been planned for a long time or in order to make provisions for the time when easing of restrictions and therefore also economic recovery are possible again.

The successful business performance of Raiffeisenlandesbank Oberösterreich is strong proof that the company not only made the right decisions in dealing with the pandemic, but also set an important course for further development. Major strategic decisions were made and thus future projects were put on track. This also includes measures to further increase efficiency and the equity ratio, as well as new ways of digitalisation. New technologies and the resulting standardisation support employees and thus enable improved service to customers. As Austria's fifth largest bank, Raiffeisenlandesbank Oberösterreich also intends in future to outperform on the high standards imposed on a "significant" bank by the European Central Bank. The goal in all this is also not least to preserve autonomy and secure a sustainable position of strength from which to act.

The latest Moody's rating published at the end of September 2021 confirms the stable course of Raiffeisenlandesbank Oberösterreich: the rating agency raised the long-term rating by one grade to A3. The outlook is categorised as stable. The improved rating confirms the excellent creditworthiness and optimal risk management of Raiffeisenlandesbank Oberösterreich. The establishment of a separate deposit protection scheme within the Austrian Raiffeisen sector was also rated positively. In its analysis, the rating agency Moody's highlights in particular the good fundamental data and the positive performance with respect to capital resources, earnings and risk. In addition to the long-term rating, Raiffeisenlandesbank Oberösterreich was also able to improve its baseline rating by one grade. The short-term rating remained stable at P-2.

Customer confidence is reflected in the positive development of the operative customer business. Volume growth was achieved both in deposits and in financing. Raiffeisenlandesbank Oberösterreich was able to increase its financing volume by 3.1% to a total of EUR 26.0 billion compared to the previous year. Both working capital financing (+5.9%) and investment financing (+2.1%) recorded increases. Total assets as at 31 December 2021 were EUR 47.5 billion, which corresponds to an increase of 14.5% and represents a plus of EUR 6.0 billion. The good development of the operating business is also underlined by increases in net interest income (+19.5%, which corresponds to EUR 59.3 million) and net fee and commission income (+30.0%, which corresponds to EUR 34.9 million).

With a profit (loss) on ordinary activities (POA) of EUR 289.2 million (+70.0% compared to the previous year) and an operating profit of EUR 300.0 million (+9.2% compared to the previous year), an excellent result was achieved.

The strategic direction with a focus on intensive customer orientation in various dimensions contributed towards the good 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 2021'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 major milestone in 2021 will be the merger of Raiffeisenlandesbank Oberösterreich AG with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT, which was successfully implemented as planned in the autumn. Essential processes, technical infrastructures and IT systems as well working methods were aligned with each other in this process. Product and sales harmonisation also created the basis for providing customers with a uniform product universe and range of services. Both the locations and the established HYPO Salzburg brand will continue to exist. Within the Raiffeisenlandesbank Oberösterreich Group, it is thus one of several strong brands for focused market development in Salzburg. As part of the Raiffeisenlandesbank Oberösterreich AG Group, SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT is subject to the regulatory requirements of a bank audited by the European Central Bank. In the past, this resulted in high costs and sometimes a duplication of effort.

In the course of the "Lead'25" future project, Raiffeisenlandesbank Oberösterreich has set itself the goal of establishing itself as the "Home of Financial Intelligence". Based on this, a business strategy was developed that describes the new direction of Raiffeisenlandesbank Oberösterreich, contains defined group goals and sets guidelines for the coming years. Customers are placed even more intensively at the centre of our actions with this. Key topics were identified for instance for the market strategy developed in 2021. "Radical customer focus" is understood to mean the principle of driving a focus on customer benefit in all business fields and areas. The goal is a "one-stop shop" experience based on the combined expertise for all financial needs and concerns under one roof. In addition, the use of the entire Raiffeisenlandesbank Oberösterreich network and effective sales management will create more time for proactive customer interaction. With the keywords “Innovation & New Business”, Raiffeisenlandesbank Oberösterreich is focusing on gaining new customer segments through innovative products, automation and acceleration of transactions and processes. New digital tools are being used, such as a customer-centric business portal, active data management or video legitimisation. 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.

In addition, a new sustainability strategy was defined in 2021 that addresses the issues of climate protection, regionalism and sustainability on a broad basis within the Group. It is essentially based around three dimensions: ecology, social issues and economy. The decisive factor here is the harmonious equal treatment of social responsibility, economic success and environmental awareness. Sustainable investment opportunities in particular are now in great demand among clients. At KEPLER Fonds KAG, the fund subsidiary of Raiffeisenlandesbank Oberösterreich, around EUR 2.8 billion of the total customer volume of EUR 18.2 billion is attributable to sustainably managed portfolios, with EUR 1.2 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 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 annual results for 2021.

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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, European legal developments in the area of banking supervisory law are particularly significant. The further development of the CRR (Capital Requirements Regulation) and the CRD (Capital Requirements Directive) at European level is currently being closely monitored and the first drafts published in October 2021, which will lead to new and to some extent extensive changes (“CRR III”, “CRD VI”), are the subject of in-depth internal bank analyses. Raiffeisenlandesbank Oberösterreich expects the legal texts to be finalised at the end of 2022 or beginning of 2023 and to be applied from January 2025.

Raiffeisenlandesbank Oberösterreich will make the best possible preparations for implementation in this regard.

Other significant standards with which Raiffeisenlandesbank Oberösterreich was confronted in 2021 include:

- the amendments to the Austrian Banking Act (Bankwesengesetz – BWG) and the Federal Act on the Recovery and Resolution of Banks (Bundesgesetz über die Sanierung und Abwicklung von Banken – BaSAG), which were published in the Federal Law Gazette at the end of May 2021 and which transposed Directives (EU) 2019/879 (Banking Recovery and Resolution Directive – “BRRD II”) and 2019/878 (“CRD V”) into national law, as well as Regulation (EU) 2019/876 (“CRR II”), which has been largely applicable since the end of June 2021;
- the ECB's Fit & Proper Guide of December 2021,
- the EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06), on sound remuneration policies in accordance with Directive 2013/36/EU (EBA/GL/2021/04), and on internal governance (EBA/GL/2021/05), all of which were published in July 2021;
- the new version of the Pfandbrief Act, which transposes Directive (EU) 2019/2162 on the issuance of covered bonds and the public supervision of covered bonds into Austrian law (entry into force: July 2022);
- the Implementing Regulation (EU) 2021/637, which specifies the disclosure obligations of the CRR, as well as the Implementing Regulation (EU) 2021/451, which specifies the reporting requirements of the CRR and which replaces the previous and very significant Implementing Regulation (EU) 680/2014;
- the EBA Final Report of May 2021 (EBA/RTS/2021/05), which amends Delegated Regulation (EU) 241/2014 (which contains specifics on the design of own funds and eligible liabilities);
- as well as the EBA Guidelines on Loan Origination and Monitoring (EBA/GL/2020/06), which have been applicable since the end of June 2021.

Raiffeisenlandesbank Oberösterreich also focused on the following topics:

Sustainable Finance

A more in-depth examination of climate and environmental risks (self-assessment and action plan for the European Central Bank) was carried out in the 2021 financial year.

The Taxonomy Regulation as well as delegated acts based on it (in particular the Delegated Regulation on Article 8

Taxonomy Regulation) were (and are) also essential regulatory requirements. The various disclosure requirements and the associated questions of interpretation for the industry must be emphasised in this context.

It is also worth mentioning that the technical implementation standard for supervisory disclosures on ESG risks in accordance with Article 449a CRR was already subject to regulatory focus from the consultation phase. This will be applied for the first time in the 2022 financial year.

In summary, it can be said that sustainability law, which sees banks as the hub of the monetary system and therefore attributes to them an essential role on the path towards climate neutrality, has grown enormously in importance. Further regulatory requirements and challenges are to be expected here in the coming years.

COVID-19 legislation

The impact of the COVID-19 pandemic on legislation was felt primarily at the Austrian level in 2021. For Raiffeisenlandesbank Oberösterreich, the focus in this regard was and is on the various COVID-19 "regulatory standards", which in some cases significantly influence the daily banking business. The COVID-19 Measures Regulation, the COVID-19 Emergency Measures Regulation and the COVID-19 Safeguards Regulation and their ongoing amendments should be mentioned in particular. In addition, the COVID-related changes in company law (possibility of holding virtual meetings) and the funding system are analysed on an ongoing basis.

Raiffeisenlandesbank Oberösterreich expects another significantly and above all rapidly changing regulatory environment for 2022, including due to the pandemic developments. As previously, Raiffeisenlandesbank Oberösterreich will proactively monitor the regulatory developments, implement resulting changes and take them into account in its business activities.

Changes in the statement of financial position

Due to the merger of Raiffeisenlandesbank Oberösterreich AG with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT, the previous year's figures show the 2020 figures of Raiffeisenlandesbank Oberösterreich before the merger and are therefore only comparable to a limited extent. The specific effects of the merger are explained in more detail in the notes.

The total assets of Raiffeisenlandesbank Oberösterreich rose by EUR 6,019 million, or 14.5%, year on year and amounted to EUR 47,505 million (previous year: EUR 41,486 million). The merger with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT resulted in an increase in total assets of EUR 2,543 million as at 1 January 2021.

	31 Dec. 2021		31 Dec. 2020		Change	
ASSETS	IN EUR M	IN %	IN EUR M	IN %	IN EUR M	IN %
Loans and advances to customers	25,755	54.2	22,763	54.9	2,992	13.1
Loans and advances to banks	14,169	29.8	11,276	27.2	2,893	25.7
Securities	4,838	10.2	4,657	11.2	181	3.9
Investments and shares in affiliated companies	2,136	4.5	2,248	5.4	-112	-5.0
Other assets	607	1.3	542	1.3	65	12.0
Total	**47,505**	**100.0**	**41,486**	**100.0**	**6,019**	**14.5**

Loans and advances to customers rose in a year-on-year comparison by EUR 2,992 million, or 13.1%, reaching a total volume of EUR 25,755 million by the 2021 reporting date (previous year: EUR 22,763 million). This growth is primarily based on increased investment activities in the Corporates and SME sector. Furthermore, effects from the merger with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT also had an impact.

Loans and advances to banks rose over the course of the year by EUR 2,893 million, or 25.7%, to EUR 14,169 million (previous year: EUR 11,276 million). The increase is mainly due to higher liquidity reserves held in the deposit facility of the OeNB. This total includes EUR 1,527 million (previous year: EUR 1,191 million) which relates to refinancing to Upper Austrian Raiffeisen banks. The total also includes loans and advances to RBI in the amount of EUR 4,317 million (previous year: EUR 3,664 million). In addition, higher volumes were invested with the Upper Austrian Raiffeisen banks in the past year.

The volume of securities held by Raiffeisenlandesbank Oberösterreich remained high in 2021 at EUR 4,838 million (previous year: EUR 4,657 million). As in previous years, all securities held as fixed assets were measured according to the strict lower of cost or market principle. If the reasons for the write-down no longer apply, the write-down must be reversed. As at the 2021 reporting date, securities were distributed as follows:

- Municipal bonds and similar securities to the value of EUR 1,940 million (previous year: EUR 1,760 million)
- Bonds and other fixed-income securities at EUR 1,451 million (previous year: EUR 1,456 million)
- Shares and other variable-yield securities (e.g. pension funds) with EUR 1,447 million (previous year: EUR 1,441 million).

Raiffeisenlandesbank Oberösterreich's key investment focus continues to be on securities with high creditworthiness and liquidity. As additional liquidity potential, Raiffeisenlandesbank Oberösterreich holds a large portfolio of loan securities instruments which has been provided to the Österreichische Nationalbank as securities. Unused loans in the Raiffeisenlandesbank Oberösterreich cover funds can also be mobilised as securities with the Österreichische Nationalbank. As at 31 December 2021, Raiffeisenlandesbank Oberösterreich's unused liquidity reserves amount to EUR 3,104 million (previous year: EUR 4,566 million).

Equity investments and shares in affiliated companies fell slightly by EUR -112 million or -5.0% to EUR 2,136 million compared with the previous year (previous year: EUR 2,248 million).

Other assets, comprising cash assets and balances at central banks, intangible assets, property, plant and equipment, other assets, prepaid expenses, increased in comparison to 2020 by EUR 65 million, or 12.0%, to EUR 607 million (previous year: EUR 542 million). The increase is mainly due to a higher cash balance, increased deposits of the Southern German branch at central banks, and higher IPS deposits.

EQUITY AND LIABILITIES	31 Dec. 2021		31 Dec. 2020		Change	
	IN EUR M	IN %	IN EUR M	IN %	IN EUR M	IN %
Amounts owed to banks	19,929	42.0	17,621	42.5	2,308	13.1
Savings and current accounts	13,840	29.1	11,115	26.8	2,725	24.5
Own issues	9,590	20.2	8,880	21.4	710	8.0
Equity	3,496	7.4	3,278	7.9	218	6.7
Other liabilities	650	1.4	592	1.4	58	9.8
Total	**47,505**	**100.0**	**41,486**	**100.0**	**6,019**	**14.5**

Amounts owed to banks rose year-on-year by EUR 2,308 million to EUR 19,929 million (previous year: EUR 17,621 million) and comprised the following:

- Amounts owed to Upper Austrian Raiffeisen banks: EUR 7,392 million (previous year: EUR 7,396 million).
- Amounts owed to banks in the Raiffeisen Banking Group (RBG) of Austria, not including Upper Austrian Raiffeisen banks: EUR 466 million (previous year: EUR 570 million).
- Amounts owed to mortgage banks (primarily Oberösterreichische Landesbank Aktiengesellschaft): EUR 124 million (previous year: EUR 257 million)
- Amounts owed to development agencies and banks (primarily Österreichische Kontrollbank, European Investment Bank): EUR 3,774 million (previous year: EUR 3,871 million)
- Other amounts owed to banks: EUR 8,175 million (previous year: EUR 5,527 million).

The increase primarily results from the participation once again in the ECB's long-term tender (TLTRO III). On the other hand, above all repayments of interbank refinancing at the end of 2021 reduced the result.

Customer deposits (savings and current accounts) grew in a year-to-year comparison by EUR 2,725 million to EUR 13,840 million (previous year: EUR 11,115 million). These comprise savings deposits of EUR 1,360 million (previous year: EUR 847 million), and fixed-term deposits and deposits repayable on demand of EUR 12,480 million (previous year: EUR 10,268 million). This rise reflects the general economic development, in which our customers attach importance to liquidity reserves. In addition, effects from the merger with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT had an impact.

The issue volume (without interest accruals) changed compared to the previous year by EUR 710 million, or 8.0%, with a total value of EUR 9,590 million at 31 December 2021 (previous year: EUR 8,880 million). Of the total issue volume, EUR 2,905 million (previous year: EUR 2,593 million) is attributable to covered bonds. Unsecured issues with a denomination under EUR 2,000 (or the equivalent in foreign currency for issues in foreign currency) that were made to retail investors amount to EUR 2,333 million (previous year: EUR 2,129 million) of the total outstanding volume.

Compared to the previous year, equity rose by EUR 218 million, or 6.7%, to amount to EUR 3,496 million at the 2021 reporting date (previous year: EUR 3,278 million).

Remaining liabilities – comprising other liabilities, deferred income and provisions – fell by EUR 58 million, or 9.8%, to EUR 650 million (previous year: EUR 592 million).

Results of operations

	2021		2020		Change	
	IN EUR M	IN % Ø BS	IN EUR M	IN % Ø BS	IN EUR M	IN %
Net interest income	363.1	0.8	303.8	0.8	59.3	19.5
Income from securities and equity investments	103.7	0.2	122.1	0.3	-18.4	-15.1
Net fee and commission income	151.2	0.3	116.3	0.3	34.9	30.0
Other income	101.1	0.2	88.8	0.2	12.3	13.9
Operating income	**719.1**	**1.6**	**631.0**	**1.6**	**88.1**	**14.0**
Personnel expenses	-176.8	-0.4	-146.9	-0.4	-29.9	20.4
Administrative expenses	-149.7	-0.3	-127.7	-0.3	-22.0	17.2
Other expenses	-92.6	-0.2	-81.6	-0.2	-11.0	13.5
Operating expenses	**-419.1**	**-0.9**	**-356.2**	**-0.9**	**-62.9**	**17.7**
Operating profit	**300.0**	**0.7**	**274.8**	**0.7**	**25.2**	**9.2**
Net income from provision for impairment losses	-46.7	-0.1	-112.1	-0.3	65.4	-58.3
Income from securities and equity investments	35.9	0.1	7.4	0.0	28.5	385.1
Profit on ordinary activities	**289.2**	**0.6**	**170.1**	**0.4**	**119.1**	**70.0**
Taxes on income and earnings and other taxes	-66.4	-0.1	-42.0	-0.1	-24.4	58.1
Profit for the year	**222.7**	**0.5**	**128.1**	**0.3**	**94.6**	**73.8**
Ø Total assets	44,495		39,600		4,895	12.4

Net interest income rose compared to the previous year by EUR 59.3 million, or 19.5%, to EUR 363.1 million (previous year: EUR 303.8 million). This resulted from the increased demand for loans from customers as well as interest rate advantages in connection with the participation in the ECB's long-term tender (TLTRO III). Earnings from securities and equity investments amounted to EUR 103.7 million (previous year: EUR 122.1 million). Net fee and commission income was at EUR 151.2 million (previous year: EUR 116.3 million). Other income amounted to EUR 101.1 million (previous year: EUR 88.8 million), up by 13.9% compared with the previous year's figure. This increase is mainly due to valuation effects for derivatives.

Altogether, operating income rose in 2021 by 13.9% to EUR 719.1 million (previous year: EUR 631.0 million).

General administrative expenses in 2021 were comprised of personnel expenses amounting to EUR -176.8 million (previous year: EUR -146.9 million) and administrative expenses of EUR -149.7 million (previous year: EUR -127.7 million). The changes compared to the previous year result primarily from the merger with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT.

Other expenses increased in comparison to the previous year by 13.5% and amounted in 2021 to EUR -92.6 million (previous year: EUR -81.6 million) due to valuation effects for derivatives. This includes expenses for the resolution fund in the amount of EUR -23.4 million (previous year: EUR -19.3 million) and the deposit guarantee scheme amounting to EUR -6.4 million (previous year: EUR -3.4 million).

Total operating expenses changed in comparison to the previous year by EUR -62.9 million and are stated for 2021 at EUR -419.1 million (previous year: EUR -356.2 million).

The operating profit – calculated as the difference between operating income and operating expenses – amounted in 2021 to EUR 300.0 million (previous year: EUR 274.8 million).

Loan loss allowances decreased compared to the previous year to EUR -46.7 million (previous year: EUR -112.1 million). The lower loan loss allowances are mainly related to the fact that statistically formed risk provisions in connection with the COVID-19 pandemic in particular were very high in 2020.

Income from securities and equity investments amounted to EUR 35.9 million (previous year: EUR 7.4 million). This includes a profit of EUR 29.5 million from the merger with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT.

Profit (loss) on ordinary activities is stated at EUR 289.2 million for 2021 (previous year: EUR 170.1 million).

Taxes on income and earnings and other taxes amount to EUR -66.4 million (previous year: EUR -42.0 million). The stability fee payable by banks rose by EUR 12.1 million compared to 2020, and amounted to EUR -8.6 million (previous year: EUR -20.6 million), in particular due to the discontinuation of the special contribution.

A total of EUR -39.3 million was paid in financial year 2021, for the stability fee, deposit guarantee scheme and resolution fund alone (previous year: EUR -43.2 million).

The resulting profit for the year was EUR 222.7 million (previous year: EUR 128.1 million).

1.3. Branches and regional branch offices

Bank branches

On the site of the newly opened Med Campus in Linz, Raiffeisenlandesbank Oberösterreich is further expanding its personal customer service with a new branch. A modern advisory branch with a self-service centre was opened directly in the Med Campus office tower in September 2021 and is thus part of the newly designed hospital district in the state capital. The new location is primarily intended to reach and serve doctors, students, lecturers and employees in the administrative area of the Faculty of Medicine, but also the residents of the neighbourhood.

As of 31 December 2021, Raiffeisenlandesbank Oberösterreich operates one banking outlet in Vienna (previous year: one), 14 banking outlets in Upper Austria (previous year: 17) and, since the merger with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT in September 2021, 24 banking branches in Salzburg. This allows Raiffeisenlandesbank Oberösterreich to advise and serve 194,276 individual and corporate customers (previous year: 133,876).

Regional branch offices and subsidiaries abroad

Raiffeisenlandesbank Oberösterreich has had branches in Southern Germany since 1991. It supports growth-oriented companies in this dynamic economic region with customer and future-oriented financing models. As at the end of 2021, Raiffeisenlandesbank Oberösterreich had a presence at a total of nine locations in Bavaria and Baden-Württemberg (Augsburg, Passau, Nuremberg, Munich, Regensburg, Würzburg, Ulm, Stuttgart and Heilbronn). The main focus for support activities is on customers from industry, medium-sized enterprises and affluent private customers.

Raiffeisenlandesbank Oberösterreich also has a branch in neighbouring Czechia, in the capital city of Prague. From here, it supports corporate clients with a broad range of professional financial services based its usual high degree of focus on the customer. After almost 20 years at the Prague location, PRIVAT BANK withdrew from the Czech market at the end of 2021 and will transfer its business to Raiffeisenbank a.s. Consolidating the private banking activities in Czechia under one roof is the best solution in terms of optimal customer focus and further development of services in the Raiffeisen sector. Raiffeisenbank a.s. is 25% owned by Raiffeisenlandesbank Oberösterreich.

1.4. Financial and non-financial performance indicators

Financial performance indicators

The key figures used in international comparisons and for internal controls are as follows:

Key income figures

- Return on equity (RoE) – calculated as the percentage ratio of pre-tax profit for the year to average equity (calculated as the average of opening and closing equity) – stood at 8.3% in 2021 (previous year: 4.6%). The increase compared to the previous year is mainly due to a higher pre-tax profit for the year as at 31 December 2021. For details, please refer to the “earnings situation” section.
- The return on assets (RoA) – calculated as the percentage ratio of pre-tax profit for the year to average total assets (calculated as the average of the opening and closing total assets) – stood at 0.6% in 2021 (previous year: 0.4%). The increase compared to the previous year is in turn mainly due to a higher pre-tax profit for the year as at 31 December 2021.

Key liquidity figures

- The NSFR (Net Stable Funding Ratio) has been mandatory since 30 June 2021 with a statutory minimum ratio of 100%. As at 31 December 2021, NSFR at the individual bank level stood at 128.02% (previous year: 121.63%), which is clearly above the statutory minimum.
- The liquidity coverage ratio (LCR) as at 31 December 2021 was 180.63% at the individual bank level (previous year: 161.44%), significantly above the legally required 100%.
- The survival period as at 31 December 2021 was greater than 365 days, well above the minimum period of 30 days stipulated in the CEBS (Committee of European Banking Supervisors) guidelines.

Asset quality indicators

The asset quality indicators included amongst the recovery indicators outlined in the Bank Recovery and Resolution Act (BaSAG) illustrate any and all changes in Raiffeisenlandesbank Oberösterreich’s portfolio. The focus is placed on credit risk (including counterparty risk).

In addition to the limits determined internally (no regulatory minimum quotas), the threshold values for the asset quality indicators also include a further buffer in order to guarantee an optimal response or timely implementation of recovery measures before the recovery threshold is breached.

- The coverage ratio I or NPL coverage ratio reveals the associated level of loan loss allowances relative to non-performing loans. The ratio expresses the institution’s ability to absorb potential losses resulting from the non-performing portfolio. As at 31 December 2021, Coverage Ratio I at the individual bank level was 35.5% (previous year: 45.0%).

