SEMI-ANNUAL REPORT

AS OF 30 JUNE 2019

CONSOLIDATED SEMI-ANNUAL MANAGEMENT REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Raiffeisenlandesbank Niederösterreich-Wien

Consolidated Semi-Annual Management Report

Overview of the First Half of 2019

The economic environment in the first half of 2019 was characterized by the following factors and events:

- The key interest rates set by the European Central Bank (ECB) remained unchanged at a historically low level (refinancing rate: 0%, deposit rate: -0.4%). The growing pessimism in forecasts for the global economy was reflected in a further reduction of the deposit rate to -0.5% during the third quarter. The continuation of the ECB's loose monetary policy, together with general economic expectations, led to increased pressure on money market conditions. Ten-year German federal bonds fell from one record low to another (-0.75% at the beginning of September).
- Economic growth in Austria slowed significantly year-on-year to roughly 1.6% in the first half of 2019 as a result of the weaker momentum in foreign trade, but healthy domestic demand (consumption, investments) has prevented a more substantial decline to date. Growth of roughly 1.3% to 1.7% (H1 2018: 2.7%) is now expected for the full year. Forecasts for the Eurozone show an increase of 1.2%, which represents the lowest growth rate in over five years.

The following major events had a significant influence on RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) during the first half of the 2019 financial year:

The successful development of the customer financing business continued during the first half of 2019 in spite of the above-mentioned economic weakness. Loans and advances to customers rose by EUR 1,282.6 million, or 13.3%, year-on-year in the Corporate Clients Segment ("Kommerzkunden", KOM) and by EUR 132.8 million, or 5.1%, in the Retail/Raiffeisen Association Services Segment.

RLB NÖ-Wien continues to hold a sound liquidity position. Surplus liquidity was invested over the short-term with Oesterreichische Nationalbank (OeNB) but had an adverse effect on interest result due to the negative deposit rate of -0.4% per year.

The further noticeable flattening of the interest curve had a positive effect on the valuation of the existing portfolio of securities and bonds, but a negative effect on the fair value of derivatives.

Raiffeisen Bank International AG (RBI), a material investment held by RLB NÖ-Wien, continued its positive development during the first half of 2019, even though the unusually good prior year results were, as expected, not reached. The proportional share of earnings totalled EUR 129.5 million for the reporting period (H1 2018: EUR 171.3 million). In contrast, an impairment loss of EUR -54.0 million (H1 2018: EUR -74.0 million) was recognized to the at-equity carrying amount of the RBI investment. The net amount of the at-equity earnings contribution from RBI equalled EUR 75.5 million (H1 2018: EUR 97.3 million).

RLB NÖ-Wien AG continued its digitalization programme in the first half of 2019 in order to be optimally prepared for the future challenges facing the banking business. Despite the related increase in IT expenditures, further successful restructuring measures held the administrative costs for operations constant in comparison with the previous year.

The risk situation in the customer portfolio remained very satisfactory, and a net amount of EUR 6.2 million was released from the credit risk provision.

Despite the recognition of a further impairment loss to the carrying amount of the RBI investment, profit after tax amounted to EUR 105.3 million in the first half of 2019 (H1 2018: EUR 86.9 million).

The capital ratios remained at a very high level in spite of the substantial growth in assets. With a total Tier 1 ratio of 17.6% and a total capital ratio 21.5%, RLB NÖ-Wien significantly exceeded the minimum legal requirements for capital and also met the regulatory authority's capital benchmarks.

The Economic Environment for the Banking Sector in the First Half of 2019

Concerns over global growth increased significantly during the first half of 2019. The greatest uncertainty stems from the ongoing trade conflict between the USA and China, which has already lasted for more than a year and could develop into a currency war following the latest tariff threats by US President Trump and the resulting reaction by the Chinese Central Bank. A further cause for uncertainty is the upcoming Brexit, which appears to be approaching a "no deal" end on 31 October after the election of Boris Johnson as British Prime Minister. Frequently recurring government crises in individual Eurozone countries have also overshadowed the general mood.

Economic growth in the Eurozone has been slowed by these developments. A preliminary flash estimate points to a quarter-on-quarter plus of only 0.2% in the gross domestic product during the second quarter. The first quarter increase in 2019 equalled 0.4%, which means growth has been reduced by half. GDP growth in Spain was solid at 0.5%, while France and Belgium lagged at 0.2% each. The Italian economic has recently stagnated, and the GDP in Germany fell by 0.1% in the second quarter due to a decline in exports and construction investments.