- Coverage ratio II refers to the level of loss allowances and securities allocated in relation to non-performing loans. The ratio expresses the institution's ability to absorb potential losses resulting from the non-performing portfolio. The difference between coverage ratio I and II is that coverage ratio II includes securities. As at 31 December 2021, Coverage Ratio I at the individual bank level was 82.6% (previous year: 75.6%).
- The rate of change in NPLs (in %) is a demonstration of the dynamic development in the portfolio of non-performing loans. This had a direct impact on the results and on the bank's equity. At the end of 2021, the rate of change in NPLs at the individual bank level for the year was 34.1% (previous year: -1.4%). The portfolio of non-performing loans increased compared to the previous year mainly due to the default of a large loan case.
- As at 31 December 2021, the NPL ratio (relationship between non-performing loans exposure and total risk exposure) at the individual bank level was 1.8% (previous year: 1.5%).

Key equity and solvency figures

Raiffeisenlandesbank Oberösterreich's Common Equity Tier 1 (CET 1) and Tier 1 (T 1) capital in accordance with the Capital Requirements Regulation (CRR) amounted to EUR 3,306.7 million at the end of 2021 (previous year: EUR 3,118.2 million). This increase was primarily the result of deducting expected payments and dividends from the calculated profit for the year.

As at 31 December 2021, Tier 2 capital (T 2) was stated at EUR 685.1 million (previous year: EUR 664.9 million). The increase is due to new additions.

Total Capital (TC) comprises Tier 1 capital and Tier 2 capital and increased to EUR 3,991.8 million as at 31 December 2021 (previous year: EUR 3,783.2 million).

The risk-weighted assets (RWA) is reported as at 31 December 2021 at EUR 27,094.2 million (previous year: EUR 25,010.9 million). The increase in risk-weighted assets results from the general business development in the areas of risk items in relation to institutions, companies and in the risk items collateralised by real estate.

As at the end of the 2021 financial year, in accordance with CRR the Common Equity Tier 1 capital and Tier 1 capital ratio stated was 12.2% (previous year: 12.5%) with a total capital ratio stated of 14.7% (previous year: 15.1%). The ratios are calculated on the total risk-weighted assets in accordance with Article 92 CRR.

In accordance with section 23 of the Austrian Banking Act, the capital maintenance buffer as of 31 December 2021 is 2.50%. This must be held in Common Equity Tier 1 capital. This anti-cyclical capital buffer is intended to function as an economic corrective measure during times in which credit growth exceeds GDP. It is equivalent to between 0% and 2.50% of the risk-weighted assets and is held in Common Equity Tier 1 capital.

As at 31 December 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 2022 will, similarly to 2021, be insignificant in size.

In accordance with section 23d of the Austrian Banking Act in conjunction with sections 6 and 7 of the Capital Buffer Regulation (KP-V) of the FMA, Raiffeisenlandesbank Oberösterreich was prescribed a buffer for systemic vulnerability (systemic risk buffer) and a buffer for systemically important institutions (O-SRI) of 0.5% in each case based on the consolidated situation of RBG OÖ Verbund eGen and on an individual basis as of 31 December 2021. These were reduced from 1.0% to 0.5% with Federal Law Gazette II No. 245/2021 and since then have to be held on an additive basis.

This results in the following statutory minimum capital requirements:

	31 Dec. 2021 IN %	31 Dec. 2020 IN %
Pillar 1		
Minimum requirement for Common Equity Tier 1 capital in accordance with CRR	4.500	4.500
Capital conservation buffer (CCoB)	2.500	2.500
Systemic risk buffer*	0.500	1.000
Buffer for Systemically Important Institutions (SIIs)*	0.500	1.000
Institution-specific countercyclical capital buffer	0.039	0.055
Pillar 2		
Capital requirements for Common Equity Tier 1 capital under Pillar 1 and Pillar 2	**8.039**	**8.055**
Minimum requirement for Common Equity Tier 1 capital in accordance with CRR	1.500	1.500
Capital requirement for Common Equity Tier 1 capital under Pillar 1 and Pillar 2	**9.539**	**9.555**
Minimum requirement for Tier 2 capital in accordance with the CRR	2.000	2.000
Capital requirements for the total capital under Pillar 1 and Pillar 2	**11.539**	**11.555**

* 31 December 2021: both buffers are to be considered on an additive basis
31 December 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, Raiffeisenlandesbank Oberösterreich has not had to take into account any additional Pillar 2 requirement (P2R) in the minimum capital requirements of Pillar 1 since 2020.

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

Institutional protection scheme

An IPS is a liability or indemnity agreement – created by means of a contractual agreement or through articles of association, statutes or charters – that provides protection for member banks in a decentralised banking group. Such an agreement sets out the terms on which the member banks stand together and provide mutual solidarity. Pursuant to Article 49 CRR, in the determining their capital and reserves credit, institutions must deduct their positions in equity instruments of other credit institutions, except where exempted under Article 49 (3) CRR in conjunction with Art. 113 (7) CRR as part of an existing IPS.

On 21 December 2020, Raiffeisen Bank International AG, the Regional Raiffeisen Banks and the Raiffeisen Banks submitted applications to the FMA and the ECB to establish a new institution-based protection scheme ("Raiffeisen-IPS") consisting of RBI and its Austrian subsidiary banks, all Raiffeisenlandesbanks and the Austrian Raiffeisen Banks and to join a cooperative under the name "Österreichische Raiffeisen-Sicherungseinrichtung eGen" for the purpose of statutory deposit protection and investor compensation pursuant to the Austrian Deposit Guarantee and Investor Compensation Act (ESAEG).

This new Raiffeisen IPS was approved with legal validity by the supervisory authorities ECB on 12 May 2021 and FMA on 18 May 2021, and this new IPS was also recognised as a deposit protection and investor compensation scheme in accordance with the ESAEG on 28 May 2021. The institutions of the Raiffeisen Banking Group Upper Austria withdrew from the AUSTRIA deposit guarantee scheme as of 29 November 2021. As of this date, Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS, formerly Sektorrisiko eGen) is the guarantee scheme responsible.

The existing institution-based protection schemes at federal and provincial level (B-IPS, L-IPS) were dissolved before the end of June 2021 in accordance with the notice for the Raiffeisen-IPS before transferring their special assets to the new Raiffeisen-IPS.

In Upper Austria, all members of the former L-IPS passed the necessary resolutions to join the new Raiffeisen-IPS. All members represented in the former L-IPS have therefore now also joined the new Raiffeisen-IPS.

ÖRS performs early risk identification and reporting for the Raiffeisen IPS and, in particular, manages the fund resources for the IPS and the fund for the statutory deposit guarantee. The Raiffeisen IPS is controlled by the Overall Risk Council, which is composed of representatives of RBI, the Raiffeisenlandesbanks and the Raiffeisen Banks. It is supported in the performance of its tasks by risk councils at the federal state level, among other bodies.

A new Raiffeisen IPS agreement was created with the IPS agreement dated 15 March 2021, replacing the previous IPS structure consisting of federal state IPSs and a national federal IPS. The new uniform Raiffeisen IPS comprises more than 350 Raiffeisen banks, the eight Raiffeisenlandesbanks and Raiffeisen Bank International AG.

The new Raiffeisen IPS represents an institution-related protection scheme pursuant to Articles 49 (3) and 113 (7) CRR and has also been recognised as a deposit protection scheme.

The basis for the uniform Raiffeisen IPS is the uniform and joint risk monitoring within the framework of the early detection system of Österreichische Raiffeisen-Sicherungseinrichtung eGen (ÖRS), which is responsible for managing the Raiffeisen IPS.

The Raiffeisen IPS also serves to ensure sufficient liquidity and solvency (solvency and minimum capital resources) of the parties to the agreement. On the one hand, this liability agreement means that the institutions do not have to deduct items in own funds instruments at the central institution from their actual own funds (Article 49 (3) CRR). On the other hand, institutions may exempt risk items in relation to other counterparties from the requirement to calculate risk-weighted exposure amounts (Article 113 (7) CRR).

The structure of the uniform Raiffeisen IPS is such that there are eight federal state groups within this IPS, consisting of the respective Landesbank and the Raiffeisen banks, as well as one federal group, consisting of the RBI and the eight Landesbanks.

The most important decision-making body of the Raiffeisen IPS is the overall risk council, which has, however, delegated its tasks to the federal risk council (for cases that can only be solved within the federal Group) and to the federal state risk council (for cases that can only be solved within the federal state Group), with the result that in reality the federal state risk council decides in the case of economic distress of a Raiffeisen bank or a federal state bank, provided that the claim can be solved within the respective federal state.

Exertion principle

Each member in the IPS shall first exhaust all possibilities at the institute level to avoid recourse to the IPS.

In the case of monetary measures, in the case of a Raiffeisen bank the pot of the federal state Group (tier 1 to 3) must be used first, in the case of a federal state bank the pot of the federal state Group (tier 1 to 3) must be used first and then the pot of the federal Group (tier 1 to 3), and in the case of the RBI the pot of the federal group (tier 1 to 3) must be used first. Only if the need exceeds this (spillover to the R-IPS) does the total risk council fall back proportionally on the other pots.

In the event of spillover to the total IPS, the member concerned and its group (in the case of Landesbanken, the federal state and federal group) are responsible for replenishing the special funds of the other pots as well, while maintaining their own capital limits. This responsibility does not alter the obligation of all members to replenish the special fund for the IPS as a whole.

Federal state group within the Raiffeisen IPS

As the central institution, Raiffeisenlandesbank Oberösterreich AG is a member of the federal state group in the Raiffeisen IPS, to which all Raiffeisen banks in Upper Austria, Kepler KAG and Raiffeisen-Kredit-Garantiegesellschaft mbH also belong. Österreichische Raiffeisen-Sicherungseinrichtung eGen performs the function of trustee for the assets to be managed and is therefore a party to the agreement. In the framework of the Upper Austrian federal state Group, the Risk Council was set up as a decision-making body with identical members to the members of the Managing Board of the Aid Association.

The establishment of the Raiffeisen IPS is intended to keep the affiliated institutions in a sustainable and economically sound condition, to safeguard their existence and in particular to ensure

- their liquidity and/or
- their solvency (solvency, solvability and minimum capital resources)

in order to avoid bankruptcy.

In order to have a complete and timely knowledge of possible risk situations of the individual members as well as of the Upper Austrian state group of the Raiffeisen IPS as a whole, an early detection system was set up, which is basically operated by ÖRS, but which uses the support of the regional organisation for the early detection of the members of the Upper Austrian federal state group.

The Aid Association prepares comprehensive economic evaluations of the members of the Upper Austrian federal state group on a quarterly basis and makes these available to the federal state risk council and the ÖRS. Irrespective of this, each member of the Raiffeisen IPS shall obtain a timely, detailed, accurate and economically sound picture of its current and short to medium-term economic situation. Within the framework of the Raiffeisen IPS, ÖRS prepares all required reports as well as the own funds control statement.

If the liquidity and/or solvency of a member or the entirety of the Upper Austrian federal state group is at risk, the federal state risk council shall decide on measures without delay, in particular if

- there is an undesirable economic development, or
- a member has made a request to that effect, in which case the risk council is not bound by the measures requested, or
- a member has breached the agreement.

At the same time, the federal state risk council is obliged to report to the ÖRS. The overall risk council as well as the other risk councils of the Raiffeisen IPS must be informed immediately about the measures initiated.

The measures must be geared towards the respective overall economic situation and the business situation of the member concerned and of the Upper Austrian federal state group as a whole in the best possible way; they may e.g. consist of:

- special reporting obligations
- management discussions
- sustainability analysis of the given business model of the member concerned
- development of structural and reorganisation concepts
- support in the recovery of problem loans
- offer to acquire assets
- provision of liquidity
- accounting assistance
- provision of own funds (in the broadest sense)

If an affected member makes use of a monetary measure (measurable in money/costs, e. g. restructuring, own funds or liquidity assistance), this may be made subject to conditions (conditions precedent or subsequent) and/or requirements in order to increase its effectiveness and efficiency, e. g.

- conditional repayment obligation with better-fortune agreement
- restructuring and streamlining of IT and settlement systems
- Reduction of assets
- change in the composition of the governing bodies, in particular the Executive Board
- development of new business divisions
- discontinuation of existing business divisions

A distinction must be made between two different types of monetary measures:

- annual payments to establish a special fund
- ad hoc payments

Annual payments to be made to Österreichische Raiffeisen-Sicherungseinrichtung eGen as trustee for the members to establish a special fund (stage 1), which are at the disposal of the federal state risk council for the purposes of this agreement and are managed by Österreichische

Raiffeisen-Sicherungseinrichtung eGen for the account of the members in accordance with the instructions of the overall risk council are prescribed by the federal state risk council. The total ex ante special assets were fixed at 0.5% of the RWA for the entire Raiffeisen IPS, with a detailed set of rules in the background for distribution within the Raiffeisen IPS between the federal state regions and the national federal level. The annual payments to be made by the members are determined or adjusted by the ÖRS risk council, taking into account the conditions prescribed by the supervisory authority for the establishment/reconstruction of the special fund (in particular the amount and deadline), whereby both the determination and the change of the assessment basis require a resolution of the risk council with a 2/3 majority.

If the special assets are not sufficient to fulfil the purpose of the agreement, the federal state risk council will prescribe ad hoc payments (stage 2).

Monetary measures in stages 1 and 2 must also be measured against section 39 of the Austrian Banking Act and must therefore be limited. At stages 1 and 2, the own funds limit consists of the minimum own funds (CET 1 ratio, T1 ratio and own funds total ratio) required by supervisory law to maintain the licence, plus a buffer of 10% in each case. All consolidation requirements relevant to the members must be taken into account (solo and KI/FH group view as well as the federal state group).

If the payments from stage 2 are also insufficient to fulfil the purpose of the agreement, the federal state risk council may prescribe additional ad hoc payments or other appropriate measures to the members.

Federal group within the Raiffeisen IPS

In addition, Raiffeisenlandesbank Oberösterreich is a member of the federal group within the Raiffeisen IPS, whose members also include Raiffeisen Bank International AG (RBI), as well as all Austrian Raiffeisenlandesbanks, Raiffeisen Wohnbaubank AG, Raiffeisen-Holding Niederösterreich-Wien reg. Gen. m.b.H., Posojilnica Bank eGen and Raiffeisen Bausparkasse GmbH.

Österreichische Raiffeisen-Sicherungseinrichtung eGen also performs the function of trustee here and operates the early detection system of the B-IPS.

The federal risk council was established as a decision-making body within the framework of the federal group within the Raiffeisen IPS. It decides on all matters exclusively concerning the federal group, the B-IPS agreement, its implementation, amendments as well as terminations.

Comprehensive economic evaluations of the members of the federal group of the B-IPS are prepared by ÖRS on a quarterly basis and made available to the federal risk council and the auditor general of the Austrian Raiffeisen Association. Irrespective of this, each member of the federal group of the B-IPS must obtain a timely, detailed, accurate, economically sound picture of its current and short to medium-term economic situation. Within the framework of the Raiffeisen IPS, Österreichische Raiffeisen-Sicherungseinrichtung eGen prepares all necessary reports for the entire R-IPS as well as the own funds control account.

If the liquidity and/or solvency of a member or the entire federal group of the B-IPS is at risk, the federal risk council must decide on measures without delay, in particular if

- there is an undesirable economic development, or
- a member has made a request to that effect, in which case the risk council is not bound by the measures requested, or
- a member has breached this agreement.

The measures must be geared towards the respective overall economic situation and the business situation of the member concerned and of the federal group of the B-IPS as a whole in the best possible way; they may e.g. consist of:

- special reporting obligations
- management discussions
- sustainability analysis of the given business model of the member concerned
- development of structural and reorganisation concepts
- support in the recovery of problem loans
- offer to acquire assets
- provision of liquidity
- accounting assistance
- provision of own funds (in the broadest sense)

If an affected member makes use of a monetary measure (measurable in money/costs, e. g. restructuring, own funds or liquidity assistance), this may be made subject to conditions (conditions precedent or subsequent) and/or requirements in order to increase its effectiveness and efficiency, e. g.

- conditional repayment obligation with better-fortune agreement
- restructuring and streamlining of IT and settlement systems
- Reduction of assets
- change in the composition of the governing bodies, in particular the Executive Board
- development of new business divisions
- discontinuation of existing business divisions

A distinction must be made between two different types of monetary measures:

- annual payments to establish a special fund
- ad hoc payments

Annual payments to be made to Österreichische Raiffeisen-Sicherungseinrichtung eGen as trustee for the members to establish a special fund (stage 1), which are at the disposal of the federal risk council for the purposes of this agreement and are managed by Österreichische Raiffeisen-Sicherungseinrichtung eGen for the account of the members in accordance with the instructions of the federal risk council are prescribed by the overall risk council. The total ex ante special assets were fixed at 0.5% of the RWA for the entire Raiffeisen IPS, with a detailed set of rules in the background for distribution within the Raiffeisen IPS between the federal state regions and the national federal level. The annual payments to be made by the members are determined or adjusted by the overall risk council of the ÖRS, taking into account the conditions prescribed by the supervisory authority for the establishment/reconstruction of the special fund (in particular the amount and deadline), whereby both the determination and the change of the assessment basis require a unanimous resolution.

If the special assets are not sufficient to fulfil the purpose of the agreement, the federal risk council will prescribe ad hoc payments (stage 2). Any such payments must also be made to Österreichische Raiffeisen-Sicherungseinrichtung eGen as trustee for the members.

Monetary measures in stages 1 and 2 must also be measured against section 39 of the Austrian Banking Act and must therefore be limited. At stages 1 and 2, the own funds limit consists of the minimum own funds (CET 1 ratio, T1 ratio and own funds total ratio) required by supervisory law to maintain the licence, plus a buffer of 10% in each case. All consolidation requirements relevant to the members must be taken into account (solo and KI/FH group view as well as the federal group and if applicable the federal state group).

If the payments from stage 2 are also insufficient to fulfil the purpose of the agreement, the federal risk council may unanimously prescribe additional ad hoc payments or other appropriate measures to the members.

It should be noted that the overall risk council is entitled to reassume the competences of the federal state risk council and the federal risk council described above at any time.

Non-financial performance indicators

Please refer to the separate non-financial report, including the information for the parent company for the 2021 financial year on the Raiffeisenlandesbank Oberösterreich website. The same applies to the disclosures and ratios for financial and non-financial companies that must already be disclosed in the 2021 financial year on the basis of the Taxonomy Regulation. For a brief summary, please also refer to the information in the “Sustainability and Corporate Social Responsibility” section under “General Information” in the Annual Report.

2. OUTLOOK AND RISKS FOR THE COMPANY

2.1. Expected development of the economic environment

More moderate growth rates worldwide

Economic activity is volatile, the business environment cloudy: the coronavirus pandemic remains a defining issue, as do ongoing problems in international supply chains. In addition, there is the new uncertainty caused by the Ukraine war, which further increases already high commodity and energy prices and therefore the increased inflationary trends worldwide, including the associated need for more rapid monetary policy action. More restrictive monetary policy also involves the risk of possible negative knock-on effects for emerging and developing countries (e.g. through currency devaluations). The OECD expects that global economic growth in 2022 could be more than one percentage point lower than the 4.5% still forecast in December 2021. In its report of 17 March 2022, the OECD increased the already high global inflation forecast for 2022 by another 2.5 percentage points in the international aggregate.

Slower growth in the USA and China slows down the global economy

Economic growth expectations for 2022 have been lowered for the two economic heavyweights USA and China in particular. For the US this is because of the dampening effect of the earlier and faster exit from the ultra-loose monetary policy and the ongoing disruptions in international supply chains. In China, recurring strict lockdowns due to the zero-COVID strategy and financial problems in the real estate sector are putting a dampener on the expected momentum.

Price pressure requires monetary policy responses

The rising price of energy and raw materials is proving to be more persistent than originally thought and is being fuelled even more by the Ukraine war. Base effects are only likely to come into play in the second half of 2022. In addition, shortages of various goods, the production of which is hampered by obstacles in international supply chains, or of their substitutes, are driving prices upward (e.g., new and used cars). In addition, although Russia and Ukraine as economies in themselves have subsidiary global significance, they play a globally important role in the supply of some selected raw materials (energy sources, fertilisers, agricultural products). Higher inflation is now manifesting itself on a broader basis in many countries, but the pressure from wages is still manageable for the most part. The increased inflationary tendencies are putting the central banks under pressure: the US Federal Reserve e.g. implemented its first interest rate hike in March 2022, plans to follow up with several more in 2022 and, to this end, is starting to reduce its large bond portfolio. The ECB also seems comfortable with the idea of an initial rate hike in 2022.

EU: good foundation for longer-term growth

For 2022 and 2023, the European Commission (document published on 10 February 2022) forecasts positive real GDP growth rates for each EU country, although in the short term the pandemic is likely to continue to have a significant impact on the economic cycle and new uncertainties from the armed conflicts in Ukraine, which, according to initial estimates by analysts, could cost around half a percentage point of the overall GDP growth of approx. 4% forecast for the EU for 2022. Nevertheless, the foundations for a sustained economic expansion in the EU remain positive: labour markets provide solid data, household savings and therefore potential consumer demand are very high and financing conditions are still comparatively favourable, in addition to the substantial funds from the EU Recovery and Resilience Plan, which are now fully available.

Consumption supports Austria's economy

As in many other countries, forecasts continually have to be revised downwards, as unhindered strong growth is being delayed by the pandemic, which has not yet been overcome and is continuing to flare up in waves, and by the new exogenous shock of the Ukraine war. Pent-up demand in consumption and the recovery of the services sector, especially the tourism sector, could help GDP to grow by just under 4% in 2022 following a recovery that was already quite strong in the previous year. Inflation has also risen to a multi-year high in Austria. Unemployment is low, but entrepreneurs complain about a lack of skilled workers, which is beginning to become an obstacle to production that should not be underestimated.

For Upper Austria also, the signs for 2022 are basically pointing towards strong economic growth, which in the short term, however, will be largely determined by the further course of the pandemic and the developments in Ukraine. As an industrial federal state, Upper Austria struggles in particular with international supply chain problems, high raw material and energy costs and a shortage of skilled workers. The highly export-oriented economy could benefit in the short term from a rising USA/eurozone interest rate differential and a potentially weaker euro as a result. Regional economic growth should also be supported by various innovations contained in the tax reform (e.g. the investment allowance).

2.2. Expected development of the company

The war in Ukraine and the related sanctions against Russia also have a significant impact on Raiffeisen Bank International, which is represented by subsidiary banks in Ukraine, Russia and Belarus. Please refer to the note “Events after the reporting date” in this regard.

A key factor for economic development in Austria and Europe is how to deal with the current high inflation rate. Inflation in Austria continues to be driven largely by high prices for raw materials and energy. Half of the rise in the price level is caused by the upturn in the global economy and worldwide supply and delivery bottlenecks, according to an economic report by the Austrian Institute for Economic Research (WIFO) in mid-February. While the US Federal Reserve is holding out the prospect of raising interest rates in the spring in response to inflation, Europe is more cautious. However, ECB President Christine Lagarde has recently no longer ruled out raising the key interest rate this year. The general APP (“Asset Purchase Programme”) was launched long before the coronavirus pandemic to stimulate the euro zone economy and accelerate weak inflation. The “Pandemic emergency purchase programme” (PEPP), under which the ECB has also been buying securities such as government bonds since the coronavirus crisis, is to be terminated as early as this spring.

The war in Ukraine, the pandemic and its after-effects, such as supply bottlenecks or shortages of raw materials, continue to slow down economic development. Nevertheless, we expect operating business performance at Raiffeisenlandesbank Oberösterreich and at the other Group companies to remain stable in 2022. The economic recovery is visible in many sectors, especially in industry where pre-crisis levels can be seen in many cases. Other sectors such as tourism, gastronomy and trade are directly and immediately affected by coronavirus measures, which means that these sectors face great uncertainty, with an eye on autumn 2022.

Raiffeisenlandesbank Oberösterreich will continue to focus intensively on customer orientation, in addition to efficient and targeted liquidity planning and management, and comprehensive risk management in combination with precise controlling. The aim is to provide comprehensive support to companies, institutions and private customers and to act as a stable partner in their projects. In addition to traditional financing, Raiffeisenlandesbank Oberösterreich continues to promote the provision of equity capital. The investment companies are not just providers of capital; they also support companies with expertise in many areas, such as controlling, liquidity management or restructuring.

The financial sector plays a central role in the efforts towards a more sustainable economy. New regulatory requirements for the implementation of the EU Green Deal give banks another socially important role in addition to their core tasks, and make them a central factor in implementing a sustainable economy for the purposes of the ESG (Environment – Social – Governance) regulations. Sustainability has always been and remains an integral part of the Raiffeisen DNA. Based on this strong set of values and the sustainability strategy, Raiffeisenlandesbank Oberösterreich is therefore implementing new initiatives that are essentially intended to harmonise three dimensions: economy, social affairs and ecology.

Raiffeisenlandesbank Oberösterreich is a strong driving force with its professional range of sustainable financial services, and is broadly and stably positioned through other business areas, such as equity investments. Businesses are offered a dedicated network and services that extend well beyond the norm as a result of a high level of cooperation between Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria.

Raiffeisenlandesbank Oberösterreich is responding to the increasing digitisation of the banking business with intelligent and user-friendly solutions. The needs and requirements of customers are more diverse today than ever before. That is why Raiffeisenlandesbank Oberösterreich develops products and solutions that can be tailored to the needs of individual customers. Building on numerous projects and initiatives, future-oriented strategies are also planned and efficiently implemented in the Raiffeisen Banking Group Upper Austria. As already discussed in the course of business, the ongoing project “Raiffeisen Banking Group Upper Austria 2025” will set the course for a successful future. Among other things, we are continuing to develop the customer-oriented business model on a broad basis.

At the same time, Raiffeisenlandesbank Oberösterreich is also implementing strategic goals developed in the future project “LEAD'25”. The term “Home of Financial Intelligence” was coined here as a vision. The premises for the initiated change process, which goes hand in hand with the implementation of a new organisation, are a radical customer orientation, a sustained increase in the Group's profitability, interdisciplinary work as well as flat hierarchies and bundling of know-how.

The entire banking sector is facing major challenges with digitisation. Raiffeisenlandesbank Oberösterreich's goal is not only to react to these changes and developments, but to actively drive them forward as an innovation pioneer and therefore provide strong momentum for the future. As a forerunner in the development and marketing of digital banking services, Raiffeisenlandesbank Oberösterreich has already set the tone in this area and wants to continue doing so in the future as a pioneer of innovation, and the company plans to continue along this path with the help of strong partners and broad-based collaborations.

2.3 Significant risks and uncertainties

The long-term success of Raiffeisenlandesbank Oberösterreich is largely dependent upon active risk management. To fulfil this aim, risk management has been implemented in accordance with sections 39 and 39a of the Austrian Banking Act and the Credit Institution Risk Management Regulation (KI-RMV), to facilitate the identification and measurement of all risks in the Group (credit risks, market risks, equity investment risks, liquidity risks, macroeconomic risks, operational risks and other risks) and to take active steps to 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 regularly given reports about the risk situation.

The different types of risks are quantified and managed as follows:

	Strategy and procedure for managing risk
Market risks	■ Ongoing quantitative controls using defined limits for risk and provisional gains and losses; ■ Daily calculation of the value at risk based on historical simulation as well as on stress tests; ■ Risk/earnings management via return on risk adjusted capital (RoRAC); ■ Treasury Rulebook as central regulatory framework;
Credit risk	■ Quantitative controls by limiting the asset volume for each division, as well as via individual and industry-based limitations; ■ Monthly determination of the credit value at risk within the scope of the ICA-AP (expected and unexpected loss, as well as stress tests); ■ Risk/earnings management via RoRAC; ■ Risk Management Handbook and Financing Handbook as central regulatory framework;
Equity investment risk	■ Risk calculation: the potential risk from equity investments is quantified using a simulation model based (where available) on existing external gains or losses (market capitalisations or figures from expert reports as at the relevant reporting date). In this model, the historical volatility observable in the market is applied to the inputs used in the experts' valuation method (generally the income approach to valuation) facilitating the calculation of statistically significant iterations. A similar procedure is used for publicly listed equity investments. The outcome is a distribution of probabilities for the individual equity investment values. This can then be used to determine the potential risk for the equity investments and thus for the entire equity investment portfolio. ■ Risk/earnings management via RoRAC; ■ Guideline "Early detection" of the Austrian Raiffeisen Guarantee Scheme eGen (ÖRS) as a central set of rules;
Liquidity risk	■ Quantitative controls of the structural liquidity risk using structural liquidity maturity transformation ratios (S-LFT) and gaps with the total assets (GBS ratio) for normal and stress cases, and by using the net stable funding ratio (NSFR) ■ Refinancing risks using funding liquidity value at risk (FLVaR); ■ Operational liquidity risk through daily calculation of the liquidity coverage ratio (LCR) and the survival period as well as through the operational liquidity maturity transformation ratios (O-LFT); ■ Limiting of intraday liquidity risk via alert monitoring of outward flows and regulation of the use of liquidity buffers; ■ Liquidity Risk Management Handbook and Liquidity Emergency Plan Handbook as a central regulatory framework;
Operational risk	■ (Self)-assessment and loss event database; ■ Risk is determined using the basic indicator approach (BIA); ■ Annual validation report on operational risk;
Macroeconomic risk	■ Quantification of macroeconomic risks as a result of an assumed recession via IFRS 9 scenarios and consideration in Pillar 2 via a deduction in the available coverage.
Other risks	■ Risk buffer approach as well as an additional flat-rate amount for other non-quantifiable risks as part of the risk-bearing capacity analysis

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 labour between front, middle and back office and risk controlling ensures that risks can be described comprehensively, transparently and objectively to the entire 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.

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

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

Raiffeisenlandesbank Oberösterreich also uses the principle of diversification on the basis of business partners, products, regions and sales channels to reduce its risks. In addition, derivative transactions are conducted almost exclusively with banks with which securities agreements are in place. Derivative financial instruments in the trading book are recorded at their fair value, with effect on the income statement. Derivative financial instruments in the banking book that are not used to manage interest rates and are not part of a hedging relationship are generally recognised in profit or loss in the event of a negative fair value. For those derivative financial instruments in the banking book that serve to manage interest rates, if there is a negative surplus for a functional unit per currency, then the change is recognised as income at the fair value from the previous year. The principle objective is establishing micro- and macro-hedges between underlying transactions (generally loans and bonds) and securities transactions (especially interest rate swaps) in order to reduce volatility in the balance sheet results. Provisions for contingent losses are recognised for negative fair values of derivatives in micro-hedges that are not fully effective. If there is a poor creditworthiness for a securities or underlying transaction with a micro-hedge, then an individual review takes place as to whether this micro-hedge needs to be released and, if applicable, a provision for contingent losses is thereby formed based on the imparity principle.

Both the value at risk as well as standardised shock scenarios are subject to limits. These risk management methods are also used in hedging. The total limit for these risks is decided on by the Managing Board after taking the risk-bearing capacity of the bank into consideration. The risk management system includes continuous checks on compliance with these limits. 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 and the method of historical simulation applied 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 on exogenous factors) are compared with the risks calculated and tested for significance.

Credit risk

The principles for assessing customers' creditworthiness are explained in the manuals entitled "RLB Group 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).

An organisational separation between front and back offices has been implemented.

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.

Both hard and soft facts are employed as creditworthiness criteria. In corporate customer business, soft facts are also defined systematically during discussions with the company and then adjudged.

Providing loan securities for loans is a crucial strategy aimed at reducing any potential credit risk. Recognised securities are set out in the "Group Securities Guidelines" with the associated valuation guidelines. The value of the securities is calculated using uniform methods which include pre-defined deductions, expert opinions and standardised calculation formulas. The securities is mapped and maintained in a central securities system.

Rating systems are differentiated according to the customer segments Corporates, Retail Customers, Projects, Banks, States, Federal States/Municipalities, Insurance Companies and Funds. A scoring system is used to automatically classify low-volume retail business with employed private customers.

This credit rating system is constantly being validated and developed. A validation report is compiled for this every year with a summary of the validation results. Qualitative and quantitative elements are used for validation. The qualitative validation focuses on reviewing and improving data quality and an analysis of compliance with the "RLB Group Rating Guideline". The quantitative validation involves an examination of the discriminant power, stability and calibration of the rating models.

Business transactions that result in a country risk may only be carried out if the resulting country risk is within the approved country risk limit.

Limitations on the industries are implemented at Raiffeisenlandesbank Oberösterreich using nominal limits based on the bank's exposure. The ICAAP credit risk for Raiffeisenlandesbank Oberösterreich as well as economic industry analyses form the basis for determining the nominal limits. The current limit utilisation can be queried by the consultant in the system. An assessment of the limited industries is also compiled and sent out monthly to the members of the Managing Board responsible for the markets and risk as well as financing.

The overall risk of all assets exhibiting counter-party default risk is assessed on a monthly basis. Risk may arise due to credit default, deterioration in creditworthiness or a reduction in the intrinsic value of 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 loss of value 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 risk. The portfolio value distribution is prepared on the basis of transition probabilities and correlations using a Monte Carlo simulation. The asset value model is applied to this end. The asset value model derives the correlations between the counterparties on the basis of the MSCI Sector Indexes. The unexpected loss per quantile is read from the portfolio value distribution. For customers in recovery (economic rating of 5.2 or 10C according to the 30-part rating scale), the credit risk is calculated following the ÖRS model. The credit risk of customers for whom specific valuation allowances have been recognised (economic rating of 5.1 or 10B according to the 30-point rating scale) or of customers with a material overdraft lasting more than 90 days (economic rating of 5.0 or 10B according to the 30-point rating scale) 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. The market data required for the portfolio value distribution (interest rates, credit spreads and sector indices) are updated every month.

The CVA risk represents the risk of a negative change in the fair value of OTC derivatives with an increase in the counterparty risk, and is accounted for by adjusting the fair value (credit-valuation adjustment) of a portfolio of transactions with a counterparty.

In the "Counterparty risk report" there is a structured presentation of Raiffeisenlandesbank Oberösterreich's counterparty risk for the purposes of internal risk control in the sense of the minimum standards for credit business and for general international standards ("ICAAP"). The structure and content of the Risk Report at Raiffeisenlandesbank Oberösterreich is also the standard for risk reports by the subsidiaries. The Risk Report is sent to the entire Managing Board each quarter.

Equity investment risk

Equity risk describes the danger of potential future value reductions for investments. The following types of risk are considered under equity risk:

- Risk of dividend default
- Risk of current value depreciation
- Risk of impairment losses
- Risk of additional regulatory contributions
- Risk of strategic (ethical) responsibility for restructuring
- Risks resulting from the reduction of hidden reserves

The potential risk from equity investments is quantified using a simulation model based on existing external valuations (as at the reporting date). In this model, the historical volatility observable in the market is applied to the inputs used in the experts' valuation method (generally the income approach to valuation) facilitating the calculation of statistically significant iterations. A similar procedure is used for publicly listed equity investments. The outcome is a distribution of probabilities for the individual equity investment values. This can then be used to determine the potential risk for the equity investments and thus for the entire equity investment portfolio.

Liquidity risk

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

Ensuring that there is sufficient liquidity takes top priority at Raiffeisenlandesbank Oberösterreich as the central institution for the Raiffeisen Banking Group Upper Austria. Liquidity has to be safeguarded at all times. The refinancing strategy therefore focuses on achieving the best possible diversification – both in terms of products (fixed-term, savings and demand deposits, senior funding through bonds and promissory note loans, covered bonds, interbank refinancing and equity instruments) and in terms of distribution channels and/or customers. This includes sales of the Bank's own issues directly to retail customers through Raiffeisenlandesbank Oberösterreich and the Raiffeisen banks in Upper Austria together with institutional funding through placements with institutional investors, either directly through the investment sales activities of Raiffeisenlandesbank Oberösterreich or through international intermediary banks. Further funding is available in the form of direct primary funding from deposits by Raiffeisenlandesbank Oberösterreich's retail and business customers and indirect primary funding from customer deposits at Upper Austrian Raiffeisen banks invested with Raiffeisenlandesbank Oberösterreich. Development banks are also used as direct sources of funding for lending.

Liquidity and liquidity risk at Raiffeisenlandesbank Oberösterreich is managed in a control loop between the Asset Liability Management, Risk Management ICAAP & Market Risk, and Raiffeisen Bank Business Administration departments. The Asset Liability Management department is responsible for liquidity management, while Risk Management ICAAP & Market Risk is responsible for liquidity risk management. The Asset/Liability Management Committee represents a crucial element in overall bank control as a cross-divisional body with responsibility for tasks related to asset/liability management and liquidity management.

The Upper Austrian Raiffeisen banks are integrated into the liquidity management system by means of the liquidity management agreement – concluded with Raiffeisenlandesbank Oberösterreich and with the Aid association of the Raiffeisen Banking Group. The objective of this agreement is to secure the supply of liquidity in Upper Austria. Every Raiffeisen bank plans and manages its own liquidity; Raiffeisenlandesbank Oberösterreich, as the central institution for the Raiffeisen Banking Group Upper Austria, plans and manages the liquidity for the sector. Communication with the Raiffeisen banks takes place via the Raiffeisen Bank Business Administration department. A liquidity committee is also set up which is made up of representatives from Raiffeisenlandesbank Oberösterreich, the Raiffeisen banks and the Raiffeisen Association of Upper Austria, and which deals with current topics and/or develops countermeasures when the liquidity position is under pressure.

In Raiffeisenlandesbank Oberösterreich, in addition to the uniform sector liquidity emergency plan defined for the Austrian Raiffeisen Banking Group, Raiffeisen Banking Group Upper Austria also has its own liquidity emergency plan, which governs processes, responsibilities and actions in the event of a liquidity crisis.

Since 15 March 2021, there has also been an agreement on the "Institutional Protection Scheme" for the Raiffeisen Sector Austria ("Raiffeisen-IPS", or "R-IPS" for short). All Raiffeisen institutions – from the central institution RBI and the regional Raiffeisenlandesbanks to the primary level of Raiffeisen banks – as well as various sector institutions are part of this IPS. Maintaining liquidity is part of the tasks of this IPS.

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. Whereas the normal scenario takes into account liquidity inflows and outflows based on the current market conditions (going concern), the crisis scenarios are based on an assumption of a deterioration in cash flows in certain projected market situations. In the reputational crisis scenario, the deterioration in conditions is triggered by damage to the Raiffeisen image (for example, as a result of negative reporting), but the systemic crisis scenario assumes a general crisis. The scenario problem/combined crisis is defined as a combination of reputation and system crisis.

All the scenarios involve the calculation of the anticipated inflows and outflows to determine resulting liquidity gaps, which are then compared against a liquidity buffer comprising liquid assets. The following ratios are then determined and limited on the basis of this comparison:

- The operational liquidity maturity transformation ratio (abbreviated in German to "O-LFT") for operational liquidity for up to 18 months is formed from the ratios of assets to liabilities accumulated from the beginning over the maturity band. Limiting the operational liquidity maturity transformation ratio (O-LFT) ensures that the risk appetite, i.e. the liquidity outflows in relation to the liquidity inflows taking into account the liquidity buffer, does not exceed a certain level.
- For the structural liquidity maturity transformation (S-LFT), the key figure is formed by taking the ratios of assets to liabilities calculated by going backwards from the end of the maturity band. The limitation of the S-LFT ensures that risk appetite in connection with longer maturities (taking the form of insufficiently long funding arrangements) is limited.
- The GBS (German abbreviation for the gap between the ratio total and total assets) ratio is formed by taking the ratios of the net positions per maturity band to total assets and shows any excessive funding risks. Therefore, this also limits risk appetite.

The following are also the key pillars for managing liquidity and liquidity risk at Raiffeisenlandesbank Oberösterreich:

- Operational liquidity is also measured, in addition to the aforementioned O-LFT, against the Liquidity Coverage Ratio (LCR) as well as a survival period.
- The intraday liquidity risk is also monitored and restricted using limitation.
- The structural liquidity is also measured against the net stable funding ration (NSFR).
- Funding risk gauges the loss of assets related to increased liquidity costs associated with closing liquidity gaps as a result of a price increase for funding, which will not – with 99.9% certainty – be exceeded within 250 trading days.
- A quantitative liquidity emergency plan is prepared on a weekly basis.

From the gap analysis below it can be seen that there is only a low liquidity risk in the individual maturity periods. 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 2021, a significant 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) (EUR 618 million of which was made available to the Upper Austrian Raiffeisen banks). 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 year. The maturity structure of the liquidity buffer does not show any significant concentration of expiring securities within the next three years, apart from retained underlying own issues, which can be re-issued at maturity due to the cover pool reserved for this purpose. The vast majority of securities held as a liquidity buffer have a residual term of more than three years.

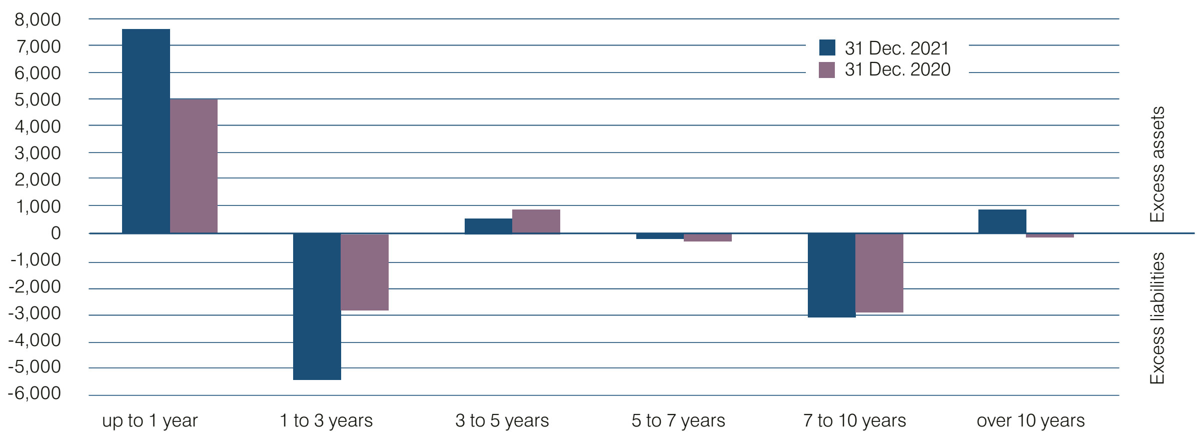
Operational risk

Raiffeisenlandesbank Oberösterreich defines operational risk as the risk of loss caused by the inappropriateness or failure of internal processes, people or systems – including IT risks – or caused by external events. Raiffeisenlandesbank Oberösterreich uses the basic indicator approach to quantify operational risk. Raiffeisenlandesbank Oberösterreich uses both organisational measures and IT systems to limit this type of risk as far as possible. A high degree of security is attained by means of limit systems, competence regulations, a risk-adequate internal control system, a comprehensive security manual as a behaviour code and directive, as well as scheduled and unscheduled audits by Internal Auditing. The operative management of this type of risk involves risk discussions and analyses with managers (early warning system) and the systematic recording of errors in a database for analysis (ex-post analysis).

Macroeconomic risk

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 of 99.9% of the risk-bearing capacity analysis as a deduction item in the cover assets and thus increases the risk utilisation.

Raiffeisenlandesbank Oberösterreich liquidity gaps in EUR millions*



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

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 is performed from two perspectives, the economic and the normative perspective:

- From the economic perspective, risk-bearing capacity analysis compares the group risk with the available risk coverage, in order to be certain that, with a confidence level of 99.9%, sufficient capital for risk coverage would be available.
- In the normative view of the risk-bearing capacity analysis, the balance sheet risks in the income statement and their impact on the capital ratios are examined.

Procedures and methods for supervisory monitoring and evaluation

In the course of the annual report, the result of the institution's own procedure for assessing the adequacy of internal capital is published in the chapter "Regulatory consolidated own funds pursuant to Section 64 (1) (16 et seq.) of the Austrian Banking Act". Raiffeisenlandesbank Oberösterreich always significantly overachieves the SREP ratio for Common Equity Tier 1 capital that is stipulated by the authority.

Stress tests

Integrated stress tests covering all risk types are also carried out in addition to the isolated stress tests for the individual risk types. These consider the impact on the income statement as well as on capital resources, and also present the impact on the risk utilisation.

Impact on profit and loss

The resulting risk parameters are determined based on stressed macroeconomic conditions and an aggregated view of potential losses covering all types of risk is presented. The impact on the income statement is considered and the resulting capital resources are ascertained for the end of the stress test period. The analysis is based on a stress test covering multiple periods, in which hypothetical market developments are simulated with a significant economic downturn. The risk parameters used include interest rates and exchange rates, as well as changes to the probabilities of default in the credit portfolio.

Impact on risk-bearing capacity

The objective is to analyse the risk-bearing capacity under stress conditions for all types of risk and the risk coverage. The stressed credit risk or equity investment risk is determined by simulating deteriorations in the ratings of individual Borrowers that are in an industry that is significant to Raiffeisenlandesbank Oberösterreich. The effects of spread changes on the exposure or risk is also taken into account. A negative trend for the interest rate curve or the credit spread is assumed in the Market Risk area. Three defined scenarios (problem, reputational risk and systemic crisis) are simulated with the refinancing risk resulting from this then defined. Default on the part of the biggest Borrowers is also simulated with an illustration of the operational harm.

EBA/SSM SREP stress test

The impact on the income statement and therefore on the capital ratios is also considered within the scope of the EBA or SSM-SREP stress test. The time frame is three years and is implemented in accordance with the methods stipulated by the authority.

Risks from the coronavirus pandemic

Credit risk development

The year 2021 continued to be characterised by the coronavirus pandemic, different phases of normality and restrictions through to renewed lockdowns.

Although the COVID-19 vaccination has recently proven to be very effective against severe coronavirus, it unfortunately does not (yet) offer the hoped-for general protection against infection.

The consequences of the renewed necessary restrictions on public life were very different for the individual economic sectors. While some sectors more than made up for lost sales due to lockdowns after the restrictions were lifted, other sectors – such as the catering and hotel industry or close contact services – did not make up for lost sales. However, these sectors have been helped by various forms of support from the public sector, ranging from short-time work to compensation for revenues and costs, some of which have been quite generous. All in all, these support measures have contributed to the fact that the feared wave of insolvencies has failed to materialise. Some supply chains remain disrupted or unbalanced, which is particularly challenging for the industrial sector in certain industries.

After the process for managing the pandemic had developed into a kind of new normality, the working group that had been set up at the beginning of the pandemic and consisting of staff from the market and risk management departments was disbanded.

The analyses and methods developed in the course of the pandemic were transferred to normal operations. This concerns, for example, the assessment of the impact of government restriction measures and the associated measures for the Bank's portfolio.

Due to the renewed restrictions on public life and thus on the development of the economy as at 31 December 2021, the following balance sheet measures were implemented:

In the course of a management override, the negative economic development of 2020 was still used to determine the risk parameters and the positive economic development of 2021 was therefore only included in the risk parameters to a limited extent.

Retention of the additional flat-rate deductions for hotel collateral approaches.

These measures have therefore led to higher value adjustments in 2021, as the idea that the economy will not pick up to the expected extent cannot be ruled out.

The portfolio value adjustments, which are higher than indicated by the model due to the management override, form a corresponding hedge should the increase in loan defaults originally expected for 2021 occur with a delay.

From the liquidity perspective of the companies, the increased need for bridging finance has initially reduced significantly in the course of 2021 and ultimately returned to normal, 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 programmes took place not least due to the bonus interest that can be and was taken advantage of with corresponding credit growth.

While in the IFRS accounting the positive economic situation and the accompanying development of stock market prices also had a positive effect on the investment positions of Raiffeisenlandesbank Oberösterreich, these trends played no role in the accounting according to the Commercial Code. Only the profit from the merger with HYPO Salzburg is relevant here. 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 in the economic perspective of the risk-bearing capacity analysis.

Operational protective measures

While a number of operational restrictions and protective measures were lifted at the end of the first half of the year due to the sharp decline in COVID infections, these restrictions had to be reintroduced after the number of infections increased in autumn 2021.