The inflation rate in the Eurozone is moving even further away from the ECB's target, which is expected to provide grounds for an additional loosening of monetary policy. Inflation equalled only 1.3% year-on-year in June, and the remainder of the year is expected to bring a further decline – provided energy prices are stable.

As expected, the ECB Council's meeting in June failed to bring any changes in key interest rates. The forward guidance was, however, extended and the conditions were approved for the new, seven-part series of "targeted longer-term refinancing operations" (TLTRO III) scheduled for this autumn: TLTRO III loans with a term of two years each bring the banks a premium when they can demonstrate sufficient growth in lending.

The weakening global economy has also left its mark on Austria. The latest flash estimate by WIFO shows a GDP increase of 0.3% over the previous period in the second quarter (following +0.4% in the first quarter), which means the Austrian economy is continuing to expand but at a steadily slower rate since the beginning of 2018. Private sector consumption has been very strong since 2016 and will be additionally supported this year by higher wage agreements and the introduction of a tax benefit for families. Preliminary indicators have recently stabilized after a longer phase of weakness. They are continuing to provide an optimistic outlook in total, even though sector views are very different: Industrial firms are generally pessimistic, while construction and service companies are still optimistic.

The inflation rate according to the harmonized CPI equalled 1.6% in June 2019, which is 0.1 percentage point lower than the previous month. That places the upward price trend in Austria slightly above the Eurozone average (1.3% vs. the previous year). The positive development of the real economy is still reflected in the labour market through rising employment and a decline in the number of unemployed.

Earnings, Financial and Asset Position

Consolidated profit for the first half of 2019 vs. the first half of 2018

The following tables can contain rounding differences.

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018*)	Absolute +/(–) change	Absolute +/(–) change%
Net interest income	74,346	78,599	(4,253)	(5.4)
Net fee and commission income	29,364	34,452	(5,088)	(14.8)
Profit from equity-accounted investments	97,855	102,406	(4,551)	(4.4)
Profit/Loss from investments, financial and non-financial assets and liabilities	4,669	(1,391)	6,060	-
Other operating profit/(loss)	(623)	(7,588)	6,965	(91.8)
Operating income	***205,611***	***206,479***	***(868)***	***(0.4)***
Staff costs	(48,522)	(58,238)	9,716	(16.7)
Other administrative expenses	(53,303)	(55,698)	2,395	(4.3)
Depreciation/amortization/write-offs	(6,241)	(2,401)	(3,840)	>100
Depreciation, amortization, personnel and operating expenses	***(108,066)***	***(116,337)***	***8,271***	***(7.1)***
Consolidated operating profit	**97,545**	**90,142**	**7,403**	**8.2**

*) The previous year was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

The successful development of the customer financing business continued during the first half of 2019 in spite of the above-mentioned economic weakness. Loans and advances to customers rose by EUR 1,282.6 million, or 13.3%, year-on-year in the Corporate Clients Segment ("Kommerzkunden", KOM) and by EUR 132.8 million, or 5.1%, in the Retail/Raiffeisen Association Services Segment. As a result, net interest income increased by approximately EUR 7.0 million over the first half of 2018.

In contrast, the inability to replace maturing long-term assets with comparable instruments had a significant negative effect on net interest income

Net interest income in EUR million

Net fee and commission income was lower than the previous year (EUR 34.5 million) at EUR 29.4 million in the first half of 2019. Growth in the payment business was contrasted by lower income from securities and brokerage transactions.

The **profit from equity-accounted investments -** which is influenced by the earnings contribution from RBI - amounted to EUR 97.9 million in the first half of 2019 (H1 2018: EUR 102.4 million). In addition to the proportional share of earnings from RBI (EUR 129.5 million; H1 2018: EUR 171.3 million), this position includes an impairment loss of EUR -54.0 million (H1 2018: EUR -74.0 million) to the carrying amount of the RBI investment. The contribution from the equity-accounted Raiffeisen Informatik amounted to EUR 22.4 million (H1 2018: EUR 5.1 million), whereby a substantial share of these results is attributable to a deconsolidation following the sale of an investment.

The **profit/loss from investments and financial/non-financial assets and liabilities** totalled EUR 4.7 million in the first half of 2019 (H1 2018: EUR -1.4 million). The increase over the previous year resulted, above all, from the sale of government bonds.