More than 85% of the employees currently fulfil the 2G status of people who are fully immunised or have recovered from the virus, not least due to the offer of a company vaccination site in the first half of 2021 for first and second vaccinations and in autumn for the booster vaccination.

The operational protective measures are also continuously adapted to the current incidence rates, including measures such as more people working from home offices, the wearing of FFP2 masks, restrictions on the number of people at face-to-face meetings and regular testing.

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.

Staff must generally work from home on one or two days per week, including after the end of the pandemic. The reduced travel activities associated with this also make a sustainable contribution towards climate protection.

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 "Österreichischen Raiffeisen-Sicherungseinrichtung eGen".

The act anticipates the establishment of a deposit guarantee fund that is stocked by annual contributions from banks. The target volume, which must be reached by 2024, is 0.8% of covered deposits. If these funds are 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.

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

Due to the deposit guarantee scheme cases Anglo Austrian AAB AG (formerly Meinl Bank AG) and Commerzialbank Mattersburg im Burgenland AG there were additional burdens on the fund contributions. In the Raiffeisen sector, this led to the re-establishment of a separate Raiffeisen deposit guarantee scheme ("Österreichische Raiffeisen-Sicherungseinrichtung eGen"), which has been active since 29 November 2021.

Another guarantor for the security of deposits is the Austria-wide institutional protection scheme (Raiffeisen-IPS), which was newly founded in 2021 and which both Raiffeisenlandesbank Oberösterreich and all Upper Austrian Raiffeisen banks have joined.

Bank Recovery and Resolution Act (BaSAG)

The Banking Recovery and Resolution Directive (BRRD) came into force with effect from 1 January 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 eGen created the 2021 group recovery plan based on this legal position, and this includes the specifics related to Raiffeisenlandesbank Oberösterreich.

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

For the purposes of the stress test associated with the recovery plan under the BaSAG, the bank's recovery potential was ascertained in two different scenarios, whereby both a systemic crisis and a combined crises were considered, in the characteristics slow and slow/rapid. In terms of stringency, the scenarios meet the criteria of the EBA Guideline 2014/06.

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.

3. RESEARCH AND DEVELOPMENT

The “Digital regional bank” programme is a key future project. The aim is to open new, previously unexploited pathways and network with existing structures. On the one hand, the “Digital Regional Bank” is intended to promote and accelerate product innovations. On the other hand, the project should also help to further strengthen customer confidence, secure new market shares and further expand our quality leadership. Standardisation is also intended to increase efficiency. In particular for the granting of subsidised loans, a separate committee (policy decision committee) was set up at Raiffeisenlandesbank Oberösterreich for faster processing, focusing on the following issues: the content includes online projects (app, My ELBA, website, digital business, product purchase channels, WILL – digital asset management etc.), advisory projects (SMART advice, wish planner for customers, product finders, product purchase journeys for advisers etc.), and the development of an omni-channel platform and analytics. An omni-channel management system is being developed that orchestrates the channels and delivers the right offer to the customer via the right channel.

A central element is the development of a personal finance portal known as “My ELBA”. As a central hub, “My ELBA” will play an increasingly more important role in customer relations in future. The finance portal which can be customised by users also primarily serves as an important platform for communications between customers and the Bank. The services provided by this core customer platform are rounded off by the facility to send suitable product proposals to customers with an option that allows customers to sign up to the product immediately. Online account opening, credit card applications, credit requests by means of immediate credit or online loans will give customers the opportunity to manage their own financial life digitally and around the clock. These digital options are being consistently expanded on an ongoing basis. Going forward, customers will be offered a unique, overarching standardised service based on the integration and joint further development of an omni-channel strategy in the “SMART new advice”, “Customer contact centre”, “Analytics omnichannel processes” and “My ELBA” projects.

Customer behaviour is changing constantly and rapidly. Modern software architecture must be able to cope with these changes. One important aspect of this is the consistent use of APIs for communication between individual components in the software landscape. This makes it possible to quickly adapt components and integrate third-party and standard software into one's own system landscape.

“Bank on your smartphone” is more than just a trend, it is a central component of many products and services that Raiffeisenlandesbank Oberösterreich offers its customers. The past year with its special challenges has further strengthened this. The requirements to be able to use banking services and products from home, contactless payment at retailers, and the use of e-commerce are becoming more and more prevalent among the masses. Raiffeisenlandesbank Oberösterreich stays abreast of these changes and offers its customers numerous options in this regard.

The already wide-ranging options for mobile payments on smartphones were expanded to include another payment option in 2021. This means that Raiffeisen customers can also link their debit card to a LAKS wearable. The portfolio of modern, digital and mobile payment options thereby includes ELBA-pay, Apple Pay, Bluecode, Garmin Pay and LAKS Pay.

In 2021, Raiffeisen Oberösterreich already processed more than 53 million contactless payments, which equates to about 84% of all payments made with debit cards. Approximately 4 million transactions have already been made with smartphones. Since the end of 2020, the last payment terminals in Austria have been NFC-capable, making simple contactless payments possible everywhere. All transaction cards issued by Raiffeisenlandesbank Oberösterreich have long had the necessary NFC technology for contactless payment.

The Raiffeisen express transfer system makes the European instant payment standard available to Raiffeisen customers through “My ELBA”, the “My ELBA” app, Raiffeisen Smart Office and in “ELBA-business”. Customers can use the new bank transfer in a matter of seconds around the clock and 365 days a year.

In addition, for all transactions within the Raiffeisen Banking Group Upper Austria that are ordered via “My ELBA” or the “My ELBA” app, we guarantee that the payment will be credited directly and immediately, at any time, to the recipient's account – just like an instant payment transaction.

In the area of process digitisation, 2021 was characterised by a large number of digitised product transactions in the bank branches. The focus was increasingly on highly frequented products such as account investment and debit cards. In addition, Raiffeisenlandesbank Oberösterreich was able to roll out a comprehensive modern, digitised and optimal process for customer base management.

The deployment and use of application sections was accelerated in the area of online product conclusion. More than 26,000 products were opened online in 2021. This way, Raiffeisen Oberösterreich customers can e.g. easily and conveniently use the application sections “Instant Loan” (where they can take out an instant loan up to EUR 4,000 in the “My ELBA” app), “Online Loan” (in “My ELBA” up to EUR 30,000), “Online Savings”, “Online Account” and many more function from the comfort of their home. Proof of identity for new customers is verified by video link, eps payment or directly in a bank branch.

Raiffeisen Österreich works in collaboration with its partner finleap connect GmbH to offer customers a fully automated online account-switching service, making it easy for new customers to move their account to Raiffeisen.

As part of its educational and training programmes, Raiffeisenlandesbank Oberösterreich employs e-learning, blended-learning modules and webbased training sessions. Raiffeisenlandesbank Oberösterreich has developed its own e-learning platform and serves as a competence centre in this regard for Raiffeisen Österreich.

At the Raiffeisenlandesbank Oberösterreich computer centre GRZ IT Center GmbH, cutting-edge IT security standards and methods are constantly being designed and implemented. In addition to various ISO and ISAE certifications, we are constantly working on projects to further increase technical security. In addition, there are also constant initiatives to further raise security awareness among employees in dealing with infrastructure, systems and data.

The prevention of fraud in payment transactions faces new challenges in the age of real-time payment transactions. Using applications with artificial intelligence (AI), Raiffeisenlandesbank Oberösterreich will be able to ensure faster checking and evaluation of transactions, faster reaction to new forms of fraud and improved identification of fraudulent transactions.

4. REPORT ON THE MOST IMPORTANT ASPECTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE ACCOUNTING PROCESS

The accounting-related internal control systems at Raiffeisenlandesbank Oberösterreich relate to the process drafted and executed by the Managing Board and those persons entrusted with monitoring the company, with the aim of achieving the following objectives:

- Effectiveness and economic viability of the accounting process (this also includes protecting assets from losses caused by damage and misappropriation),
- Reliability in the financial reporting
- Compliance with the statutory provisions that apply to accounting.

Balanced and complete financial reporting is an important goal for Raiffeisenlandesbank Oberösterreich and its board members. The task of the internal control system is to support management in such a way that it guarantees effective and constantly improving internal controls in the context of accounting. The basis on which annual financial statements are prepared is derived from the Austrian legislation, primarily the Austrian Commercial Code and the Austrian Banking Act, which govern the composition of separate annual financial statements.

Control environment

The structure of the internal control systems is determined via the control environment. The control environment is determined through awareness on the part of the managers and executives of good corporate governance. The Managing Board of Raiffeisenlandesbank Oberösterreich bears overall responsibility for the design and effectiveness of the internal control system. The general control environment includes the middle management level (heads of organisational units) in addition to the Managing Board.

The code of conduct reflects the cooperative principles at Raiffeisen and the values of Raiffeisenlandesbank Oberösterreich and serves as a binding framework of rules and regulations governing the conduct of day-to-day business activities. The internal control system is geared towards the size and type of business operated at Raiffeisenlandesbank Oberösterreich (in terms of complexity, diversification, risk potential) and towards the statutory regulations to be followed. The current version of the Code of Conduct was published on Raiffeisenlandesbank Oberösterreich's website.

The Fit & Proper Policy represents the written definition of the strategy for the selection of and procedure for assessing the suitability of members of the Supervisory Board, executive management and employees in key functions and complies with the professional values and long-term interests of Raiffeisenlandesbank Oberösterreich. The principles for the remuneration policy in accordance with section 39b of the Austrian Banking Act or Article 92 et seq CRD are adhered to as applicable.

Risk assessment

The risk assessment is a dynamic and iterative process for identifying and assessing risks. Risks which represent obstructions towards achieving certain objectives must be identified in good time, with appropriate actions introduced. The responsibilities for assessing and controlling the risks in accordance with section 39 of the Austrian Banking Act or CRR/CRD as well as the CEBS/EBA standards are regulated at Raiffeisenlandesbank Oberösterreich. The requisite functional separation is ensured with this.

At Raiffeisenlandesbank Oberösterreich, the organisational units Risk Management, ICAAP & Market Risk and Risk Management Credit, Regulatory Reporting, Operational Risk are responsible for the development and provision of risk measurement procedures and IT risk management systems; they prepare the results and risk information required for active risk management and report accounting-relevant information in connection with risk monitoring to the Managing Board accordingly.

Major risks related to accounting procedures are assessed and monitored by the Managing Board.

Control measures

Principles and procedures for complying with company decisions are set up and published in order to provide safeguards against risks and to achieve the corporate objectives. The effectiveness, traceability and efficiency of the internal control system essentially depend on the balanced mixture and proper documentation of the different control activities. Specific control and monitoring activities have been set out for this.
Appropriate control measures are applied in ongoing business processes to ensure that potential misstatements or deviations in financial reporting are prevented, or identified and corrected. Such controlling measures range from examination of period results by management and the specific reconciliation of accounts and an analysis of ongoing accounting processes.

The Group accounting unit was responsible for the preparation of the Annual Financial Statements. The employees responsible for accounting and the manager of the organisational unit for group accounting are responsible for the complete disclosure and correct evaluation of all transactions brought to their attention.

Information and communication

The annual financial statements, including the management report, are discussed by the Audit Committee. The annual financial statements are also submitted to the Supervisory Board for approval. They are published as part of the Annual Financial Report, on the company's own website and in the official gazette of the Wiener Zeitung, and then are entered into the Company Register. The Annual Financial Statements are based on processes that are standardised and uniform throughout the company. Balancing and evaluation standards are defined by Raiffeisenlandesbank Oberösterreich and are binding for the preparation of the Annual Financial Statements.

Functional information and communication channels are set up and are supported, recorded and processed using suitable IT applications, so that information can be identified, recorded and processed on time before being forwarded to the relevant levels within the company.

Monitoring

The monitoring of the processes is the responsibility of the Managing Board and the relevant heads of the organisational units. The ICS activities in the Group are currently carried out by the Operational and Non-Financial Risks unit.

The auditing function is performed by the Group Auditing department of Raiffeisenlandesbank Oberösterreich. The head of the Group Audit division reports directly to the Managing Board of Raiffeisenlandesbank Oberösterreich. Group-wide, auditing-specific policies apply for all auditing activities, and these policies are minimum standards for internal auditing according to Austrian financial market oversight as well as international best practices.

Linz, 5 April 2022
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

ANNUAL FINANCIAL STATEMENTS 2021 OF RAIFFEISENLANDESBANK OBERÖSTERREICH AKTIENGESELLSCHAFT

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

ASSETS	31 Dec. 2021 IN EUR	31 Dec. 2021 IN EUR	31 Dec. 2020 IN EUR '000	31 Dec. 2020 IN EUR '000
1. Cash in hand and balances at central banks		129,852,994.82		110,347
2. Public-sector debt instruments and bills of exchange eligible for refinancing at the Austrian Central Bank:				
a) Public sector debt issues and similar securities	1,940,424,200.40		1,759,963	
b) Bills of exchange eligible for refinancing at central banks	0.00	1,940,424,200.40	0	1,759,963
3. Loans and advances to banks:				
a) payment on demand	11,922,987,330.52		8,966,771	
b) Other loans and advances	2,245,566,688.05	14,168,554,018.57	2,309,350	11,276,121
4. Loans and advances to customers		25,754,891,846.31		22,762,835
5. Bonds and other fixed-income securities:				
a) from public issuers	0.00		0	
b) from other issuers	1,450,609,488.87	1,450,609,488.87	1,455,803	1,455,803
including:				
own debt securities	13,301,938.42		10,721	
6. Shares and other variable-yield securities		1,446,654,911.23		1,441,175
7. Equity investments		375,342,496.69		373,386
including:				
in banks	6,512,498.04		6,359	
8. Investments in affiliates		1,761,286,711.42		1,874,548
including:				
in banks	3,140,424.55		152,228	
9. Intangible fixed assets		18,192,439.50		9,968
10. Property, plant and equipment		44,965,984.98		
including:				29,049
Land and buildings used by the bank in the course of its own operations	32,517,727.58		18,888	
11. Shares in companies with a controlling or majority holding		0.00		0
including:				
nominal value	0.00		0	
12. Other assets		315,022,460.17		294,388
13. Subscribed capital for which payment has been requested but not yet paid		0.00		0.00
14. Prepaid expenses		28,694,353.35		25,978
15. Deferred tax assets		70,373,856.29		72,346
Total assets		**47,504,865,762.60**		**41,485,907**
1. Foreign assets		13,709,927,915.45		13,400,565

EQUITY AND LIABILITIES	31 Dec. 2021 IN EUR	31 Dec. 2021 IN EUR	31 Dec. 2020 IN EUR '000	31 Dec. 2020 IN EUR '000
1. Amounts owed to banks:				
a) Payment on demand	4,769,268,062.28		5,289,245	
b) With a fixed term or withdrawal date	15,160,093,198.24	19,929,361,260.52	12,331,514	17,620,759
2. Amounts owed to customers:				
a) savings deposits	1,359,656,772.03		847,679	
including:				
aa) payment on demand	968,121,252.15		223,942	
bb) with a fixed term or withdrawal date	391,535,519.88	13,840,141,557.47	623,737	11,115,445
b) other liabilities	12,480,484,785.44		10,267,765	
including:				
aa) payable on demand	8,153,548,492.46		6,562,880	
bb) with a fixed term or withdrawal date	4,326,936,292.98		3,704,885	
3. Liabilities evidenced by certificates:				
a) debt securities	4,841,113,032.31		4,681,670	
b) other liabilities evidenced by certificates	3,728,412,583.36	8,569,525,615.67	3,278,396	7,960,066
4. Other liabilities		212,025,454.71		182,411
5. Deferred income		87,235,161.46		88,873
6. Provisions:				
a) Provisions for severance payments	52,352,369.82		40,870	
b) Provisions for pensions	34,610,344.89		21,290	
c) Tax provisions	17,431,132.31		29,718	
d) Other	246,138,053.28	350,531,900.30	228,969	320,847
6.a Fund for general bank risks		0.00		0.00
7. Tier 2 capital according to Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013		1,020,538,419.98		919,449
8. Additional Tier 1 capital according to Part 2 Title I Chapter 3 of Regulation (EU) No 575/2013		0.00		0
including:				
Compulsory convertible bonds in accordance with Section 26 of the Austrian Banking Act	0.00		0	
8.b Instruments without voting rights according to section 26a of the Austrian Banking Act		0.00		0
9. Subscribed capital		277,630,343.36		277,630
10. Capital reserves:				
a) non-distributable	824,230,812.41		824,231	
b) distributable	149,991,600.00	974,222,412.41	149,992	974,222
11. Retained earnings:				
a) legal reserve	0.00		0	
b) reserves under articles of association	0.00		0	
c) other retained earnings	1,798,661,399.03	1,798,661,399.03	1,585,988	1,585,988
12. Liability reserve pursuant to section 57 (5) of the Austrian Banking Act		397,504,627.40		352,681
13. Net income for the year		47,487,610.29		87,536
Total equity and liabilities		**47,504,865,762.60**		**41,485,907**

EQUITY AND LIABILITIES	31 Dec. 2021 IN EUR	31 Dec. 2021 IN EUR	31 Dec. 2020 IN EUR '000	31 Dec. 2020 IN EUR '000
1. Contingent liabilities		3,183,102,151.09		3,005,669
including:				
a) Acceptances and endorsed bills of exchange sold	0.00		0	
b) Liabilities from indemnity agreements and guarantees from the pledging of collateral	3,166,384,459.69		2,989,356	
2. Credit risks		7,221,015,686.09		6,829,276
including:				
Liabilities from repurchase transactions	0.00		0	
3. Liabilities from trust fund transactions		5,367,173.28		10,057
4. Eligible capital according to Part 2 of Regulation (EU) No 575/2013		3,991,779,484.68		3,783,184
including:				
Tier 2 capital pursuant to Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013	685,063,442.70		664,992	
5. Own funds requirements according to Article 92 of Regulation (EU) No 575/2013		27,094,176,519.78		25,010,897
including:				
own funds requirements according to Article 92 (1) (a) of Regulation (EU) No 575/2013 (b)	12.20 %		12.47%	
own funs requirements according to Article 92 (1) (b) of Regulation (EU) No 575/2013	12.20 %		12.47%	
own funds requirements according to Article 92 (1) (c) of Regulation (EU) No 575/2013	14.73 %		15.13%	
6. Foreign liabilities		5,174,433,700.57		5,328,651

INCOME STATEMENT 2021

	2021		2020	
	IN EUR	IN EUR	IN EUR '000	IN EUR '000
1. Interest and interest-related income		577,834,635.97		627,574
including:				
from fixed-interest securities	52,318,043.58		53,051	
2. Interest and interest-related expenses		-214,788,843.27		-323,814
I. NET INTEREST INCOME		363,045,792.70		303,760
3. Income from securities and investments:				
a) Income from shares, other				
equity interests and variable-yield securities	24,667,903.46		28,052	
b) Income from investments	10,938,811.32		5,302	
c) Income from investments in affiliated companies	68,063,163.24	103,669,878.02	88,751	122,105
4. Fee and commission income		193,930,246.19		152,630
5. Fee and commission expenses		-42,693,379.00		-36,362
6. Income from/expenses in financial operations		9,040,922.06		10,142
7. Other operating income		92,097,481.98		78,692
II. OPERATING INCOME		719,090,941.95		630,967
8. General administrative expenses:				
a) personnel expenses	-176,769,754.45		-146,913.	
including:				
aa) wages and salaries	-130,074,848.16		-110,203	
bb) expenses for statutory				
social contributions and mandatory	-29,898,101.83			
contributions linked to remuneration	-2,090,927.03		-23,932	
cc) other social expenses			-1,591	
dd) expenses for pension schemes				
and support	-9,751,324.75		-7,944	
ee) allocations to the provisions for pensions	1,975,360.91		951	
ff) expenses for severance payments				
and contributions to company				
employee pension funds	-6,929,913.59		-4,194	
b) other administrative expenses				
(administrative expenses)	-149,741,355.14	-326,511,109.59	-127,710	-274,623
9. Valuation allowances for assets in asset items 9 and 10		-8,957,096.59		-7,780
10. Other operating expenses		-83,652,144.41		-73,782
III. OPERATING EXPENSES		-419,120,350.59		-356,185
IV. OPERATING PROFIT		299,970,591.36		274,782

	2021		2020	
	IN EUR	IN EUR	IN EUR '000	IN EUR '000
IV. OPERATING PROFIT (carryover)		299,970,591.36		274,782
11./12. Balance from reversals/additions, or value adjustments to loans and certain securities and provisions for contingent liabilities and credit risks		-46,735,624.33		-112,108
13./14. Balance from value adjustments or income from value adjustments to securities measured as financial assets, as well as to investments and shares in associated companies		35,938,437.69		7,425
including:				
merger profit	29,515,827.84			
V. PROFIT ON ORDINARY ACTIVITIES		289,173,404.72		170,100
15. Extraordinary income		0.00		0.00
16. Extraordinary expenses		0.00		0.00
including:				
Allocations to the fund for general bank risks	0.00		0	
17. Extraordinary result (subtotal from items 15 and 16)		0.00		0.00
18. Taxes on income		-57,503,760.41		-21,197
including:				
deferred taxes	-97,639.09		16,022	
19. Other taxes, unless reported under item 18		8,928,946.80		-20,757
VI. PROFIT FOR THE YEAR		222,740,697.51		128,147
20. Movements in reserves		-175,253,087.22		-82,917
including:				
allocation to the statutory reserve reversal from the	-5,115,589.04		-895	
statutory reserve	0.00		0	
VII. NET PROFIT FOR THE YEAR		47,487,610.29		45,230
21. Profit/loss carried forward				42,305
VIII. NET INCOME FOR THE YEAR		**47,487,610.29**		**87,536**

NOTES TO THE 2021 ANNUAL FINANCIAL STATEMENTS

1. Disclosures concerning the accounting and valuation methods used in the statement of financial position and the income statement

These financial statements for the year ended 31 December 2021 have been prepared in accordance with the provisions of the Austrian Banking Act and those of the Austrian Commercial Code, insofar as they are applicable to banks, as well as the stipulations in Regulation (EU) 575/2013 (CRR), insofar as they are relevant for these Annual Financial Statements.

The statement of financial position and the income statement are prepared according to the breakdown of Appendix 2 to Section 43 (1) and (2) of the Austrian Banking Act.

The Annual Financial Statements have been based on generally accepted accounting principles and on the standard requirement to provide a true and fair view of the net assets, financial position and results of operations of the company.

The principle of complete disclosure of all assets, liabilities, income and expenses has been observed in the preparation of the Annual Financial Statements.

Assets and liabilities have been measured individually and on the basis of the continued existence of the company as a going concern.

In accordance with the principle of prudence, all discernible risks and impending losses as at the reporting date were taken into consideration.

The merger of SALZBURGER LANDES-HYPOTHEKENBANK with Raiffeisenlandesbank Oberösterreich was approved by ECB decision of 26 July 2021. Subsequently, an application for registration of the merger in the commercial register was filed with the competent District Court in Linz. The merger was entered into the commercial register by order of the District Court of Linz on 10 September 2021, based on the submitted application to the commercial register. Upon entry in the commercial register, the merger became effective under civil law (cf. section 225a (3) of the Austrian Stock Corporation Act) and the carrying amounts relevant for tax purposes on the merger date are to be amortised (cf. section 3 (1) (1) of the Austrian Reorganisation Tax Act (Umgründungssteuergesetz – UmgrStG)).

The figures for the previous year 2020 show the values for Raiffeisenlandesbank Oberösterreich prior to the merger and can therefore be compared without restriction. The effects of the merger are explained in point 2.4.

1.1. Foreign currency translation

Amounts denominated in foreign currency are translated at the middle exchange rate published by the European Central Bank (ECB) pursuant to section 58 (1) of the Austrian Banking Act. If there are no ECB reference rates, middle exchange rates from reference banks are used.