Other operating profit/(loss) rose by EUR 7.0 million over the previous year to EUR -0.6 million, above all due to the release of provisions This position includes, among others, the expenses for the stability levy (EUR 12.9 million) as well as the contribution to the European resolution fund and the deposit insurance fund (EUR 12.5 million).

Operating income in EUR million

The position **"depreciation, amortization, personnel and operating expenses"** amounted to EUR 108.1 million and was EUR 8.3 million lower year-on-year (EUR 116.3 million). The improvement is attributable, above all, to exceptional expenses connected with the addition to a restructuring provision in 2018. The administrative costs for operations reflected the previous year, whereby the ongoing high level of IT expenses for the wide-ranging digitalization programme were offset by further successful restructuring measures.

The RLB NÖ-Wien Group recorded **consolidated operating profit** of EUR 97.5 million in the first half of 2019, which represents an increase of EUR 7.4 million over the previous year.

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018*)	Absolute +/(–) change	Absolute +/(–) change%
Consolidated operating profit	97,546	90,142	7,404	8.2
Impairment losses or reversals of impairment losses to financial assets	6,212	1,199	5,013	>100
Profit for the period before tax	***103,758***	***91,341***	***12,417***	***13.6***
Income tax	1,584	(4,470)	6,054	-
Net profit for the period	**105,342**	**86,870**	**18,472**	**21.3**

*) The previous year was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods").

The **net impairment loss/reversal of impairment to financial assets** amounted to EUR 6.2 million in the first half of 2019 (H1 2018: EUR 1.2 million), chiefly due to net positive credit risk results of EUR 10.0 million (H1 2018: EUR -5.8 million).

Profit before tax totalled EUR 103.8 million (H1 2018: EUR 91.3 million). After the deduction of income tax expense, **after-tax profit** for the reporting period equalled EUR 105.3 million (H1 2018: EUR 86.9 million).

Profit for the period after tax in EUR million

Other comprehensive income of EUR 50.0 million leads to total comprehensive income for the first half of 2019. It includes, above all, the proportional share of positive effects (above all FX effects) from the at-equity consolidation of RBI. **Total comprehensive income** amounted to EUR 155.3 million as of 30 June 2019 (H1 2018: EUR 58.9 million).

Segment Report

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

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

The **Retail/Raiffeisen Association Services Segment** covers the retail banking business in the Vienna branches, which service personal banking, trade and business and self-employed customers. The segment offers various banking products and services for these customer groups, in particular for investments and financing. Private banking teams provide professional advice to high net worth personal banking customers in Vienna, while small and medium-sized businesses are supported by the trade and business teams. This segment recorded a pre-tax loss of EUR -0,4 million in the first half of 2019, compared with EUR -6.8 million in the previous year. Net interest income rose by EUR 1.4 million year-on-year to EUR 29.7 million. The credit business increased by a substantial 5.1% over the prior year to EUR 2.7 billion. Depreciation, amortization, personnel and operating expenses were reduced by EUR 8.9 million to EUR 61.9 million, primarily due to the implementation of changes in the retail business with new advising concepts and a special effect from the addition to a restructuring provision in 2018.

The **Corporate Clients Segment** recorded pre-tax profit of EUR 49.0 million in the first half of 2019 (H1 2018: EUR 32.3 million). Specially designed products and solutions as well as in-depth customer service are the decisive success factors for this segment. The volume of loans and advances rose substantially year-on-year in the first half of 2019 (+13.3%, resp. + EUR 1.3 billion) and led to a significant increase in net interest income. Net interest income rose to EUR 60.7 million (H1 2018: EUR 55.2 million). Positive credit risk results of EUR 7.8 million (H1 2018: EUR -3.4 million) also contributed to the sound profit generated by this segment for the reporting period.

The **Financial Markets Segment** generated pre-tax profit of EUR 14.3 million in the first half of 2019 (H1 2018: EUR 3.3 million). Net interest income fell substantially by EUR 11.5 million to EUR 8.8 million (H1 2018: EUR 20.3 million). Net interest income was negatively influenced, above all, by the inability to replace maturing long-term assets with comparable instruments. In view of the current interest environment, a conscious decision was also taken to finance asset growth with long-term liabilities (fixed interest rates). The equity-accounted Raiffeisen Informatik is assigned to this segment and contributed EUR 22.4 million to earnings in the first half of 2019 (H1 2018: EUR 5.1 million). The year-on-year improvement in the results from financial assets and liabilities to EUR 2.3 million (H1 2018: EUR -4.2 million) is attributable to the sale of government bonds.