1.2. Securities

Securities held as fixed assets, and also those held as current assets, are measured strictly at the lower of cost or market. If the reasons for a write-down no longer exist, the write-down is reversed in accordance with section 208 of the Austrian Commercial Code. If bonds and other fixed-income securities held as fixed assets are purchased at a price that is more than the face value, in accordance with section 56 (2) of the Austrian Banking Act the premium is amortised on a pro rata basis over the life of the security concerned, using the effective interest method. In the case of securities purchased at a price below face value, the discount is not written up on a pro rata basis.

Securities used as cover funds for trust money are considered part of fixed assets and valued according to the strict lower of cost or market method pursuant to section 2 (3) of the Austrian Trustees Securities Directive.

Stock market prices or trader quotes observable on the market are used as the basis for determining the value of securities.

The evaluation of Raiffeisenlandesbank Oberösterreich's nostro securities using "inactive market" criteria involves individually assessing those securities for which Raiffeisenlandesbank Oberösterreich believes indicators of an inactive market exist.

The following indicators are a sign of an inactive market: a significant decline in trade volume or trade activities; available stock exchange rates or market prices vary significantly over periods of time or between market participants; stock exchange rates or market prices are not current; a significant rise in bid/ask spreads. These indicators on their own, however, do not necessarily provide a sign that a market is inactive.

If adequate market quotes are not available, prices are determined with internal valuation models in which premiums or discounts are applied depending on credit rating, marketability and features of the security.

Trading securities are measured on a "mark to market" basis.

1.3. Measurement of loans and advances to banks and customers

Loans and advances to banks and customers are provided at cost.

Loan loss allowances are recognised primarily if a debtor is experiencing economic or financial difficulties, fails to make interest payments or repayments of principal, or other circumstances arise that indicate a probability of default based on regulatory standards. Within the internal risk management system, ongoing monitoring of the counter-party and the specific case involved is used to determine whether relevant circumstances exist. In the case of significant customer exposures in the lending business, each individual case is analysed as the basis for recognising specific loan loss allowances or provisions for contingent liabilities and lending commitments. The amount of the loan loss allowance is determined by the expected discounted returns from interest and redemption payments as well as any recovery of securities. A standardised method based on statistical models is used to form loan loss allowances for customer exposures that are not deemed to be significant.

For non-defaulted exposures, a portfolio provision is formed, whereby the same risk parameters (PD, LGD, CCF) are used for the calculation as in the IFRS consolidated financial statements, which are determined on the basis of macroeconomic forecasts using statistical models. The most important difference to the calculation of the balance-sheet loan loss allowances in the IFRS consolidated financial statements is, that the staging according to IFRS 9 is not applicable, and thus the one-year expected loss is applied as a reported loss allowance for all financial instruments.

1.4. Special valuation pursuant to section 57 (1) of the Austrian Banking Act

The measurement options stipulated in section 57 (1) and (2) of the Austrian Banking Act continue to be used with respect to loans and advances to customers that are not recognised as fixed assets.

1.5. Equity Investments and shares in affiliated companies

Equity Investments and shares in affiliated companies are measured at cost. Write-downs are applied if an equity investment is impaired and the impairment is likely to be of a permanent nature due to sustained losses, a reduction in equity, a reduction in fair value or other reasons. If the reasons for the write-down no longer exist, the write-down is reversed in accordance with section 208 of the Austrian Commercial Code.

1.6. Intangible assets from fixed assets and property, plant and equipment

Intangible assets related to fixed assets and property, plant and equipment are measured at purchase or production costs less depreciation. The useful economic lives used as the basis for depreciation are as follows: 20 to 50 years for immovable fixed assets, 2 to 20 years for movable assets and 3 to 9 years for the intangible assets. Low-value assets are written off in full in the year of acquisition. If an item of property or equipment is expected to be permanently impaired, a write-down is recognised.

1.7. Liabilities

Liabilities are carried at the higher of the notional amount or settlement amount.

1.8. Own issues

For own issues, premiums and discounts are amortised/unwound on a pro rata basis over the maturity of the instrument concerned.

1.9. Provisions for pensions, severance payments and long-service awards

Provisions for pensions, severance payments and long-service awards are, in line with the AFRAC Statement 27 on "personnel provisions" (Austrian Commercial Code), calculated using actuarial principles. The Projected Unit Credit Method will be used for the financing procedure for these claims. Future increases in salaries and pensions along with employee turnover deductions will be taken into account.

Performance-related obligations related to a benefit scheme represented in the statement of financial position reflects the present value of these performance-related obligations. In addition, payments for contribution-based obligations are included under personnel expenses.

1.10. Other provisions

In application of the principle of prudence, other provisions are recognised for all risks identifiable on the date the annual financial statements are prepared and for present obligations, the amount of which is contingent on a number of factors and cannot be reliably determined. These other provisions are recognized in an amount dictated by prudent business practice. Discounting with a suitable interest rate was performed for long-term provisions.

1.11. Deferred taxes

Tax deferrals are shown as an asset balance under the item "Deferred tax assets" and a liability balance under "Tax Provisions".

2. Balance sheet disclosures

2.1. Presentation of maturities

Pursuant to section 64 (1) (4) of the Austrian Banking Act, the maturity structure of loans and advances to banks and non-banks not repayable on demand was as follows (in EUR '000):

	Loans and advances to banks		Loans and advances to non-banks	
Term to maturity	**Carrying amount 31 Dec. 2021** IN EUR '000	**Carrying amount 31 Dec. 2020** IN EUR '000	**Carrying amount 31 Dec. 2021** IN EUR '000	**Carrying amount 31 Dec. 2020** IN EUR '000
up to 3 months	230,217	328,308	3,520,532	2,935,766
3 months to 1 year	329,681	496,549	3,935,792	3,676,019
1 to 5 years	1,189,089	960,212	10,400,931	9,343,177
more than 5 years	496,579	524,281	6,842,585	5,431,919
Total	**2,245,566**	**2,309,350**	**24,699,840**	**21,386,881**

2.2. Securities and investments

2.2.1. Securities

The securities admitted to trading shown in asset items 5 and 6 consist of bonds and other fixed-income securities at EUR 1,438,406 thousand (previous year: EUR 1,442,192 thousand) and listed shares and other variable-yield securities at EUR 0 thousand (previous year: EUR 30,103 thousand).

The items do not include any unlisted shares and other variable-yield securities, nor do they include any equity investments or shares in affiliated companies that are admitted to trading.

The securities admitted to trading in asset items 5 and 6 break down into bonds and other fixed-income securities held as fixed assets amounting to EUR 1,421,845 thousand (previous year: EUR 1,427,605 thousand) and bonds and other fixed-income securities held as current assets with a value of EUR 16,561 thousand (previous year: EUR 14,587 thousand).

The shares and other variable-yield securities consist of fixed assets amounting to EUR 0 thousand (previous year: EUR 0 thousand) and current assets amounting to EUR 0 thousand (previous year: EUR 30,103 thousand).

Asset items are allocated to fixed assets because the purpose of the securities concerned is to generate higher returns through the long-term investment of liquid funds.

Securities held as current assets are acquired for the purposes of trading, to generate capital gains and to provide a liquidity reserve.

Raiffeisenlandesbank Oberösterreich maintains a securities trading book pursuant to Article 92 CRR. The trading book contains securities totalling EUR 16,894 thousand (previous year: EUR 16,199 thousand) and derivative financial instruments amounting to EUR 6,340,617 (previous year: EUR 4,941,168 thousand).

In 2022, bonds and other fixed-income securities held by Raiffeisenlandesbank Oberösterreich will mature to the amount of EUR 320,189 thousand (previous year: EUR 197,168 thousand).

2.2.2. Equity investments

The items do not include any equity investments or shares in affiliated companies that are admitted to trading. Entries related to equity investments and shares in affiliated companies are reflected in the schedule of movements in fixed assets.

As at 31 December 2021, Raiffeisenlandesbank Oberösterreich's largest equity investment is its share in Raiffeisen Bank International AG (RBI), which equated to an indirect holding of 9.51%, via RLB OÖ Sektorholding GmbH. In addition to RBI, the shares of Raiffeisenbank a.s., Prague, are also held in RLB OÖ Sektorholding GmbH.

For RBI, the year 2021 was marked by economic recovery after the pandemic-related slump in the economy in 2020. RBI closed the 2021 financial year with a consolidated profit of EUR 1,372 million, which was 71% higher than in the previous year. Both net interest income and net fee and commission income increased significantly with +7% in net interest income and +18% in net fee and commission income. Lower loan loss allowances, which at EUR 295 million were 51% lower than in the previous year, also contributed to the increase in the Group result. At the same time, the NPE ratio and NPE coverage ratio improved again to 1.6% and 62.5% respectively. General administrative expenses reflected the M&A activities in 2021, such as the acquisition and integration of Equa bank in Czechia and digitisation initiatives to implement Vision 2025. The CET 1 ratio was 13.1% as at 31 December 2021. A return on equity above the medium-term target of 11% was expected for 2022. This also reflects the result from the sale of Raiffeisenbank in Bulgaria. However, this outlook does not take the geopolitical risks into account. With regard to the expected effects of the outbreak of war between Russia and Ukraine, please refer to the note "Significant events after the reporting date".

2.3. Merger

Assets IN EUR '000	Total assets as at 1 January 2021 Before merger	 After merger	Change
Cash in hand and balances at central banks	110,347	145,705	35,358
Public-sector debt instruments	1,759,963	1,827,916	67,953
Loans and advances to banks	11,276,121	11,381,893	105,772
Loans and advances to customers	22,762,835	25,015,651	2,252,816
Bonds and other fixed-income securities	1,455,803	1,621,869	166,066
Shares and other variable-yield securities	1,441,175	1,469,523	28,348
Equity investments	373,386	376,223	2,837
Interests in affiliated companies	1,874,548	1,725,460	-149,088
Intangible fixed assets	9,968	10,031	63
Property, plant and equipment	29,049	44,405	15,356
Other assets	294,388	309,803	15,415
Prepaid expenses	25,978	28,229	2,251
Deferred tax assets	72,346	72,346	0
TOTAL ASSETS	**41,485,907**	**44,029,053**	**2,543,146**

Equity and liabilities IN EUR '000	Total assets as at 1 January 2021 Before merger	 After merger	Change
Amounts owed to banks	17,620,759	17,540,298	-80,461
Amounts owed to customers	11,115,445	12,763,889	1,648,444
Liabilities evidenced by certificates	7,960,066	8,780,038	819,972
Other liabilities	182,411	194,649	12,238
Deferred income	88,873	90,635	1,762
Provisions	320,847	363,333	42,486
Supplementary capital according to Part 2 Title I Chapter 4 of EU Regulation No. 575/2013	919,449	948,930	29,481
Subscribed capital	277,630	277,630	0
Capital reserves	974,222	974,222	0
Retained earnings	1,585,988	1,585,988	0
Liability reserve pursuant to section 57 (5) of the Austrian Banking Act	352,681	392,389	39,708
Net income for the year	87,536	117,051	29,515
TOTAL EQUITY and LIABILITIES	**41,485,907**	**44,029,053**	**2,543,146**

The merger profit of EUR 29,516 thousand results from the release of retained earnings of EUR 24,412 thousand and other items amounting to EUR 5,104 thousand. The statutory reserve of SALZBURGER LANDES-HYPOTHEKENBANK of EUR 39,708 thousand was transferred to the item "statutory reserve" without affecting profit or loss in accordance with section 57 (5) of the Austrian Banking Act.

2.4. Fixed assets

The changes in the fixed assets held by Raiffeisenlandesbank Oberösterreich were as follows (given in EUR thousands):

Items of the statement of financial position IN EUR '000	Purchase and production costs As at 1 January of the financial year	Absorption merger	Additions in the financial year	Disposals in the financial year	As at 31 December of the financial year
Public-sector debt issues and similar securities	1,801,094	68,403	146,521	12,013	2,004,005
Loans and advances to banks	0	28,213	0	0	28,213
Loans and advances to customers	119,751	0	700	22,501	97,950
Public-sector bonds and other fixed-income securities	0	0	12,364	12,364	0
Bonds and other fixed-income securities from other issuers	1,464,915	157,863	71,842	234,439	1,460,181
including: own debt securities	0	0	0	0	0
Shares and other variable-yield securities	1,425,051	28,348	55,834	47,130	1,462,104
Equity Investments	379,638	5,613	404	1,923	383,732
of which: in banks	(12,260)	(735)	(0)	(0)	(12,995)
Interests in affiliated companies	1,931,027	0	25,000	149,088	1,806,939
of which: in banks	(152,228)	0	(0)	(149,088)	(3,140)
Intangible fixed assets	26,945	3,136	12,937	830	42,188
Property, plant and equipment	91,791	43,757	4,936	3,949	136,536
including: land and buildings used by the bank in the course of its own operations	(64,005)	(31,756)	(2,518)	(404)	(97,875)
Total	**7,240,212**	**335,333**	**330,538**	**484,237**	**7,421,848**

Cumulative write-downs						Carrying amounts	
As at 1 January of the financial year	Absorption merger	Additions in the financial year	Reversals in the financial year	Disposals in the financial year	As at 31 December of the financial year	As at 31 December of the financial year	As at 31 December of the previous year
63,262	1,200	22,523	0	45	86,941	1,917,065	1,737,831
0	155	48	0	0	203	28,010	0
1,593	0	600	123	47	2,023	95,927	118,157
0	0	1	0	1	0	0	0
37,311	2,633	6,190	97	7,700	38,337	1,421,845	1,427,605
0	0	0	0	0	0	0	0
33,290	0	9,550	11,940	0	30,900	1,431,204	1,391,762
6,252	2,776	1,346	63	1,921	8,390	375,342	373,386
(5,901)	(19)	(625)	(63)	(0)	(6,482)	(6,512)	(6,359)
56,479	0	0	10,827	0	45,653	1,761,287	1,874,548
(0)		(0)	(0)	(0)	(0)	(3,140)	(152,228)
17,806	2,244	4,775	0	830	23,996	18,192	9,968
62,741	28,402	4,182	0	3,755	91,570	44,966	29,049
(45,116)	(18,903)	(1,740)	(0)	(401)	(65,358)	(32,518)	(18,888)
278,734	**37,410**	**49,215**	**23,050**	**14,299**	**328,013**	**7,093,838**	**6,962,306**

2.5. Presentation of maturities

Pursuant to section 64 (1) (4) of the Austrian Banking Act, the maturity structure of amounts owed to banks and non-banks not repayable on demand was as follows (in EUR '000):

	Amounts owed to banks		Amounts owed to non-banks	
Term to maturity IN EUR '000	**Carrying amounts as at 31 December 2021**	**Carrying amounts as at 31 Dec. 2020**	**Carrying amounts as at 31 December 2021**	**Carrying amounts as at 31 Dec. 2020**
up to 3 months	930,302	1,287,705	1,312,646	602,082
3 months to 1 year	573,250	558,854	1,685,842	1,606,387
1 to 5 years	11,104,601	7,774,187	5,620,537	4,991,431
more than 5 years	2,551,940	2,710,768	4,613,532	5,037,912
Total	**15,160,093**	**12,331,514**	**13,232,557**	**12,237,812**

Bonds issued by Raiffeisenlandesbank Oberösterreich to the amount of EUR 326,200 thousand (previous year: EUR 247,862 thousand) will mature in 2022.

2.6. Equity and equity-related liabilities

In the case of subordinated liabilities, the subordination is always agreed separately in writing pursuant to section 51 (9) of the Austrian Banking Act. The total amount of subordinated liabilities reported as at 31 December 2021 was EUR 1,031,538 thousand (previous year: EUR 930,449 thousand). The portfolio consists of EUR 1,020,538 thousand (previous year: EUR 919,449 thousand) of Tier 2 capital instruments pursuant to Part 2, Title I, Chapter 4 of the CRR and EUR 11,000 thousand (previous year: EUR 11,000 thousand) subordinated bonds. The maturities range from 5 to 20 years.

In accordance with its articles, Raiffeisenlandesbank Oberösterreich's share capital as at 31. December 2021 was EUR 277,630 thousand (previous year: EUR 277,630 thousand). It consists of 1,942,042 ordinary shares (previous year: EUR 1,942,042 ordinary shares).

A reserve for the "institutional protection scheme" in the amount of EUR 94,569 thousand was formed in retained earnings (previous year: EUR 83,232 thousand).

2.7. Breakdown of Tier 1 capital and ancillary own funds

Pursuant to section 64 (1) (16) of the Austrian Banking Act, the breakdown of Tier 1 capital and additional own funds in the 2021 financial year was as follows:

IN EUR '000	**31 Dec. 2021**	**31 Dec. 2020**
Eligible capital instruments	1,101,861	1,101,861
Retained earnings	1,704,092	1,545,061
Other reserves	547,496	502,673
Deductions and transitional adjustments	-46,733	-31,404
Common Equity Tier 1 capital	3,306,716	3,118,191
Tier 2 capital	728,641	705,567
Deductions and transitional adjustments – Tier 2 capital	-43,578	-40,575
Eligible capital	3,991,779	3,783,183
Tier 1 capital ratio	12.20%	12.47%
Common Equity Tier 1 capital ratio	12.20%	12.47%
Total capital ratio	14.73%	15.13%

In accordance with section 23 of the Austrian Banking Act, the capital conservation buffer from 2021 onwards is 2.5%.

A presentation of the consolidation of equity pursuant to Section 64 (1) (17) of the Austrian Banking Act is given in the consolidated financial statements of Raiffeisenlandesbank Oberösterreich.

2.8. Derivative financial instruments

The fair value is determined for derivatives. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly arm's-length transaction between knowledgeable, willing and independent parties. Where stock exchange prices are available, these prices are used to determine fair value. Internal valuation models using current market parameters, in particular the discounted cash flow method and option price models, are used for financial instruments if no market price is available.

A credit value adjustment (CVA) and debt value adjustment (DVA) are 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 are the term to maturity, Counterparty default risk, own default risk and securities.

As part of the replacement of the Interbank Offered Rates (IBOR) with new risk-free interest rates, Raiffeisenlandesbank Oberösterreich switched the valuation from the reference interest rate EONIA to €STR. The compensation payments in this context totalled EUR +2,509 thousand in 2021 (previous year: EUR +198 thousand) and were immediately recognised in profit or loss.

Derivative financial instruments in the trading book are recorded at their fair value, with effect on the income statement. The negative fair value of all trading book derivatives amounted to EUR 3,820 thousand (previous year: EUR 15,527 thousand).

Banking book derivatives that are not used for interest-rate management or that do not form part of a hedge are generally recognised in profit or loss if the fair value is negative.

For those derivative financial instruments in the banking book that serve to manage interest rates, if there was a negative surplus for a functional unit per currency, then the change was recognised as income at the fair value from the previous year.

The functional units are used in accordance with FMA Circulars and serve at Raiffeisenlandesbank Oberösterreich to provide more detailed control of the output of basic transactions (e.g. loans and bond issues) in the banking book and allow for a targeted optimisation of interest risk exposure when considering the risk/roll-down context. The total risk of functional units amounts to an interest basis point value of EUR +222 thousand (previous year: EUR +236 thousand) at the reporting date and therefore runs opposite the aggregate interest-rate risk in the banking book. The EURO fixed interest rate payer position with a BPV of EUR +231 thousand (previous year: EUR +271 thousand) represents the majority of the functional units' opposite interest risk; the remaining sub-portfolios are either completely or nearly closed. The provision for functional units totalled EUR 49,961 thousand as of 31 December 2021 (previous year: EUR 61,045 thousand).

In 2021, the remeasurement of interest-rate management derivatives led to positive remeasurement effects because of the steepening of the yield curve.

2021 Functional units IN EUR '000	Nominal	Positive fair values	Negative fair values	Gains/ losses 2021	Aggregate gain or loss on remea-surement	Description
EURO fixed interest rate payer position 2	180,000	50,222	99,696	10,651	-35,522	Interest-rate position hedge against a steeper yield curve
AUD offset derivatives	0	0	0	0	-2	Hedging and closing instruments for underlying transactions originally in the banking book in AUD
EUR offset derivatives	6,737,593	370,092	362,876	0	15,171	Hedging and closing instruments for underlying transactions originally in the banking book in EUR
NOK offset derivatives	0	0	0	0	-50	Hedging and closing instruments for underlying transactions originally in the banking book in NOK
SEK offset derivatives	0	0	0	0	0	Hedging and closing instruments for underlying transactions originally in the banking book in SEK
USD offset derivatives	95,818	16,677	9,002	0	3,984	Hedging and closing instruments for underlying transactions originally in the banking book in USD
CHF cross currency position	188,752	9,071	6,314	0	0	Non-current derivative hedging of the foreign currency base interest rate components of the underlying transaction banking book
CZK cross currency position	120,685	784	604	0	0	Non-current derivative hedging of the foreign currency base interest rate components of the underlying transaction banking book
USD cross currency position	111,928	20	508	473	-487	Non-current derivative hedging of the foreign currency base interest rate components of the underlying transaction banking book
CHF cross currency position	0	0	0	0	0	Non-current derivative hedging of the foreign currency base interest rate components of the underlying transaction banking book

2020 Functional units IN EUR '000	Nominal	Positive fair values	Negative fair values	Gains/ losses 2020	Aggregate gain or loss on remea-surement	Description
EURO fixed interest rate payer position 2	180,000	63,678	123,766	-15,822	-46,174	Interest-rate position hedge against a steeper yield curve
AUD offset derivatives	24,534	1,093	1,094	-1	-2	Hedging and closing instruments for underlying transactions originally in the banking book in AUD
EUR offset derivatives	10,141,962	592,789	583,070	0	15,171	Hedging and closing instruments for underlying transactions originally in the banking book in EUR
NOK offset derivatives	13,849	194	194	0	-50	Hedging and closing instruments for underlying transactions originally in the banking book in NOK
SEK offset derivatives	1,957	29	29	0	0	Hedging and closing instruments for underlying transactions originally in the banking book in SEK
USD offset derivatives	108,921	19,292	12,131	0	3,984	Hedging and closing instruments for underlying transactions originally in the banking book in USD
CHF cross currency position	180,522	14,416	10,471	0	0	Non-current derivative hedging of the foreign currency base interest rate components of the underlying transaction banking book
CZK cross currency position	114,321	2,391	1,882	0	0	Non-current derivative hedging of the foreign currency base interest rate components of the underlying transaction banking book
USD cross currency position	103,308	292	1,249	391	-960	Non-current derivative hedging of the foreign currency base interest rate components of the underlying transaction banking book
CHF cross currency position	0	0	0	0	0	Non-current derivative hedging of the foreign currency base interest rate components of the underlying transaction banking book

In addition, derivative financial instruments in the banking book are assigned to micro-hedges. The main area of application is the hedging of underlying transactions with fixed interest-rate risk by means of countervailing derivatives (e.g. issue with fixed coupons and receiver swap). The accounting objective in turn is to reduce the earnings volatility. The effectiveness of each hedge is primarily assessed by providing evidence of a match between the key parameters of the underlying transaction and the hedge, and verifying it with a critical term match test. In this process, the maturity of the derivatives is based on that of the underlying transaction. If there are doubts about the credit quality of the counterparty in a hedge or underlying transaction in a micro-hedge, a review is carried out on a case-by-case basis to establish whether the micro-hedge should be discontinued. If a counterparty is classified with a default rating, the hedge is always unwound, accompanied by the recognition of a provision for contingent losses based on the imparity principle. The fair value of all derivatives used in micro hedges amounted (without accrued interest) to EUR 103,204 thousand (previous year: EUR 282,431 thousand).