RBI, a material investment of RLB NÖ-Wien, recorded profit before tax of EUR 50.2 million in the first half of 2019 (H1 2018: EUR 72.6 million). The proportional share of earnings equalled EUR 129.5 million (H1 2018: EUR 171.3 million). In contrast, an impairment loss of EUR -54.0 million (H1 2018: EUR-74.0 million) was recognized to the carrying amount of the RBI investment.

Profit before tax in the **Raiffeisen Association Segment** equalled EUR -0.1 million in the first half of 2019 (H1 2018: EUR 0.7 million).

The **Other Investments Segment** reported profit before tax of EUR 0.0 million (H1 2018: EUR 0.0 million).

The **Other Segment** includes, above all, the special bank levy of EUR -10.6 million. Profit before tax in this segment equalled EUR -9.3 million in the first half of 2019 (H1 2018: EUR -10.6 million).

Consolidated Balance Sheet as of 30 June 2019

The consolidated balance sheet total of the RLB NÖ-Wien Group rose by EUR 1,054.0 million over the level on 31 December 2018 to EUR 28,013.3 million as of 30 June 2019.

Assets

Loans and advances to customers showed sound development in comparison with the previous year and totalled EUR 12,947.0 million as of 30 June 2019. The increase of EUR 329.1 million, or 2.6%, over the level on 31 December 2018 is primarily attributable to corporate financing.

Loans and advances to other banks amounted to EUR 2,456.4 million at the end of June (H1 2018: EUR 2,441.5 million) and generally reflected the previous year.

The **interest in equity-accounted investments** rose slightly to EUR 2,434.6 over the level on 31 December 2018 after the addition of earnings and recognition of the above-mentioned impairment loss (H1 2018: EUR 2,355.9 million).

Other assets totalled EUR 4,319.1 million, compared with EUR 3,880.2 million as of 31 December 2018. The year-on-year increase resulted chiefly from a higher volume of deposits with Oesterreichische Nationalbank (OeNB).

€m	30/06/2019	31/12/2018*)	Absolute +/(–) change	Absolute +/(–) change%
Financial assets at amortized cost	19,608	19,188	420	2.2
Of which loans and advances to customers	12,947	12,618	329	2.6
Of which debt instruments	4,205	4,129	76	1.8
Of which loans and advances to other banks	2,456	2,442	15	0.6
Financial assets designated at fair value through profit or loss	1,631	1,515	116	7.6
Of which held for trading	1,459	1,342	118	8.8
Of which investments, immaterial shares in subsidiaries and associates	13	13	0	(1.6)
Of which debt instruments not held for trading	1	1	0	(0.1)
Of which loans and advances to customers not held for trading	158	160	(2)	(1.0)
Financial assets at fair value through other comprehensive income	19	19	0	2.0
Interest in equity-accounted investments	2,435	2,356	79	3.3
Other assets	4,319	3,880	439	11.3
ASSETS	**28,012**	26,958	**1,054**	**3.9**

*) The previous year was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

Liabilities and Equity

Deposits from other banks declined by EUR 244.2 million, or 2.8%, and totalled EUR 8,508.0 million as of 30 June 2019 This reduction reflected a lower balance of deposits from institutions in the Raiffeisen sector.

Deposits from customers, including savings deposits, rose by EUR 262.0 million to EUR 8,444.3 million. The increase resulted, above all, from companies and private households.

The total volume of **securitized liabilities, incl. Tier 2 capital,** equalled EUR 6,843.8 million, which represents an increase of EUR 265.1 million over the previous year. Maturing securities were replaced, in particular, by covered bond issues (issue volume, first half of 2019: EUR 500 million).

Equity rose by EUR 119.2 million during the first six months to EUR 2,369.4 million as of 30 June 2019.

€m	30/06/2019	31/12/2018*)	Absolute +/(–) change	Absolute +/(–) change%
Financial liabilities measured at amortised cost	23,904	23,513	391	1.7
Of which deposits from other banks	8,508	8,752	(244)	(2.8)
Of which deposits from customers	8,444	8,182	262	3.2
Of which securitized liabilities (incl. Tier 2 capital)	6,844	6,579	265	4.0
Financial liabilities designated at fair value through profit or loss (derivatives)	766	585	181	30.9
Equity	2,369	2,250	119	5.3
Other liabilities	972	610	363	59.5
LIABILITIES & EQUITY	**28,012**	26,958	**1,054**	**3.9**

*) The previous year was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

Financial Performance Indicators

Performance Ratios

The **Group's cost/income ratio** – i.e. the ratio of operating expenses to operating income (incl. the profit (loss) from financial instrument and associates, and excl. impairment losses) – equalled 41.6% as of 30 June 2019.

The **Group's return on equity after tax** – i.e. the return on equity based on average equity – equalled 9.1% as of 30 June 2019.

Regulatory Capital

RLB NÖ-Wien does not represent a separate credit institution group in the sense of regulatory requirements and, as a group, is not subject to the regulatory requirements for banking groups because it is part of the Raiffeisen-Holding NÖ-Wien credit institution group. The following indicators were determined in accordance with the provisions of the Capital Requirements Regulation (CRR) and the Austrian Banking Act for the Raiffeisen-Holding NÖ-Wien credit institution group.

The consolidated regulatory equity of the Raiffeisen-Holding NÖ-Wien credit institution group is presented below:

Eligible capital as defined in Art. 72 in connection with Art. 18 of the CRR totalled EUR 3,115.1 million (H1 2018: EUR 3,078.9 million). At 21.8% (H1 2018: 22.1%), the Tier 1 ratio (for credit risk) substantially exceeded total capital requirement of 11.50% defined by the CRR.

Eligible capital comprises the following: Common equity Tier 1 includes the superior credit institution's subscribed capital of EUR 120.4 million, appropriated capital reserves of EUR 385.4 million, retained earnings of EUR 1,795.7 million, non-controlling interests of EUR 288.4 million and various regulatory adjustments of EUR 12.9 million. After deductions of EUR -87.1 million, common equity Tier 1 capital equalled EUR 2,515.7 million. The additional Tier 1 capital comprises an additional Tier 1 capital instrument of EUR 95.0 million and non-controlling interests of EUR 38.9 million. Tier 1 capital, after deductions, therefore totalled EUR 2,649.6 million (H1 2018: EUR 2,609.1 million).

Tier 2 capital of EUR 465.5 million (H1 2018: EUR 469.9 million) comprises eligible Tier 2 instruments of EUR 418.4 million, an addition of EUR 46.6 million for amounts guarantees and participation capital of EUR 0.5 million which no longer qualifies as CET 1 capital.

Tier 1 capital as a per cent of eligible capital equalled 85.1% as of 30 June 2019 (H1 2018: 84.7%).

The common equity Tier 1 ratio (CET 1 ratio) equalled 17.6% as of 30 June 2019 (H1 2018: 17.8%), and the Tier 1 ratio for the total risk of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 18.6% (H1 2018: 18.7%). The total capital ratio equalled 21.8% (H1 2018: 22.1%).

Under a fully loaded analysis, the CET 1 ratio equalled 17.6% (H1 2018: 17.6%), the T 1 ratio 18.5% (H1 2018: 18.5%) and the total capital ratio 21.5% (H1 2018: 21.4%).

Credit risk indicators

The following tables show the credit-impaired exposure based on the definition in "Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures)", a guideline issued by the European Banking Authority (EBA). It covers both non-performing and performing exposure. Based on the definition change in the EBA standard which resulted from IFRS 9 (FINREP ANNEX III REV1/FINREP ANNEX V), deposits with central banks and demand deposits must be included in the calculation of the NPE and NPL ratios.

30/06/2019 €'000 Receivables categories	Credit exposure	Non Performing					
		Amount	Risk provision	Collateral	NPE Ratio in %	Coverage Ratio I in %	Coverage Ratio II in %
Other Banks	5,731,251	670	670	0	0.0	100.0	100.0
Corporate customers	9,982,011	154,222	62,765	75,710	1.5	40.7	89.8
Retail exposures	1,961,041	106,788	67,839	26,234	5.4	63.5	88.1
Public sector exposures	5,795,092	0	0	0	0.0	0.0	0.0
Total	**23,469,395**	**261,680**	**131,275**	**101,943**	**1.1**	**50.2**	**89.1**