In addition, banking book derivatives are used in macro hedges of the fixed-interest-rate risk and liquidity-based risk in certain portfolios of underlying transactions. Suitable hedging instruments (mainly interest rate swaps and cross-currency swaps) are used to hedge underlying transactions both on the assets side of the statement of financial position (in particular, loans and bonds) and on the liabilities side (mainly deposits and issues). At Raiffeisenlandesbank Oberösterreich, macro hedging transactions are matched with the corresponding underlying transactions for each currency at maturity band level. If this gives rise to a hedging surplus in any maturity band in terms of the basis point value or credit basis point value, a provision for contingent losses is recognised for the maturity band concerned. The accounting objective in turn is to reduce the earnings volatility. The negative fair value of the interest rate derivatives (without accrued interest) for the assets-side portfolio of underlying transactions amounted to EUR 34,646 thousand (previous year: EUR 210,622 thousand). The positive fair value of the interest rate derivatives (without accrued interest) for the assets-side portfolio of underlying transactions amounted to EUR 270,075 thousand (previous year: EUR 374,095 thousand). The derivatives used to hedge liquidity have a negative fair value (without accrued interest) of EUR 5,829 thousand (previous year: EUR 5,281 thousand) and a positive fair value (excluding accrued interest) of EUR 7,301 thousand (previous year: EUR 2,474 thousand).

The following derivative financial instruments were held as at 31 December 2021:

Term to maturity IN EUR '000	Nominal amount				Fair value[1]	
	up to 1 year	1 year to 5 years	over 5 years	Total	Positive	Negative
Interest rate-dependent futures						
OTC products						
Forward rate agreements	0	100,000	0	100,000	80	0
Interest rate swaps	6,850,744	14,513,452	13,008,454	34,372,650	1,682,791	1,305,978
Interest rate options – calls	79,126	65,765	38,642	183,533	1,082	0
Interest rate options – puts	284,681	1,805,937	2,443,014	4,533,632	6,420	16,159
Total	**7,214,551**	**16,485,154**	**15,490,110**	**39,189,815**	**1,690,373**	**1,322,137**
Foreign exchange futures						
OTC products						
Spot exchange and forward transactions	1,547,698	682,285	0	2,229,983	46,190	48,331
Currency and interest rate swaps involving several currencies	3,779,839	456,604	150,049	4,386,492	59,938	72,904
Foreign exchange options – calls	8,449	0	0	8,449	21	0
Foreign exchange options – puts	8,449	0	0	8,449	0	20
Total	**5,344,435**	**1,138,889**	**150,049**	**6,633,373**	**106,149**	**121,255**
Other futures						
OTC products						
Other transactions	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Total OTC products	**12,558,986**	**17,624,043**	**15,640,159**	**45,823,188**	**1,796,522**	**1,443,392**
Total exchange-traded products	**0**	**0**	**0**	**0**	**0**	**0**
Total	**12,558,986**	**17,624,043**	**15,640,159**	**45,823,188**	**1,796,522**	**1,443,392**

[1]including accrued interest and CVA/DVA

The following derivative financial instruments were held as at 31 December 2020:

Term to maturity IN EUR '000	Nominal amount up to 1 year	1 year to 5 years	over 5 years	Total	Fair value[1)] Positive	Negative
Interest rate-dependent futures						
OTC products						
Forward rate agreements	0	12,764	0	12,764	2	41
Interest rate swaps	2,836,317	13,600,473	15,687,450	32,124,240	2,374,657	1,882,820
Interest rate options – calls	28,101	158,539	190,254	376,894	6,285	18
Interest rate options – puts	180,020	1,663,735	2,169,970	4,013,725	578	37,445
Total	**3,044,438**	**15,435,511**	**18,047,674**	**36,527,623**	**2,381,522**	**1,920,324**
Foreign exchange futures						
OTC products						
Spot exchange and forward transactions	1,056,242	428,340	0	1,484,582	29,345	26,474
Currency and interest rate swaps involving several currencies	2,907,449	486,782	295,365	3,689,596	39,671	64,783
Foreign exchange options – calls	31,885	0	0	31,885	74	0
Foreign exchange options – puts	31,885	0	0	31,885	0	74
Total	**4,027,461**	**915,122**	**295,365**	**5,237,948**	**69,090**	**91,331**
Other futures						
OTC products						
Other transactions	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**
Total OTC products	**7,071,899**	**16,350,633**	**18,343,039**	**41,765,571**	**2,450,612**	**2,011,655**
Total exchange-traded products	**0**	**0**	**0**	**0**	**0**	**0**
Total	**7,071,899**	**16,350,633**	**18,343,039**	**41,765,571**	**2,450,612**	**2,011,655**

[1)]including accrued interest and CVA/DVA

The derivative financial instruments are recognised in the statement of financial position with the following carrying amounts:

2021 IN EUR '000	Loans and advances to banks	Amounts owed to banks	Other assets	Other liabilities	Prepaid expenses	Deferred income	Provisions derivatives
Carrying amounts of trading book/banking book derivatives							
a) Interest rate contracts	144,125	79,170	8,585	12,450	8,802	32,729	77,601
b) Foreign exchange contracts	293	232	9,433	27,013	0	0	0

2020 IN EUR '000	Loans and advances to banks	Amounts owed to banks	Other assets	Other liabilities	Prepaid expenses	Deferred income	Provisions derivatives
Carrying amounts of trading book/banking book derivatives							
a) Interest rate contracts	161,029	103,817	13,970	18,206	6,668	30,957	112,383
b) Foreign exchange contracts	272	42	11,311	36,131	0	0	0

2.9 Deferred taxes (Section 238 (1) (3) of the Austrian Commercial Code)

Deferred tax assets were recognised in connection with differences in the following:

- Provision for the reverse charge in respect of margin payments to companies
- Provisions for employee benefits
- Expense provision
- Write-offs pursuant to section 56 (2) of the Austrian Banking Act
- Undervaluation pursuant to section 57 (1) of the Austrian Banking Act
- Portfolio valuation allowances
- Distribution of the write-down to the going-concern value of investments pursuant to section 12 (3) (2) of the Austrian Corporation Tax Act
- Different valuations of financial assets

No deferred tax assets haver been recognised in respect of tax loss carryforwards.

Deferred tax liabilities have been recognised in connection with differences in financial assets.

Deferred taxes relating to Group entities subject to a profit-and-loss transfer agreement (27 entities compared with 28 in the previous year) were recognised through the income statement at Group parent level.

The differences on the assets side exceed deferred tax liabilities resulting in a net tax asset.

The calculation of deferred taxes is based on a tax rate of 25%.

As at 31 December 2021, netting resulted in net deferred tax assets amounting to EUR 70,374 thousand (previous year: EUR 72,346 thousand). These were reduced by EUR 1,972 thousand in the financial year, on the one hand EUR 1,874 thousand due to netting as a result of the merger and on the other hand EUR 98 thousand due to bookings recognised in profit or loss.

2.10. Supplementary information

In accordance with “Part 8 – Disclosure by institutions” of the Capital Requirements Regulation (EU 575/2013 CRR), this information is published on Raiffeisenlandesbank Oberösterreich’s website (www.rlbooe.at).

The statement of financial position includes asset items denominated in foreign currency amounting to EUR 1,382,554 (previous year: EUR 1,556,988 thousand) and liability items in a foreign currency amounting to EUR 1,189,257 thousand (previous year: EUR 1,120,898 thousand).

As at 31 December 2021, trust fund deposits amounting to EUR 15,524 thousand (previous year: EUR 10,146 thousand) were backed by securities with a value of EUR 19,000 thousand (previous year: EUR 11,000 thousand) held as cover assets.

Loans and advances to customers amounting to EUR 357,881 thousand (previous year: EUR 402,413 thousand) are used as collateral for third-party liabilities.

Securities with a carrying amount of EUR 36,665 thousand (previous year: EUR 45,536 thousand) and loans and advances to customers amounting to EUR 1,524,913 thousand (previous year: EUR 960,020 thousand) have been pledged as securities for guaranteed securities issues. In addition, receivables with a carrying amount of EUR 4,976,389 thousand (previous year: EUR 3,268,467 thousand) and securities with a carrying amount of EUR 2,914,388 thousand (previous year: EUR 1,520,012 thousand) were pledged as securities at banks and exchanges. An amount of EUR 645,008 thousand (previous year: EUR 868,854 thousand) had been lodged with banks and customers under securities agreements. Loans and advances were ceded to banks amounting to EUR 4,390,132 thousand (previous year: EUR 4,192,553 thousand). Raiffeisenlandesbank Oberösterreich has entered into netting agreements with correspondent banks.

3. Income statement disclosures

3.1. Expenses for subordinated liabilities

The total amount for expenses for subordinated liabilities in the 2021 financial year totalled EUR 35,935 thousand (previous year: EUR 32,498 thousand).

3.2. Interest income und interest expenses

In financial year 2021, interest income decreased by EUR 65,268 thousand (previous year: EUR 36,945 thousand) due to negative interest rates and interest expenses by EUR 102,540 thousand (previous year: EUR 48,211 thousand).

In addition, as a result of negative interest rates, a provision of EUR 5,625 thousand (previous year: EUR 3,161 thousand) was recognised in interest income for the recalculation of margins, thereby reducing operating profit.

Participation in the ECB's long-term tender (TLTRO III) resulted in a liability item in amounts owed to banks of EUR 7,400,000 thousand (previous year: EUR 4,400,000 thousand) as at 31 December 2021. The resulting negative interest rate reduced the interest expenses in the 2021 financial year by EUR 68,194 thousand (previous year: EUR 20,622 thousand).

3.3. Other operating income

Other operating income reported in Item 7 of the income statement amounting to EUR 12,541 thousand (previous year: EUR 12,171 thousand) related to personnel cost reimbursements and EUR 31,198 thousand (previous year: EUR 34,863 thousand) related to cost allocations.

3.4. Other operating expenses

The other operating expenses reported in Item 10 of the income statement amounting to EUR 12,599 thousand (previous year: EUR 12,139 thousand) related to personnel expenses incurred outside the bank.

4. Other information

4.1. Information on employees

An average of 1,685 employees worked in banking operations during the 2021 financial year (previous year: 1,442).

4.2. Advances and loans to members of the Managing Board and the Supervisory Board

Advances and loans to members of the Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Managing Board and the Supervisory Board consisted of EUR 1,598 thousand (previous year: EUR 692 thousand) to members of the Managing Board, and EUR 290 thousand (previous year: EUR 251 thousand) to members of the Supervisory Board.

Loans to members of the Managing Board and the Supervisory Board are granted on standard banking industry terms. Repayments are made as agreed.

4.3. Expenses for long-service awards, severance payments and pensions

The wages and salaries item included expenses/income in connection with provisions for long-service awards amounting to EUR 406 thousand (previous year: EUR income of 494 thousand). The personnel expenses included severance expenses amounting to EUR 5,842 thousand (previous year: EUR 3,308 thousand) and contributions to occupational employee pension funds amounting to EUR 1,088 thousand (previous year: EUR 886 thousand). In the financial year under review, post-employment and other employee benefit expenses amounted to EUR 9,751 thousand (previous year: EUR 7,944 thousand), and additions to/reversals of pension provisions to EUR -1,975 thousand (previous year: EUR -951 thousand).

Expenses for severance payments (including provisions) and pensions (including provisions) in 2021 amounted to EUR 296 thousand (previous year: EUR 605 thousand) for members of the Managing Board and to EUR 8,286 thousand for other employees (previous year: EUR 5,020 thousand). There were also further pension provision expenses of EUR 3,151 thousand (previous year: EUR 2,749 thousand) for the Managing Board and EUR 2,973 thousand (previous year: EUR 2,813 thousand) for other employees.

4.4. Remuneration paid to the members of the Managing Board and the Supervisory Board

In 2021, the remuneration paid to members of the Managing Board (including payments in kind and expenses in connection with pensions) totalled EUR 7,700 thousand (previous year: EUR 6,877 thousand).

The expenses arising in connection with payments to former members of the Managing Board (severance and pension benefit payments) amount to EUR 1,392 thousand in 2021 (previous year: EUR 843 thousand).

In 2021, remuneration (including reimbursements for travel expenses) of EUR 601 thousand (previous year: EUR 714 thousand) were paid to members of the Supervisory Board.

4.5. Data according to country

A list of data and figures by country is provided on a consolidated basis in Raiffeisenlandesbank Oberösterreich's consolidated financial statements.

4.6. Return on assets

The return on assets pursuant to section 64 (1) (19) of the Austrian Banking Act (quotient of the after-tax profit or loss for the year and the total assets at the reporting date) was 0.47% (previous year: 0.31%).

4.7. Significant events after the reporting date

The war in Ukraine and the subsequent sanctions imposed on Russia had a noticeable impact on the Bank's risk position after the reporting date.

An initial analysis of the effects has shown that Raiffeisenlandesbank Oberösterreich is directly and immediately only slightly affected by the acts of war or the sanctions. There are very few assets with a direct (Ukraine) or indirect (Russia, Belarus) link to the regions currently affected. The few financings of companies operating in these regions are largely secured by guarantees from parent companies with strong credit ratings in Raiffeisenlandesbank Oberösterreich's home market. There are currently no business relationships with sanctioned persons and companies – however, it should be noted that the list of sanctions or sanctioned persons currently changes on an almost daily basis.

A different picture emerges when analysing indirect effects. From the current perspective, it is difficult to conclusively assess which borrowers are indirectly affected by the war or the sanctions and to what extent. Therefore, those sectors whose dependence on the availability of raw materials – especially oil and gas – is particularly high are currently being intensively analysed. For each (material) credit application or extension, this issue is usually analysed and assessed together with the client and considered in the decision. Raiffeisenlandesbank Oberösterreich assumes that future GDP forecasts will take sufficient account of this development in terms of statistically determined loan loss allowances. Whether additional provisions for particularly affected sectors are appropriate will be analysed on an ongoing basis in 2022.

At the same time, the possible indirect effects of the crisis on the companies in the Raiffeisenlandesbank Oberösterreich investment portfolio are currently being examined. These indirect effects could be triggered by shortages and price increases on the commodity markets (e.g. energy), but also by a possible decline in demand due to the general economic situation in the sales markets. Due to the currently very dynamic, unclear situation and the uncertain further development, no concrete statements can be made on this yet.

In this context, there is an indirect but strong impact in the participation in Raiffeisen Bank International (RBI), as it has subsidiary banks in the regions affected by the war or the sanctions (Russia, Ukraine, Belarus). Raiffeisenlandesbank Oberösterreich is therefore in contact with its colleagues at RBI on an almost daily basis in order to be able to continuously assess the effects on the central institution on the one hand and the holding in RBI – indirectly through RLB OÖ Sektorholding GmbH – on the other. As far as the present annual financial statements as at 31 December 2021 are concerned, the outbreak of war with the accompanying loss of value of the RBI participation is a subsequent event taking place in 2022. However, the concrete effects of any adjustments that might be necessary to the book value of the participation in 2022 cannot yet be estimated from the current perspective, although Raiffeisenlandesbank Oberösterreich is prepared in the best possible way due to its very good capitalisation.

Another indirect effect of the war in Ukraine arises in connection with the deposit protection scheme. On the basis of instructions from the European Central Bank (ECB), the Financial Market Authority (FMA) has prohibited Sberbank Europe AG, with its registered office at Schwarzenbergplatz 3, 1010 Vienna, from continuing its business operations in their entirety with immediate effect by way of a mandate notice dated 1 March 2022 pursuant to section 70(2) no. 4 of the Austrian Banking Act. As a result of this decision, the covered deposits were officially suspended, so that no further deposits, withdrawals or transfers were possible and this triggered the deposit guarantee case within the meaning of section 9(2) Einlagensicherung und Anlegerentschädigungsgesetz (Deposit Guarantee Schemes and Investor Compensation Act – ESAEG). Sberbank Europe AG is a member of the deposit guarantee scheme AUSTRIA Ges.m.b.H. pursuant to section 8 (1) ESAEG. (ESA). However, due to the existence of a special financing case pursuant to section 27 ESAEG, all deposit guarantee institutions (this includes in particular the Österreichische Raiffeisen-Sicherungseinrichtung eGen "ÖRS") must raise pro rata amounts for payment to depositors. The disbursement amount for the deposit guarantee is around EUR 900 million, of which 35.45% is to be raised by the ÖRS. Since the ÖRS should have a target endowment of 0.8% of the covered deposits of the member institutions by 3 July 2024, this will result in additional contribution payments for Raiffeisenlandesbank Oberösterreich in the 2022 financial year, the amount of which cannot yet be determined in detail at the present time. Furthermore, Raiffeisenlandesbank Oberösterreich is not directly affected by the discontinuation of business operations, as there was no business relationship with Sberbank Europe AG.

Other significant events after the reporting date that are not reflected in either the statement of financial position or the income statement.

4.8. Members of the Managing Board and the Supervisory Board

In the 2021 financial year, the following were Members of the Managing Board and the Supervisory Board:

Chairman of the Managing Board
Heinrich Schaller, Chief Executive Officer

Deputy Chairwoman of the Managing Board
Michaela Keplinger-Mitterlehner, Deputy Chief Executive

Members of the Managing Board
Michael Glaser, Member of the Managing Board
Stefan Sandberger, Member of the Managing Board
Reinhard Schwendtbauer, Member of the Managing Board

Information on the members of the Raiffeisenlandesbank Oberösterreich Supervisory Board can be found on pages 12 and 13.

Linz, 5 April 2022
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

AUDITOR'S REPORT

Report on the Financial Statements

Audit Opinion

I have audited the financial statements of

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, Linz,

comprising the balance sheet as of 31 December 2021, the income statement for the fiscal year then ended and the notes to the financial statements.

Based on my audit the accompanying financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Company as of 31 December 2021 and its financial performance for the year then ended in accordance with with Austrian Generally Accepted Accounting Principles and other regulatory requirements for banks.

Basis for Opinion

I conducted my audit in accordance with EU Regulation No. 537/2014 (hereafter EU-Regulation) and in accordance with Austrian Standards on Auditing. Those standards require that I comply with International Standards on Auditing (ISAs). My responsibilities under those regulations and standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of this report. I am independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained until the date of this auditor's report is sufficient and appropriate to provide a basis for my audit opinion by this date.

Emphasis of Matter

describe the uncertainties regarding the recoverability of the indirectly held shares of Raiffeisen Bank International AG (RBI) in subsequent periods. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance for my audit of the financial statements of the fiscal year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

My audit identified four key audit matters, which are described below:

1. Recoverability of RLB OÖ Sektorholding GmbH which holds shares in Raiffeisen Bank International AG

Relevant facts and risk for the financial statements

The shares of RLB OÖ Sektorholding GmbH are reported under "investments in affiliates" in the Annual Financial Statements of Raiffeisenlandesbank Oberösterreich AG for the year ended 31 December 2021. This company holds shares in Raiffeisen Bank International AG (RBI), which also represents the central institution of Raiffeisenlandesbank Oberösterreich AG, and shares in another company of the RBI group. The subsequent measurement of the shares in RLB OÖ Sektorholding GmbH is recorded at the lower of cost or market principle taking into account the historical cost principle. Therefore, if the fair value is expected to be less than the carrying amount of the equity investment over a long term, a write-down will be recognised. If, in subsequent financial years, the reasons for the write-off no longer apply, the amount of the write-off must be reversed taking into account the historical cost principle.

The management describes the valuation in the notes in section "Disclosures concerning the accounting and valuation methods used in the statement of financial position and the income statement" in chapter "Equity Investments". The escalation of the conflict between Russia and Ukraine and the resulting developments as well as the financial impacts on the valuation of RLB OÖ Sektorholding GmbH considering RBI are presented in the notes in section "Other information" in chapter "Significant events after the reporting date".

The calculation of the fair value of RLB OÖ Sektorholding GmbH considering the fair value of RBI was based on a discounted cash flow method. The valuation by the entity based on an external expert opinion has shown that the calculated fair value exceeds the carrying amount.

The risk for the financial statements arises from the fact that the calculation of the fair value is largely based on the estimation of future cash flows by the legal representatives and the valuation result depends to a large extent on the discount rate used and is therefore associated with a considerable degree of estimation uncertainty.

Audit procedures

I assessed management's estimates regarding the presence of objective evidence of impairment.

I examined the correct valuation of the shares of RLB OÖ Sektorholding GmbH considering the shares in RBI based on an external expert opinion with regard to further adjustments of the management.

I examined the bases of this external assessment, in particular the appropriateness of the valuation model and the adjustments made by the management. I checked the parameters used, such as the discount rate, by comparing them with capital market data as well as company-specific information and market expectations.

I compared the future cash flows used in the external opinion considering adjustments made by the management with the Group planning, analysed and assessed the planning reasonability in particular on the basis of company documentation and the external opinion.

Furthermore, I assessed whether the information regarding the valuation of RLB OÖ Sektorholding GmbH in the notes is appropriate and to what extent an adequate presentation of the subsequent events with regard to the resulting developments and the financial impacts of the Russian military attack against Ukraine was given.

2. Valuation of loans and advances to customers

Relevant facts and risk for the financial statements

In the Annual Financial Statements of Raiffeisenlandesbank Oberösterreich AG for the year ended 31 December 2021, loans and advances to customers are reported amounting to EUR 25,754,892 thousand taking into account risk provisions and measurement at lower value permitted in accordance with section 57 par. 1 of the Austrian Banking Act.

The management describes the procedure for determining the risk provisions in the notes under "Disclosures concerning the accounting and valuation methods used in the statement of financial position and the income statement" and under "Measurement of loans and advances to banks and customers" and in the management report in chapter "outlook and risks for the company" under "significant risks and uncertainties".

As part of loan monitoring procedures, the company evaluates whether a default risk exists and consequently, whether individual risk provisions need to be recognised. This evaluation also includes an assessment of whether the customers can repay the full contractually agreed amount without the need of selling collaterals.

The calculation of the risk provision for significant individual customers which are in default is based on an analysis of the expected future cash flows. This analysis is influenced by the estimate of the financial position and performance of the respective customer, the valuation of collaterals and as well as the estimates of the amount and timing of the related cash flows.

Due to the ongoing COVID-19 pandemic the bank assessed the impacts on the future economic situation and business models of customers as part of the credit rating and the estimation of the future cash flows.

The risk provisions for defaulted, individually insignificant customers are calculated based on a statistical valuation model.

For all loans, which are not currently deemed to be in default, the company recognises a rating-related portfolio provisions based on a statistical valuation model.

The valuation model includes the outstanding customer balances and collaterals. Parameters based on statistical assumptions include, particularly the probability of default based on the customer's credit rating considering forward looking information and the loss rate of collaterals.

Furthermore, the risk provision in accordance with section 57 par. 1 of the Austrian Banking Act was increased due to prudence.

The risk for the financial statements arises from the fact that the identification of potential loan defaults and the determination of credit risk provisions is influenced by the above mentioned assumptions and estimates, which results from discretionary judgment and estimation uncertainty concerning the macroeconomic environment, the rating classification and the determination of risk provision particularly in the context of the ongoing COVID-19 pandemic.

Audit procedures

I analysed the existing documentation and processes for granting and monitoring of customer loans as well as the allocation of the related risk provisions. Whether these processes are suitable for identifying loan defaults and the proper valuation of customer loans. Furthermore, I identified the related process workflows and key controls and evaluated the design and implementation of key controls and tested their effectiveness in samples.

For individually significant customers, based on samples of loans I examined whether indicators for loan defaults exist and whether the amount of the risk provisions was appropriate. Furthermore, I assessed if the rating adjustments were appropriate to represent the impacts of the ongoing COVID-19 pandemic. The samples were selected on the basis of risk oriented criteria with a particular focus on rating levels with a higher risk of default. In cases where loan defaults were identified, I reviewed the assumptions used by the bank for the timing and amount of expected cash flows. Regarding the internal collaterals I tested in samples whether the assumptions made were adequate.

For defaulted and individually not significant customers I verified the applied models and related parameters, and I evaluated these models and parameters regarding to their appropriateness for the determination of adequate risk provisions.

For the review of the portfolio provisions, I assessed the model and the parameters used therein taking into account the results of the backtesting conducted by the bank in order to determine whether the assumptions are appropriate with respect to the customer portfolio and whether these are adequate for calculating risk provisions at the appropriate amount.

In addition, the plausibility of the rating scores for the total customer base was verified with the help of artificial intelligence.

I verified the calculation of the risk provisions.

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

3. Valuation of securities and derivative financial instruments

Relevant facts and risk for the financial statements

The fair values of the securities and derivative financial instruments in the financial statements of Raiffeisenlandesbank Oberösterreich AG are based on observable market prices or determined with valuation models. Derivative financial instruments are used to a significant extent for hedging as well as functional units.