31/12/2018 €'000 Receivables categories	Credit exposure	Non Performing					
		Amount	Risk provision	Collateral	NPE Ratio in %	Coverage Ratio I in %	Coverage Ratio II in %
Other Banks	5,581,687	670	670	0	0.0	100.0	100.0
Corporate customers	9,749,742	179,223	82,591	84,032	1.8	46.1	93.0
Retail exposures	1,889,904	113,041	72,450	28,703	6.0	64.1	89.5
Public sector exposures	5,611,046	0	0	0	0.0	0.0	0.0
Total	22,832,379	292,934	155,711	112,735	1.3	53.2	91.6

The non-performing exposure (NPE) ratio, which is calculated similar to the EBA Risk Indicator AQT_3.1, equalled 1.1% as of 30 June 2019 (31 December 2018: 1.3%). Coverage Ratio I is defined as the Stage 3 risk provision for non-performing credit exposure in relation to the total non-performing credit exposure, and Coverage Ratio II as the Stage 3 risk provision plus collateral (after haircuts) for non-performing credit exposure in relation to the total non-performing credit exposure. Coverage Ratio I equals 50.2% (31 December 2018: 53.2%) and Coverage Ratio II 89.1% (31 December 2018: 91.6%).

The NPL ratio, which is calculated similar to EBA Risk Indicator AQT_3.2 equalled 1.4% as of 30 June 2019 (31 December 2018: 1.6%).

€'000	Credit exposure		NPL		NPL Ratio in %	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Total	19,260,979	18,701,068	261,680	292,934	1.4	1.6

Risk Assessment

The business activities of a bank are connected with the acceptance of branch-specific risks. These risks are taken in accordance with the risk policy and strategy defined by RLB NÖ-Wien. The efficient identification, evaluation and management of risks represents a central focus of the bank's activities. Additional information on the handling of risk and the organization of risk management is provided in the 2018 annual report under "Risks arising from financial instruments (Risk Report)". Risk management, as a corporate function, reports to the Managing Board member responsible for risk management/accounting and consists of four departments: Models & Analytics, Risk/Data Service, Credit Risk Management and Recovery. The group's overall perspective forms the focal point for the Raiffeisen Holding financial institution group in connection with the Internal Capital Adequacy Assessment Process (ICAAP).

The **Models & Analytics Department** is responsible for aggregated risk analysis (risk capacity analysis – RTFA and stress testing), the selection and implementation of models as well as analysis, monitoring and management of all risk areas. Activities in the **Risk/Data Service Department** concentrate primarily on the optimization of the data structure for reporting, controlling and risk issues, and are accompanied by BCBS 239, the ICS (Internal Control System) and operational risk. Operational risk management is the responsibility of the **Credit Risk Management Department** and includes the management and analysis of loans during the approval procedure and throughout the entire term. This analysis is based on concrete facts derived from company data (financial reports and company analyses) and on the results of on-site visits and analyses in the individual companies. This department is supported by the **Recovery Department**, which oversees the administrative part of the lending process.

As seen from the risk viewpoint, the first half of 2019 was heavily influenced by the lengthy negotiations surrounding the Brexit – both with and within Great Britain. Austria's foreign trade sector has also been weakened by the slowdown in the global economy. This situation has, however, been offset by healthy domestic demand, and the development of the banking business can therefore be viewed as stable.

Long-term interest rates in the Eurozone have fallen to a new historical low as a result of the ECB's interest rate policy and economic forecasts. This development creates special challenges for interest risk management.

The risk positioning of RLB NÖ-Wien in the trading and banking book remains defensive. As in the past two years, the selective and close management of the existing risk positions will continue during the second half of 2019. The related measures will range from standardized stress /back testing to event-driven ad hoc assessments and timely reporting to the Managing Board.

On the capital market, the Austrian financial sector has a very positive reputation for senior unsecured issues. This is also reflected in the narrowing of credit spreads for Austrian banks.

The current economic environment has led to historically low credit risk provisions and higher profitability for RLB NÖ-Wien. However, the development of the EU and the ongoing difficult economic climate on the financial markets are still unclear from the viewpoint of RLB NÖ-Wien. The provisions for expected credit losses are expected to be lower than the budgeted amount in 2019.

Adequate early identification, active risk management and targeted control measures are the proven answer to the potential economic challenges facing RLB NÖ-Wien AG and its customers.