The management provides information on the valuation of securities and derivate financial instruments, hedging and functional units in the notes in section ‘‘Disclosures concerning the accounting and valuation methods used in the statement of financial position and the income statement‘‘ in chapter ‘‘Securities‘‘ and in section ‘‘Balance sheet disclosures‘‘ in chapter ‘‘Securities‘‘. Disclosures on derivatives can be found in section Balance sheet disclosures‘‘ in subchapter ‘‘Derivative financial instruments”.

The fair value measurement of securities and derivative financial instruments for which market prices and sufficient observable market data are not available relates to discretionary judgment due to the use of internal valuation models and the included assumptions and parameters.

Additionally, the formation of hedging relationships requires compliance with documentation requirements for the hedge and its effectiveness. In case of an appropriately documented strategy, derivative financial instruments used to manage interest rate risk can be aggregated into functional units.

The risk for the financial statements arises from the fact that assumptions and parameters used in valuation models are highly discretionary and that the presentation and the formal material requirements for hedging relationships and functional units are met.

Audit Procedures

I analysed the implemented guidelines and documentation of the processes for the valuation of securities and derivative financial instruments and carried out sampling procedures to test the effectiveness of the key controls.

I examined the valuation models and the underlying valuation parameters to determine the fair values for their appropriateness and consistent application. I compared in samples the material applied parameters with external data.

In particular, I assessed in samples whether the documentation of the hedging relationship and the effectiveness of the hedge was consistent with internal guidelines of the bank. I critically assessed the effectiveness tests carried out by the bank regarding their appropriateness.

In case of functional units of derivative financial instruments for the purpose of interest rate risk management, I assessed the existence of and compliance with respective necessary strategies on the basis of the available documentation and assessed whether this documentation and risk management meet the requirements for the formation of functional units.

In addition, I examined the appropriateness and completeness of the disclosures in the notes to the financial statements on the valuation methods and the formation of hedging relationships and functional units.

4. Merger of SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT and Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

Relevant facts and risk for the financial statements

The merger of SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT (Hypo Salzburg) as transferring company and Raiffeisenlandesbank Oberösterrreich AG as acquiring company is presented in the Annual Financial Statements of Raiffeisenlandesbank Oberösterreich AG for the year ended 31 December 2021. A merger profit amounting to EUR 29,516 thousand is disclosed in the "Balance from value adjustments or income from value adjustments to securities measured as financial assets, as well as to investments and shares in associated companies".

The management describes the merger and the resulting effects in the notes in chapter "2.3. Merger".

The risk for the financial statements arises from the fact that the merger process was incorrectly reflected in the Annual Financial Statements, more specifically the accounting-related data of Hypo Salzburg were transferred to the database of Raiffeisenlandesbank Oberösterreich AG during 2021. Due to the data migration as well as the potentially material effects of an incorrect data transfer on the assets, the financial position and the financial performance of Raiffeisenlandesbank Oberösterreich AG, the merger with Hypo Salzburg was a key audit matter.

Audit Procedures

I requested all the essential documents relating to the merger from the management of the company and analysed whether the legal requirements were complied with.

I assessed the data migration on a conceptual level with regard to the adequacy of the migration planning, technical concepts, bank tests and quality assurance measures as well as acceptance procedures.

In addition, I assessed the appropriateness and effectiveness of the accounting-related internal controls to ensure the complete and correct data transmission in accordance with generally accepted accounting principles and verified the complete and correct merging of the data. Furthermore, I checked the merging at item level for material balance sheet items.

I checked the presentation of the merger of Hypo Salzburg with Raiffeisenlandesbank Oberösterreich AG in the Annual Financial Statements and the arithmetic accuracy of the merger profit.

Furthermore, I examined whether the information in the notes regarding the merger is appropriate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether - based on my knowledge obtained in the audit - the other information is materially inconsistent with the financial statements or otherwise appears to be materially misstated.

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with with Austrian Generally Accepted Accounting Principles and other regulatory requirements for banks, for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an auditor's report that includes my audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU-Regulation and with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU-Regulation and with Austrian Standards on Auditing, which require the application of ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit.

I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit conditions obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Audit Committee regarding, among other matters, the planned scope and timing of my audit as well and significant findings, including any significant deficiencies in internal control that I identify during my audit.

I also report to the Audit Committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.
From the matters communicated with the Audit Committee, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these key audit matters in my auditor's report, unless laws or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Comments on the Management Report

Pursuant to Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the management report in accordance with Austrian Generally Accepted Accounting Principles and banking regulations.
I conducted my audit in accordance with Austrian Standards on Auditing for the audit of the management report.

Opinion

In my opinion, the management report was prepared in accordance with the valid legal requirements, includes the disclosures required by Section 243a, par. 2 of the Austrian Commercial Code ("Unternehmensgesetzbuch") and is consistent with the financial statements.

Statement

Based on the findings during the audit of the financial statements and due to the thus obtained understanding concerning the Company and its circumstances no material misstatements in the management report came to my attention.

Additional Information pursuant to Article 10 of the EU Regulation

I was appointed as auditor by Österreichischer Raiffeisenverband, the auditing association responsible for the statutory audit of the financial statements in the sense of the Austrian Banking Act ("Bankwesengesetz") for the 2021 financial year. I have been the bank auditor of the Company without interruption since the audit of the 2016 financial statements.

I confirm that the audit opinion in the section "Report on the Financial Statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

I declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by me and that I remained independent of the audited company in conducting the audit.

Responsible Austrian Certified Public Accountant

The responsible auditor is Mr Andreas Gilly.

Vienna
5 April 2022
The bank auditor appointed by Österreichischer Raiffeisenverband:

Andreas Gilly
Austrian Certified Public Accountant

This report is a translation of the original report in German, which is solely valid.
Publication or sharing with third parties of the financial statements together with my auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 par. 2 UGB (Austrian Commercial Code) applies to alternated versions.

AUDIT CERTIFICATE OF THE INDEPENDENT AUDITOR

Audit certificate

We examined the Annual Financial Statements of

Raiffeisenlandesbank Oberösterreich Aktiengesellschaft,
Linz,

consisting of the statement of financial position as at 31 December 2021, the income statement for the financial year ending at the reporting date, and the notes.

In our judgement the Annual Financial Statements comply with the legal regulations and present a true and fair view of the company's net assets and financial position as of 31 December 2021 and the company's results of operations for the financial year ended on this reporting date in accordance with the provisions under Austrian corporate and banking law.

Basis for the audit opinion

We were appointed by management as an additional (voluntary) auditor and conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities in accordance with these regulations and standards are described in further detail in the "Responsibilities of the auditor for auditing the annual financial statements" section of our report. We are independent of the company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code) and the Austrian Code of Ethics for Professional Accountants under the Wirtschaftstreuhandberufsgesetz 2017 ("WTBG 2017") together with relevant ordinances ("Guidelines on the Practice of Public Accounting Professions") and guidelines, and we have complied with our other professional duties in accordance with these requirements and the IESBA Code. The provisions of Regulation (EU) No 537/2014 on specific requirements for the statutory audit of public interest entities have not been agreed. This non-application may mean that, for example, the rules on external rotation, on compliance with the rules on the provision of prohibited non-audit services ("fee cap") and the obligation to prepare a separate report to the Audit Committee have not been complied with. In terms of our responsibility and liability as auditors to the company and to third parties, section 62a of the Austrian Banking Act in connection with section 275 of the Austrian Commercial Code shall apply.

We are of the opinion that the audit evidence obtained by us is adequate and appropriate for the purposes of serving as a basis for our audit opinion as at the date of this audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year. These matters were considered in association with our audit of the annual financial statements as a whole and for the purposes of forming our audit opinion, and we do not give any separate audit assessment on these matters.

We have identified the following matters of particular importance:

- Impairment of loans and advances to customers
- Recoverability of equity investments and investments in affiliated companies
- Merger with SALZBURGER LANDES-HYPOTHEKENBANK AG

Impairment of loans and advances to customers

The risk for the financial statements

The loans and advances to customers, offset against the corresponding loan loss allowances, include an amount of EUR 25,754,892 thousand in the statement of financial position.

The Managing Board explains the procedure for the formation of loan loss allowances in the notes under point 1.3.

As part of the credit monitoring process, the Bank establishes whether loan defaults exist, and thus whether individual value adjustments need to be made. This also includes estimates as to whether customers can fulfil the contractually agreed repayments in their entirety.

The calculation of the individual value adjustments for significant individual customers in default is based on an analysis of the expected scenario-weighted future repayments. This analysis is influenced by the estimate of the financial position and performance of the relevant customer, the valuation of securities, as well as the estimate of the amount and time of the repayments derived from this.

For defaulted, individually insignificant loans and advances to customers, the bank carries out a calculation of individual value adjustments on the basis of its own valuation model. The loss ratios used in it are based on statistical empirical values.

For all other loans and advances to customers, a portfolio provision is formed for the expected loan loss allowance requirement. This determination requires extensive estimates and assumptions. These include rating-based probabilities of default and flat loss rates that take into account current and forward-looking information.

This means that the determination of impairment provisions is based to a significant extent on assumptions that give rise to discretionary powers and estimation uncertainties with regard to the amount of loan loss allowances. For the annual financial statements, this results in the risk of a possible misstatement with regard to the amount of the required impairment losses.

Our audit approach

In testing the recoverability of loans and advances to customers, we performed the following key audit procedures:

- We have analysed the existing documentation of the processes for monitoring of customer loans as well as the formation of loan loss allowances and critically examined whether these processes are suitable for the purposes of identifying impending loan defaults and to appropriately reflect the recoverability of loans and advances to customers. In addition, we surveyed the relevant key controls, assessed their design and implementation and tested their effectiveness on a sample basis.
- We have examined in test samples of loan receivables whether there are indicators of loan defaults. The test samples were selected using a risk-based approach with particular consideration of customer ratings and industries with a higher probability of default.
- In the case of defaults on individually significant loans and advances to customers, the assumptions made by the Bank were examined in test cases with regard to conclusiveness and consistency of the timing and amount of the assumed recoveries.
- For all other loans and advances to customers for which loan loss allowances were calculated, we analysed the Bank's methodological documentation for consistency with the requirements of accounting and financial reporting standards. Furthermore, on the basis of internal validations within the Bank, we have checked the models and the parameters used in them to determine whether they are suitable for calculating adequate provisions. We have examined the appropriateness of the default probabilities, and in particular the statistical models and parameters used, as well as the mathematical modes of operation. In addition, the selection and measurement of forward-looking assumptions and scenarios were analysed and their consideration in the context of parameter estimation was reviewed. We have analysed the provisions' mathematical accuracy. We involved our financial risk management specialists in these audit procedures.

Recoverability of equity investments and investments in affiliated companies

The risk for the financial statements

Investments include an amount of EUR 375,342 thousand in the statement of financial position while shares in affiliated companies amount to EUR 1,761,287 thousand.

The Managing Board explains the accounting and valuation methods for investments and shares in affiliated companies in the Notes under 1.5.

Taking into account the fair value, a write-down is made if a permanent impairment in value is expected and a write-up is made up to the original acquisition cost if the reasons for a write-down made in the past no longer apply. Company valuations by independent experts or internally prepared company valuations are used to determine the fair value.

The risk for the financial statements is that these valuations are to a large extent dependent on future expected cash flows and valuation parameters, in particular discounting factors, growth assumptions and corporate planning, and are therefore subject to uncertainties in terms of the estimates and to discretionary leeway.

Our audit approach

In testing the recoverability of investments and shares in affiliated companies, we performed the following key audit procedures:

- We identified the main processes in investment management and assessed whether they are suitable for the timely recognition of necessary write-downs and possible write-ups. We tested a key control for their design and implementation.
- We consulted our valuation experts to analyse the gains or losses made in this context. We reviewed the appropriateness of the valuation models and valuation parameters used for the most essential investments and shares in affiliated companies. In selected cases the corporate plans underlying the cash flow assessments was also reconciled with the relevant internally approved planning calculations. The ability to keep to the planning was evaluated in individual cases by comparing the previous year's planning with the results of the current financial year. We evaluated the appropriateness of the assumptions used to determine the discount rates by reconciling these with capital market data.

Merger with SALZBURGER LANDES-HYPOTHEKENBANK AG

The risk for the financial statements

With the approval of the ECB on 26 July 2021 and subsequent entry in the commercial register on 10 September 2021, the wholly-owned subsidiary SALZBURGER LANDESHYPOTHEKENBANK AG was merged with Raiffeisenlandesbank Oberösterreich AG. The cut-off date for the upstream merger was set at 31 December 2020. As a result of the merger, the total assets of the Bank's opening balance sheet as at 1 January 2021 will increase by EUR 2,543,146 thousand; a merger profit of EUR 29,516 thousand was taken into account in the 2021 financial year.

The Managing Board explains the reorganisation carried out in the financial year under the section about accounting and valuation methods in the notes to the annual financial statements (Chapter 1), as well as in the notes to the statement of financial position (Chapter 2.3).

The risk for the financial statements is that, on the one hand, the merger profit is calculated incorrectly and, on the other hand, that an incomplete or incorrect transfer of data leads to errors in the financial reporting.

Our audit approach

We have performed the following key audit procedures with respect to the merger with SALZBURGER LANDES-HYPOTHEKENBANK AG:

- We have ascertained the essential processes with regard to the technical implementation of the merger, such as project organisation and project management, and assessed selected key controls as to whether their design and implementation are fundamentally suitable for ensuring a proper transfer of data relevant to the financial statements. Furthermore, we analysed whether significant implementation problems arose during the course of the project by inspecting project reports. We involved our IT audit specialists in these audit procedures.
- Furthermore, we verified the correct transfer of balances and customer accounts and checked the correctness of manual adjustments in test cases.
- We have verified the correct determination of the merger profit on the basis of the closing balance sheets as at 31 December 2020.
- Finally, we assessed whether the reorganisation was adequately explained in the notes to the annual financial statements.

Other information

The legal representatives are responsible for the other information. Other information includes all information in the annual report, with the exception of the annual financial statements and the Audit Certificate of the independent auditor. We obtained the Management Report before the date of the independent auditor's report, and we expect to obtain the other parts of the annual report and annual financial statements after that date.

Our audit opinion on the annual financial statements does not cover this other information and we do not provide any type of warranty regarding this.

In connection with our audit of the annual financial statements, we have a responsibility to read this other information and, in doing so, consider whether the other information is materially consistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be misstated.

If, based on our work performed on the other information obtained before the independent auditor's report, we conclude that there has been a material misstatement of that other information, we are required to report that fact. We have nothing to report in connection with this.

Responsibility of the legal Officers and the Audit Committee for the Annual Financial Statements

The legal representatives of the company are responsible for the content and compilation of the annual financial statements, presenting a true and fair view of the assets, financial position and earnings of the company in compliance with Austrian business and banking laws. The legal representatives of the company are also responsible for the internal controls which they consider to be required in order to enable the preparation of annual financial statements that are free from any material misrepresentations due to fraudulent acts or errors.

In preparing the annual financial statements the legal representatives are responsible for assessing the ability of the company to continue its activities as a going concern, stating any circumstances associated with continuing its activities as a going concern as applicable, and for applying the accounting principle of continuing its activities as a going concern, unless the legal representatives intend either to liquidate the company or discontinue the company's activities or have no realistic alternative to this.

The Audit Committee is responsible for monitoring the company's accounting process.

Responsibilities of the auditor for auditing the annual financial statements

Our objectives include obtaining sufficient certainty regarding whether the annual financial statements are as a whole free from material misrepresentations due to fraudulent acts or errors, and issuing an independent auditor's report which includes our audit opinion. Adequate certainty is a high degree of certainty, but not a guarantee, that any audit of the financial statements carried out in accordance with Austrian principles requiring application of the ISA will always reveal a material misrepresentation if one has been made. Misrepresentations may be the result of fraudulent activity or of mistakes and are seen as material if individually or as a whole they could sensibly be expected to influence the economic decisions of readers made based on these Annual Financial Statements.

As part of any audit in accordance with the Austrian principles of proper accounting which require application of ISA we exercise due diligence and maintain a critical approach during the entire audit.

The following also applies:

- We identify and assess the risks of material misrepresentations in the financial statements due to due to fraudulent acts or errors, plan audit actions in response to these risks, implement the actions and obtain audit evidence that is adequate and appropriate to be used as a basis for our audit opinion. The risk that material misrepresentations resulting from fraudulent activity are not uncovered is higher than one resulting from a mistake, since fraudulent activity may involve fraudulent co-operation by accomplices, counterfeiting, intentional incompleteness, misleading representations or the bypassing of internal controls.
- We gain an understanding of the internal control system to the extent that it is relevant for the financial statements, in order to plan audit activities that are appropriate under the given circumstances, but not with the objective of providing an assessment on the effectiveness of the company's internal control system.
- Our audit also includes an assessment of the appropriateness of the accounting methods applied and the tenability of the estimated values provided by the legal representatives in the accounts and associated statements.
- We draw conclusions on the appropriateness of the application of the accounting principle of continuing the company's activities as a going concern by the legal representatives, and on whether there is any material uncertainty associated with the events or facts which may give rise to significant doubt regarding whether the company can continue as a going concern based on the audit evidence obtained. If we do conclude that there is a material uncertainty, we are under an obligation to draw attention to the associated statements in the annual financial statements in our independent auditor's report, or to amend our audit opinion if these statements are inappropriate. We draw our conclusions based on the audit evidence obtained by the date of our independent Audit Certificate. Future events or facts may, however, result in the company discontinuing its activities as a going concern.
- We assess the overall presentation, the structure and content of the annual financial statements including the Notes, and also assess whether the annual financial statements represent the underlying transactions and events in a manner that achieves a picture that is as faithful as possible.
- We discuss inter alia the planned scope and planned temporal arrangement of the audit with the Audit Committee, along with the significant audit findings, including any significant defects in the internal control system which we identify during our audit.
- We also make a declaration to the Audit Committee that we have complied with the relevant professional requirements on independence, and that we discuss with it all relations and other circumstances which can be sensibly assumed to affect our independence and hence, if relevant, associated protective measures.
- Based upon the circumstances which we have discussed with the Audit Committee, we determine those circumstances that were most significant for the audit of the annual financial statements for the financial year and are therefore the audit circumstances that are of particular

importance. We describe these circumstances in our independent auditor's report, unless statutes or other legal regulations prohibit public disclosure of the relevant facts, or in extremely rare cases if we determine that a circumstance should not be communicated in our Audit Certificate as it can be reasonably expected that the negative consequences of any such communication would exceed the benefits of this to the public interest.

Chartered accountant and auditor

The accountant and auditor responsible for the audit of the financial statements is Ulrich Pawlowski.

Linz, 5 April 2022

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronic signature:
Ulrich Pawlowski
Chartered Accountant and Auditor

This document has a qualified electronic signature and is only valid in this version. The annual financial statements containing our independent auditor's report may only be published or passed on in the version certified by us. This independent auditor's report relates exclusively to the complete annual financial statements in the German language.

STATEMENT OF THE MANAGING BOARD

We confirm to the best of our knowledge that these consolidated financial statements, 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 Management Report presents the business development, performance and position of the Group so as to give a true and fair view of its net assets, financial position and earnings, and the Group Management Report provides a description of the principal risks and uncertainties to which the Group is exposed.

We confirm to the best of our knowledge that these annual financial statements of the parent company, prepared according to proper accounting standards, present a true and fair view of the company's assets, financial position and earnings and that the Management Report presents the business development, performance and position of the company so as to give a true and fair view of its net assets, financial position and earnings, and the Management Report provides a description of the principal risks and uncertainties to which the company is exposed.

Linz, 5 April 2022
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 Board members are shown on pages 8 and 9.

REPORT OF THE SUPERVISORY BOARD PURSUANT TO SECTION 96 OF THE AUSTRIAN STOCK CORPORATION ACT

The Supervisory Board of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft has fulfilled the tasks for which it is responsible according to the law and the company articles in the 2021 financial year. The Managing Board has reported regularly, promptly and comprehensively about important business transactions and the situation and performance of the bank and the group.

Six committees (nomination, approval, information, risk, audit, and personnel and remuneration committees) effectively supported the entire Supervisory Board in the completion of its work.

At meetings of the Supervisory Board and its committees, the Managing Board was charged with undertaking certain tasks, the implementation and outcomes of which were reported at subsequent meetings.

Outside the regular meetings, the Chairman of the Supervisory Board also held numerous discussions with the Managing Board to strengthen communications and information-sharing between the Management Board and the Supervisory Board.

Prior to the scheduled meetings, the members of the Supervisory Board enjoyed regular opportunities to hold discussions with experts regarding the content of agenda items at forthcoming meetings. This enabled them to make sound decisions and satisfy their monitoring obligations diligently.

The Managing Board prepared a separate consolidated non-financial report for 2021 in accordance with section 267a of the Austrian Commercial Code including the information for the parent company in accordance with section 243b of the Austrian Commercial Code and submitted it to the Supervisory Board, which has reviewed the report to ensure it is complete and meets legal requirements.

The auditor of the Austrian Raiffeisen Association and KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft have audited the accounting system, the Annual Financial Statements in accordance with the provisions of the Austrian Commercial Code and the Austrian Banking Act, the consolidated financial statements according to the International Financial Reporting Standards (IFRSs) – as adopted by the EU – for the year ended 31 December 2021, the Management Report and the Group Management Report for the 2021 financial year. The audits did not give cause for any reservations and all legal regulations were complied with in full. The Austrian Raiffeisen Association issued the unqualified audit certificate of the independent auditor; KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft issued the reports of the independent auditor.

The Audit Committee has reviewed the Annual Financial Statements and the consolidated financial statements for the year ended 31 December 2021 as well as the Management Report and the Group Management Report for the 2021 financial year. The review did not give rise to any reservations whatsoever. The findings of the review by the Audit Committee therefore resulted in a recommendation that the Supervisory Board concur with the findings of the independent auditors and approve the Annual Financial Statements for the year ended 31 December 2021 pursuant to section 96 (4) of the Austrian Stock Corporation Act, agree to the proposal of the Managing Board concerning the appropriation of profit and note with approval the consolidated financial statements for the year ended 31 December 2021, including the Group Management Report.

At a meeting held on 28 April 2022, the Supervisory Board itself also reviewed the Annual Financial Statements and consolidated financial statements for the year ended 31 December 2021 as well as the Management Report and the Group Management Report for the 2021 financial year.

The Supervisory Board agreed with the Audit Committee's review findings and the Managing Board's proposal regarding the appropriation of profit, approved the 2021 Annual Financial Statements for Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, which were thereby formally adopted pursuant to section 96 (4) of the Austrian Stock Corporation Act, and noted with approval the consolidated financial statements for the year ended 31 December 2021 including the Group Management Report.

The Supervisory Board would like to thank the Managing Board and all employees of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft as well as the whole group for their commitment and successful performance in the 2021 financial year.

Linz, 28 April 2022

For the Supervisory Board

Volkmar Angermeier
President of the Supervisory Board of Raiffeisenlandesbank Oberösterreich

RAIFFEISEN BANKING GROUP UPPER AUSTRIA 2021 RESULTS (CONSOLIDATED)

REPORT ON BUSINESS PERFORMANCE 2021

Cooperation and joint projects for the future as the basis for long-term success

The Raiffeisen Banking Group Upper Austria (RBG OÖ) has proven itself to be a reliable, stable financial partner and driving force with a strong foundation of values, not least during the coronavirus pandemic. Not only did the Group enable important investments, measures were also taken to create regional value, encourage further development and local quality of life. The RBG OÖ consists of Raiffeisenlandesbank Oberösterreich AG and 75 independent Upper Austrian Raiffeisen banks with 400 bank branches. Its creative energy for customers and for the business location is based on strong association work and the network, which focuses on co-operative action – in the sense of the current slogan "WIR macht's möglich" (WE makes it possible). The Raiffeisen Banking Group Upper Austria is a diverse community with different regional needs. All the more decisive are their strength and ability to make joint decisions, to implement them consistently and thus also to stand up for each other.

Banking transactions increasingly digital

Strong growth in online savings, the trend towards contactless payment and fewer cash withdrawals: the digital transformation in banking was clearly noticeable at Raiffeisen Upper Austria in 2021. An optimal combination of personal advice and digital services is important to customers, as a recent World Savings Day study by Spectra confirms. 94% of everyday banking transactions such as transfers or account balance enquiries were already being carried out digitally in 2021. There are many possibilities for innovative banking solutions. RBG OÖ is oriented towards the respective customer needs, offers personal support and service via several channels and also encourages new technologies. More than 80% of all transactions at the point of sale, i.e. when paying at the cash register, are now carried out contactless. Moreover, the smartphone is increasingly becoming the central anchor point for personal banking transactions.

"RBG OÖ 2025" project presented at virtual trade fair

With the strategy project "Raiffeisen Banking Group Upper Austria 2025 – Thinking from the customer's point of view", RBG OÖ is creating the foundation for a successful future. Numerous committed colleagues from the Upper Austrian Raiffeisen banks, the Raiffeisenlandesbank Oberösterreich and the Raiffeisen Association of Upper Austria were and are intensively involved in the project. The aim is to create a strong basis for long-term, sustainable success through healthy capital resources, increasing customer numbers and qualitative growth. The central foundation for this are the employees. Therefore, a major focus of the project is to expand the position as an attractive employer, to show clear career paths, to establish new job profiles, to promote personal responsibility and further development. At a virtual trade fair, the most important key data of the project were presented to all employees at the beginning of 2021. Based on a broad data and information base (assumptions about the future, customer interviews, a perspective paper of the Association of Business Managers, trend studies, market analyses, etc.), strategic principles for a successful future were first defined in the thematic fields of "customer", "cooperative", "personnel", "operations", "business management" and "association", and then concrete project ideas were derived from these. Many of these initiatives are already being successfully implemented. For example, Raiffeisen INFINITY is a completely new business banking portal for corporate customers that offers payment solutions as well as many interesting bank-related products and services.

New trends in the classic banking business

Banks are transforming themselves from pure financial service providers to everyday companions for their customers. By linking digital ecosystems there is an opportunity to integrate non-bank products and services from different spheres of life into the Bank's own offering. In this context, people also talk about "beyond banking" – solutions and products that go far beyond classic financial services. Raiffeisen Oberösterreich is currently working intensively to develop new digital platform solutions for customers. In addition, new Beyond Banking concepts are being developed not only in the digital world, but also on site, pushing regional development forward – from parcel stations and regional shops in bank branches, service centres with defined focal points, all the way to co-working spaces.

Own deposit guarantees

An important strategic step for the Raiffeisen Banking Group Austria was implemented in 2021 by setting up its own deposit guarantee system. By the end of the year, the Raiffeisen sector had left the previous protection scheme, the AUSTRIA Deposit Protection Scheme (ESA); with its own association solution, Raiffeisen is now primarily liable for its own sector. The Raiffeisen sector is already of the safest in the Austrian banking landscape, as it has been and continues to be protected in a special way with numerous internal control mechanisms. Due to all these protection schemes, the safeguarding of deposits at a Raiffeisen bank is even more far-reaching than within the framework of the statutory deposit guarantee.

Strong foundations to face the future

Raiffeisen Banking Group Upper Austria has set itself clear goals for the future. These include expanding its position as the market leader in Upper Austria. Raiffeisen Oberösterreich's mission is to move forward and not to rest on past or current successes. Positive results in 2021 constitute the foundation for future success, alongside the ongoing, consistent implementation of measures for the future and the strategy adopted. Raiffeisen Banking Group Upper Austria will continue to serve its individual, corporate and institutional customers in a cost efficient and service- and goal-oriented manner, preserving its standing as an important and dynamic partner.

Excellent results

The very good results for the 2021 business year show that the right strategic decisions were made, especially in an economic environment that was challenging due to the coronavirus. They give the entire Raiffeisen Banking Group Upper Austria tailwind for future projects and enable ongoing further development. As a stable and reliable financial partner, Raiffeisen Upper Austria has accompanied the new start of the economy, made investments possible and, as a driving force, set important accents for value creation and quality of life locally. Key success factors are the high quality of advice and competence in close exchange with private and corporate clients as well as institutional clients.

On average throughout the year, 4,045 people were employed by the Raiffeisen Banking Group Upper Austria.

Statement of financial position

Due to the merger of Raiffeisenlandesbank Oberösterreich AG with SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT, the previous year's figures show the 2020 values of the Raiffeisen Banking Group Upper Austria before the merger and are therefore only comparable to a limited extent.

Based on the Austrian Commercial Code, the consolidated total assets of the Raiffeisen Banking Group Upper Austria were EUR 66.3 billion as at 31 December 2021 (previous year: EUR 58.6 billion). This represents an increase of EUR 7.7 billion or +13.1% over the previous year's reporting date.

Of the total assets, an amount of EUR 43.7 billion (65.9%) was accounted for by loans and advances to customers (previous year: EUR 38.8 billion). There was an increase of +12.6% over the previous year.

The purpose of the banking group's own holdings of securities amounting in total to EUR 6.3 billion (previous year: EUR 6.1 billion) is primarily to safeguard liquidity and to provide a source of securities for use in obtaining funding from the central bank. In total, at the end of the year, 9.5% of total assets was invested in securities.

The largest item on the liabilities side was the amounts owed to customers at EUR 38.3 billion or 57.8% of the total assets (previous year: EUR 34.1 billion). This figure represented a year-on-year increase of EUR 4.1 billion (+12.1%). Securitised and subordinated liabilities amounted to EUR 9.5 billion or 14.3% of total assets (previous year: EUR 8.8 billion). These items contribute significantly towards long-term liquidity protection.

The Raiffeisen Banking Group Upper Austria has a very good equity base. As at 31 December 2021, equity amounted to EUR 5.0 billion (previous year: EUR 4.6 billion).

If we were to calculate the own funds for the Raiffeisen Banking Group Upper Austria, the result would be a capital ratio of 14.6%.

Income statement

The 2021 income statement of the Raiffeisen Banking Group Upper Austria was again very satisfactory. It confirms the successful path taken in the operative business, but at the same time it is also a reflection of the domestic economy, because Raiffeisenlandesbank Oberösterreich and the Upper Austrian Raiffeisen banks are closely linked to domestic companies.

Consolidated operating income amounts to EUR 1,363.7 million (previous year: EUR 1,235.6 million), operating expenses to EUR 837.7 million (previous year: EUR 755.6 million). The operating profit for the 2021 financial year was reported at EUR 526.0 million (previous year: EUR 480.0 million).

Raiffeisen Banking Group Upper Austria achieved a solid operating profit in 2021, with a value of 0.84% of the average total assets.

With strict risk management and a targeted risk policy, the Raiffeisen Banking Group Upper Austria is continuing its consistent, forward-looking strategy.

A profit on ordinary activities (POA) of EUR 503.5 million (previous year: EUR 342.1 million) or 0.81% of the average total assets could be generated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

ASSETS

IN EUR M	31 Dec. 2021	31 Dec. 2020
Cash in hand and balances at central banks	489.2	488.8
Public-sector debt instruments and bills of exchange eligible for refinancing at the central bank	1,940.4	1,760.1
Loans and advances to banks	12,654.3	10,103.8
Loans and advances to customers	43,689.0	38,791.3
Bonds and other fixed-income securities	1,451.5	1,457.6
Shares and other variable-yield securities	2,919.7	2,898.2
Equity investments	401.4	397.0
Interests in affiliated companies	1,770.3	1,880.8
Intangible fixed assets	19.3	11.1
Property, plant and equipment	425.7	380.4
Other assets	391.3	308.6
Prepaid expenses	30.5	27.8
Deferred tax assets	111.9	112.4
Total assets	**66,294.5**	**58,617.9**

EQUITY AND LIABILITIES

IN EUR M	31 Dec. 2021	31 Dec. 2020
Amounts owed to banks	12,545.4	10,270.7
Amounts owed to customers	38,296.5	34,149.2
a) of which savings deposits	11,136.8	10,742.4
b) of which term deposits	9,362.0	8,268.8
Liabilities evidenced by certificates	8,497.9	7,883.8
Other liabilities	273.2	188.3
Deferred income	142.7	146.4
Provisions	551.2	509.3
Tier 2 capital according to Part 2 Chapter 4 of EU Regulation No. 575/2013	997.2	902.9
Subscribed capital	15.5	14.5
Retained earnings	4,284.7	3,830.3
Liability reserve pursuant to section 57 (5) of the Austrian Banking Act	631.7	578.6
Net income for the year	58.5	143.9
Total equity and liabilities	**66,294.5**	**58,617.9**

CONSOLIDATED INCOME STATEMENT 2021

IN EUR M	2021	2020
Net interest income	**700.4**	**651.6**
Income from securities and equity investments	166.7	174.5
Fee and commission income	433.1	350.8
Fee and commission expenses	-59.6	-49.2
Income from/expenses in financial operations	10.5	11.4
Other operating income	112.6	96.5
Operating income	**1,363.7**	**1,235.6**
Personnel expenses	-403.9	-374.0
Other administrative expenses	-282.2	-250.4
Valuation allowances for assets in asset items 9 and 10	-29.0	-27.2
Other operating expenses	-122.6	-104.0
Operating expenses	**-837.7**	**-755.6**
Operating profit	**526.0**	**480.0**
Reversals of/additions to loan loss allowances	-71.8	-136.5
Reversals of/additions to write-downs on securities and equity investments	49.3	-1.4
Profit on ordinary activities	**503.5**	**342.1**
Profit for the year (prior to movements in reserves)	**383.0**	**261.0**

GLOSSARY

A

Amortised cost (AC): Financial assets or liabilities measured at amortised cost.

AFRAC: The Austrian Financial Reporting and Auditing Committee is the privately organised Austrian standard-setter in the field of financial reporting and auditing supported by the competent authorities. The members of the association "Österreichisches Rechnungslegungskomitee" (Austrian Accounting Committee), whose operational body is the AFRAC, are made up of Austrian federal ministries and official specialist organisations. The members of AFRAC are preparers of financial statements, auditors, tax consultants, scientists, investors, analysts and employees of supervisory authorities.

Associated companies: Companies on whose business and financial policies significant influence can be exercised.

ASVG: The General Social Security Act (Allgemeine Sozialversicherungsgesetz) contains the central statutory provisions on general social security in Austria. It regulates the compulsory health, accident and pension insurance as well as a possible voluntary self-insurance in some cases.

Equity-accounted companies: The equity method is used for balancing the accounts of →associates and →joint ventures in consolidated financial statements. Essentially, the proportionate equity of companies accounted for using the equity method is shown in the consolidated statement of financial position and the proportionate profit in the consolidated income statement.

B

Banking book: All items not allocated to the →securities trading book.

Basel III: Basel III refers to the changes or supplements to the framework created in 2004 for capital requirements for the banking sector (Basel II) by the Basel Committee on Banking Supervision. The reforms regulate both the capital base and liquidity and came into effect in the European Union on 1 January 2014.

Operating profit: 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 interest surplus, share of profit or loss of equity-accounted companies, net fee and commission income, income from trading transactions, and other operating income.

Austrian Banking Act: The Austrian Banking Act (Bankwesengesetz, BWG) is the legal basis for the organisation and supervision of the Austrian banking sector and, as a result, a special set of regulations for the operation of banking businesses. Among other things, it contains special accounting regulations for accounting and valuation methods according to the Austrian Commercial Code →Austrian Commercial Code/Austrian Banking Act.

C

CAPM: The Capital Asset Pricing Model seeks to explain, via the comparison of a portfolio's returns to (market) risk, how risky investment opportunities in the capital market are measured.

CDS: A Credit Default Swap (CDS) is a credit derivative where the buyer pays a premium to the seller of the CDS and the seller agrees to compensate the buyer in the event of certain credit events (e.g. loan default) in respect to one or more particular assets.

CoR (Cost of Risk): see →New formation rate

COVID-19: Abbreviation for "coronavirus disease 2019" – colloquially also known as "coronavirus" or "Covid" – infectious disease that led to a worldwide pandemic in 2020.

CR I: The Coverage Ratio I is a risk ratio for assessing the share of non-performing loans covered by reserves (→NPL) and compares the reserves established for non-performing loans (→NPL) to the latter.

CR II: The Coverage Ratio II is a risk ratio for assessing the share of non-performing loans covered by reserves and securities (→NPL) and compares the reserves and securities established for non-performing loans (→NPL) to the latter.

CRD: The Capital Requirements Directive is the portion of the →Basel III regulations that must be implemented into national law in each country. The Directive lays down rules for the internal corporate assessment of capital adequacy and mechanisms for supervisory cooperation. Like the →CRR, it is part of the "Single Rulebook" for European banking supervisory law.

CRR: The capital requirements regulation refers to a regulation of the EU that regulates the central capital and liquidity requirements according to →Basel III. It contains the quantitative requirements for the capital adequacy of banks and disclosure requirements. Like the →CRD, it is part of the "Single Rulebook" for European banking supervisory law.

CVA: The Credit Value Adjustment is the difference between the risk-free portfolio value and the true portfolio value that takes into account the possibility of a counterparty's default.

D

DBO: Defined Benefit Obligation is the obligation to cover projected future payments as part of defined benefit plans. The present value of the obligations determines the total amount of social provisions, taking into account any further factors (e.g. plan assets).

DCF: Discounted Cash Flow describes a method for determining value that is based on the mathematical finance concept of discounting cash flows in order to determine the net present value.

DDM: Dividend discount model describes a method for determining value that is based on the financial mathematics concept of discounting dividends in order to determine present value.

Derivatives: Derivatives are financial instruments whose value changes as a result of changes to the underlying basic instrument g. Interest rate, securities price, exchange rate and similar items). They require no or minimal initial net investment, and are settled at a later date (→forward transactions). →swaps, →options and →futures are among the best-known derivatives.

Designation / De-designation: IFRS 9 contains under certain circumstances the option of designating financial assets or financial liabilities in the category "at fair value".

DVA: Debt Value Adjustment considers the effect of the bank's own creditworthiness when performing the fair value assessment of →derivatives and shows the difference between the risk-free value and the value when taking the own creditworthiness risk into consideration.

E

EBA: The task of the European Banking Authority is to develop effective and consistent regulations for the supervision of the European banking sector. The paramount objectives are to safeguard financial stability in the EU, protect integrity and ensure the proper functioning of the banking sector.

Tier 2 capital (T 2): Under →CRR, supplementary capital is referred to as Tier 2 capital.

E-base score: The E-base score is a value on a scale of 0 to 100 that ranks a client's environmental performance based on their industry affiliation and country of domicile.

ESG: ESG refers to the three sustainability-related areas of responsibility of a company: environmental, social and governance factors.

Expected credit loss model: Rules, in accordance with IFRS 9, for recording expected losses due to credit risk.

Expected loss (EL) or expected credit loss (ECL): This is the expected loss of a financial instrument that, in accordance with IFRS 9, is expected to occur over one year (12 months) or over the entire term (lifetime), starting at the reporting date.

F

Fair Value: The fair value is the amount at which an asset can be exchanged or a debt paid between competent, contractually willing and mutually independent business partners, at market conditions.

Fair value option "FVO": Financial assets or liabilities for which there is an option to designate them at fair value through profit or loss.

Fair Value through Other Comprehensive Income "FVOCI": Financial assets that are measured at fair value with no impact on profit or loss.

Fair value through profit or loss (FVTPL): Financial assets or liabilities that are measured at fair value **through profit or loss.**

Forbearance: This refers to measures that are characterised by an alteration of conditions included in the facility 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.

Futures: Futures are forward transactions which are standardised, traded on the stock market and have a strict obligation to be fulfilled. A specific price and point in time is agreed in advance at which the object that is traded (from the money, capital, precious metals or foreign exchange market) must be delivered or accepted.

G

Cash flow statement: Calculation and presentation of cash flows generated from or used for operational transactions, investment and financing activities, as well as reconciliation of cash and cash equivalents at the beginning and the end of the financial year.

Joint venture: A joint venture is a mutual arrangement in which the parties jointly run a company within the context of the arrangement and possess rights to the arrangement's resulting net assets.

Total capital (TC): Total capital as defined by →CRR includes →Tier 1 capital (T1) as well as →Tier 2 capital (T2) after adjustments and corrections.

Total capital ratio (TC ratio): The total capital ratio is →total capital expressed as a percentage of the →total risk-weighted assets.

Risk-weighted assets (RWA): Risk-weighted assets refer to the total risk value according to →CRR, including components from Article 92 (3) CRR. The most important components are risk-weighted amounts due for credit risk, counterparty default and dilution risks; total amounts due for position risks, foreign currency risks, settlement risks and commodity risks; risk positions for operational risk, and risk positions for adjustment of credit assessments.

H

Common Equity Tier 1 capital (CET 1): Common Equity Tier 1 capital, according to →CRR, includes certain capital instruments as well as associated premiums, retained earnings, accumulated other comprehensive income, other reserves, funds for general bank risks, as well as deductible items and corrections.

Common Equity Tier 1 capital ratio (CET 1 ratio): The Common Equity Tier 1 capital ratio is →Common Equity Tier 1 capital expressed as a percentage of the →risk-weighted assets.

I

IASB: The International Accounting Standards Board is a private sector organisation that passes international financial reporting standards (→ IFRS). The aim is to create high-quality, enforceable and globally applicable accounting standards.

IBOR: Abbreviation for "interbank interest rate" – these are reference interest rates used for interbank trading and also as a basis in lending business with non-banks (e.g. EURIBOR).

ICAAP: The Internal Capital Adequacy Assessment Process (ICAAP) is the process of assessing the appropriate capital adequacy in relation to the risk profile and the strategy aimed at preserving the level of equity.

IFRIC: Interpretations are passed by the International Financial Reporting Interpretations Committee on important issues of →IFRS accounting.

IFRS: International Financial Reporting Standards (IFRS) is the general term for international accounting standards (IFRS, formerly IAS) and their interpretations (→IFRIC, formerly SIC).

Impairment: Impairment refers to the decrease in value, with an effect on the income statement, of financial assets and of (long term) intangible assets, property, plant and equipment, and investment property, as long as the latter are valued at amortised cost.

IPS: An Institutional Protection Scheme is a contractual or statutory liability agreement to prevent imminent liquidity shortages or over-indebtedness, thereby providing protection for member banks of decentralised banking groups.

K

Tier 1 capital (T1): Tier 1 capital according to CRR →describes core capital and includes → Common Equity Tier 1 capital (CET1) as well as → Additional Tier 1 capital (AT1).

Tier 1 Capital Ratio: The Tier 1 capital ratio results from the →Tier 1 capital expressed as a percentage of →risk-weighted assets.

Credit risk: The risk that one party to a financial instrument will cause a financial loss to another party by not fulfilling an obligation.

L

LCR: The Liquidity Coverage Ratio is a performance indicator for assessing short-term →liquidity risks. The portfolio of high-quality liquid assets is compared to the total net liquidity outflows in the following 30 calendar days.

Lifetime Expected Loss "LEL": Loan loss allowances in the amount of the expected losses over the total life of an instrument.

LGD: Loss Given Default describes the loss ratio in case of a default.

Liquidity risk: The risk that a company has difficulty in fulfilling its obligations resulting from its financial liabilities.

N

Cost of risk: The cost of risk is the net expense resulting from direct impairment losses, the receipt of written-off receivables and the creation or release of value adjustments and provisions in relation to the portfolio of loans and bonds measured at →amortised cost or →fair value through other comprehensive income, the financial guarantees and the free framework.

NPL: Non-performing loans are loans where it is assumed that the customer will not be able to pay back the debt to the bank in full. Various indicators are used to determine bad debt, such as that the customer has filed for bankruptcy, or there is a significant delay in payment of at least 90 days or repeated →forbearance measuresin the recovery phase following a non-performing event (non-performing according to Article 47a CRR). The NPL ratio is the proportion of the total portfolio of loans accounted for by non-performing loans.

NSFR: The Net Stable Funding Rate is a key figure in evaluating medium and long-term →liquidity risk. It is calculated by comparing the available amount of stable financing to the required amount of stable financing over a time frame of one year.

O

OCI: In accordance with IFRS, other comprehensive income takes into account all changes in value for assets and liabilities that are not recorded in the income statement.

Operational risk: Operational risk is the risk of losses caused by the inadequacies or failure of internal procedures, people, systems or external events.

Options: The buyer of an option acquires the right to purchase (call option) or sell (put option) the underlying option object from a contract partner at a certain price and at a certain time agreed in advance, or during a particular period. This means it is a conditional future.

OTC: Over The Counter describes transactions between financial market participants that are not settled on the stock exchange.

P

PD: Probability of Default describes the likelihood that a receivable will go into default.

Purchased or originated credit impairment (POCI): Financial assets that are already classified as impaired when recognised**.**

R

Rating (external): Assessment of creditworthiness of issuers and debt issues by international rating agencies (e.g. Moody's, Standard & Poor's).

Rating (internal): Assessment of creditworthiness of Borrowers by banks.

Recycling: Reclassification through profit or loss of net income previously recognised through OCI.

RoA: This refers to the return on net assets. It is calculated by comparing the profit for the year before or after taxes to the average total assets.

RoE: This reflects the return on equity. It is calculated by comparing the profit for the year before or after taxes to the average equity.

S

SPPI: Where a financial instrument meets the solely payment of principle and interest (SPPI) criteria, the cash flows of that instrument may consist only of interest and principal payments on the outstanding principal.

SREP: Supervisory Review and Evaluation Process is the supervisory process for review and monitoring by the →EBA.

Stage 1: Pursuant to IFRS 9, these are financial instruments whose credit risk has not deteriorated materially since initial recognition or those that have a low risk at the reporting date.

Stage 2: In this stage IFRS 9 categorises financial instruments whose credit risk has deteriorated materially since initial recognition, but which are not yet considered credit impaired.

Stage 3: These are financial instruments that, in accordance with IFRS 9, are considered credit impaired.

Swaps: Swaps are →derivatives in which future payment flows are exchanged. The most important examples are the exchange of interest obligations (interest swap) and/or foreign currency items (foreign currency swap).

T

Forward transactions: Forward transactions are transactions in which mutual contractual fulfilment takes place at a later date and at a previously agreed price. A distinction is made between unconditional future/forward transactions (e.g. → futures) and conditional future/forward transactions (→ options).

Subsidiary: Company on whose business and financial policies a controlling influence can be exercised.

U

The Austrian Commercial Code: The Austrian Commercial Code (Unternehmensgesetzbuch, UGB) regulates the legal relationships of entrepreneurs, contains stipulations about company structures and accounting standards.

Unexpected loss: The unexpected loss defines a potential loss amount that exceeds the expected loss.

V

VaR: Value at risk is the potential future loss which, with a certain probability (e.g. 99 per cent), will not be exceeded within a certain time period.

Fully consolidated companies: Fully consolidated companies include the parent company and significant →subsidiaries that are presented in the consolidated financial statements as if they were one single company.

W

WACC: Der Weighted Average Cost of Capital is an average total capital cost approach resulting from a weighted average of the equity and borrowed capital cost rate.

Exchange rate risk: The risk that the →fair value or future cash flow of a financial instrument will fluctuate due to exchange rate changes.

Securities trading book: In accordance with the →Austrian Banking Act, the securities trading book includes items that are held by a bank for the purpose of short-term resale, in order to exploit price and interest-rate fluctuations.

Austrian Public Housing Act (Wohnungsgemeinnützigkeitsgesetz – WGG): Companies that operate in the public housing sector are subject to special legal regulations of the Austrian Public Housing Act.

Z

Interest-rate risk: The risk that the →fair value or future cash flow of a financial instrument will fluctuate due to changes in the market interest rate.

Additional Tier 1 capital (AT 1): Additional Tier 1 (AT 1) describes supplementary Tier 1 capital under →CRR.

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