In this way, RLB NÖ-Wien actively addresses the potential effects of the challenges created by the economic environment for its credit customers and the effects of political developments on the financial markets. The current ongoing risk monitoring and assessment procedures, in total, do not indicate any risks above and beyond those mentioned above which could possibly influence the development of RLB NÖ-Wien.

Outlook on the Second Half-year 2019

The Economic Environment

The International Monetary Fund (IMF) reduced its forecast for worldwide GDP growth this year for the third time in its July 2019 outlook. The global economy is now expected to expand by only 3.2%, compared with the plus of 3.3% announced in April. The IMF justified this latest reduction, among others, with the reciprocal punitive tariffs introduced by the USA and China. The US sanctions also threaten to interrupt global supply chains in the technology sector. The uncertainty caused by Great Britain's upcoming exit from the EU (Brexit) and geopolitical tensions in the Gulf region have also clouded economic perspectives. For the coming year, the IMF also reduced its forecast by 0.1 percentage point to 3.5%. However, this level will hardly be attainable if the trade conflicts and tensions in the technology sector continue. Growth could also be slowed by possible new US tariffs on the automotive sector.

The IMF continues to forecast growth of 1.3% for the Eurozone economy in 2019 and has raised its outlook for 2020 slightly to 1.6%. An increase of only 0.7% is projected for the German economy this year due to weaker international demand for the country's products (April forecast: 0.8%).

The Chinese economy is expected to grow by 6.2% in 2019 according to the IMF, or by 0.1 percentage point less than estimated in April. In contrast, the IMF raised its forecast for the USA by 0.3 percentage points to 2.6% as a result of the surprisingly good start this year. The IMF's forecast for 2020 remains unchanged at 1.9% and reflects the expiration of positive effects from the tax reform.

The IMF's forecast for Great Britain points to an increase of 1.3% in 2019 and 1.4% in 2020. This prediction is based on an orderly Brexit, followed by a gradual transition to a new trade system. This scenario appears rather improbable, however, in view of statements made by the new prime minister and Brexit hardliner Boris Johnson, who intends to see the United Kingdom leave the EU on 31 October even without an exit agreement.

The Austrian economy has also lost momentum as a result of the global economic weakness, but robust private consumption and strong residential construction investments are (still) preventing a stronger slowdown. A June 2019 forecast by WIFO shows a decline in average GDP growth to 1.7% in 2019 and stabilization at 1.5% in 2020.

As a consequence of the increasingly pessimistic outlook for the economy and inflation, the ECB will most probably loosen its monetary policy again in September: Expectations generally point to a further cut in the deposit rate and the introduction of a new bond purchase programme. Interest rates and yields can therefore be expected to remain at a very low level for a longer period.

Outlook on the Development of RLB NÖ-Wien

The coming months will see continued concentration on the successful growth course in the financing business, in both the Corporate Clients Segment and the Retail and Raiffeisen Association Services Segment. Plans call for the further expansion of high-quality customer relationships through a focus on customers.

Another focal point involves the implementation of the new branch concept in Vienna. The goal is to develop a modern, viable branch network which meets the changing expectations and needs of the bank's customers. RLB NÖ-Wien AG plans to invest approximately EUR 20 million in its locations over the coming years

The advancement of digitalization represents an inseparable part of this customer orientation, not only in the form of products and services, but also in the simplification of transaction handling.

As a bank for the Raiffeisen sector, the role of RLB NÖ-Wien as a synergy partner for the Lower Austrian Raiffeisen banks will be further expanded.

Vienna, 23 September 2019

The Managing Board

Klaus BUCHLEITNER, m.p.
Chairman

Reinhard KARL m.p.
Deputy Chairman

Andreas FLEISCHMANN m.p.
Member of the Managing Board

Martin HAUER m.p.
Member of the Managing Board

Michael RAB m.p.
Member of the Managing Board

Consolidated Interim Financial Statements (acc. to IFRS)

A. Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Notes	01/01 - 30/06/2019	01/01 - 30/06/2018*
Net interest income	(1)	74,346	78,599
Interest income calculated according to the effective interest method		160,138	166,160
Interest income not calculated according to the effective interest method		140,354	145,013
Interest expense calculated according to the effective interest method		(111,665)	(112,063)
Interest expense not calculated according to the effective interest method		(114,481)	(120,510)
Net fee and commission income	(2)	29,364	34,452
Fee and commission income		42,360	46,767
Fee and commission expenses		(12,997)	(12,315)
Dividend income	(3)	1,967	287
Profit from equity-accounted investments	(4)	97,855	102,406
Depreciation, amortization, personnel and operating expenses	(5)	(108,065)	(116,337)
Profit/Loss from financial assets and liabilities	(6)	4,547	(1,789)
Profit/Loss from investments and non-financial assets	(7)	122	398
Net impairment loss/reversal of impairment to financial assets	(8)	6,212	1,199
Other operating profit/loss	(9)	(2,590)	(7,875)
Profit for the period before tax		**103,758**	91,341
Income tax	(10)	1,584	(4,470)
Profit for the period after tax		**105,342**	86,870
Of which attributable to non-controlling interests		10	31
Of which attributable to equity owners of the parent		105,332	86,839

*) The previous period was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

Reconciliation to Consolidated Comprehensive Income

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018*
Profit for the period after tax	*105,342*	*86,870*
Items that will not be reclassified to profit or loss in later periods	*(7,115)*	*7,014*
Remeasurement of defined benefit pension plans	(5,530)	52
Fair value changes in equity instruments (through other comprehensive income)	95	460
Deferred taxes on items not reclassified to profit or loss	297	314
Proportional share of other comprehensive income from equity-accounted investments	(1,977)	6,188
Items that may be reclassified to profit or loss in later periods	*57,072*	*(34,979)*
Cash flow hedge reserve	(1,014)	(1,014)
Deferred taxes on items that may be reclassified to profit or loss	132	131
Proportional share of other comprehensive income from equity-accounted investments**	57,954	(34,096)
Other comprehensive income	*49,957*	*(27,964)*
Consolidated comprehensive income	**155,300**	**58,906**
Of which attributable to non-controlling interests	10	31
Of which attributable to equity owners of the parent	155,290	58,875

*) The previous period was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

**) The earnings effect in the current reporting period resulted primarily from a foreign exchange effect in Raiffeisen Bank International (RBI), a material associate.

B. Consolidated Balance Sheet

€'000	Notes	30/06/2019	31/12/2018*	01/01/2018*
Cash, cash balances at central banks and other demand deposits	(11)	3,603,139	3,359,250	2,790,844
Financial assets held for trading	(12)	1,459,346	1,341,693	1,106,615
Derivatives		699,036	531,373	601,498
Other trading assets		760,310	810,320	505,117
Non-trading financial assets mandatorily at fair value through profit or loss	(13)	170,706	173,513	170,824
Financial assets at fair value through other comprehensive income	(14)	19,247	18,872	19,365
Financial assets at amortized cost	(15) (16)	19,608,443	19,188,168	18,715,245
Bonds		4,205,066	4,128,791	3,904,481
Loans and advances to other banks		2,456,404	2,441,505	3,586,932
Loans and advances to customers		12,946,973	12,617,872	11,223,831
Derivatives - hedge accounting	(17)	449,410	347,329	354,761
Interest in equity-accounted investments	(18)	2,434,559	2,355,949	2,286,121
Property and equipment	(19)	114,503	14,940	14,361
Investment property		2,613	2,916	4,059
Intangible assets	(20)	7,578	8,936	8,032
Deferred tax assets	(21)	11,760	8,626	11,443
Tax assets		116	91	142
Deferred tax assets		11,644	8,535	11,301
Other assets	(22)	131,069	138,212	163,743
Balance sheet assets		**28,012,375**	**26,958,406**	**25,645,412**

*) The previous year was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

€'000	Notes	30/06/2019	31/12/2018*	01/01/2018*
Financial liabilities held for trading	(23)	766,465	585,386	654,336
Derivatives		766,465	585,386	654,336
Financial liabilities measured at amortized cost	(24)	23,904,309	23,513,145	22,128,766
Deposits from other banks		8,507,973	8,752,128	7,818,593
Deposits from customers		8,444,345	8,182,342	7,767,789
Securitized liabilities		6,843,792	6,578,675	6,542,384
Other liabilities		108,199	0	0
Derivatives - hedge accounting	(25)	454,235	343,537	375,635
Provisions	(26)	113,800	142,711	135,398
Tax liabilities	(27)	3,450	2,970	2,298
Other liabilities	(28)	400,668	120,418	173,349
Equity	(29)	2,369,449	2,250,238	2,175,630
Attributable to non-controlling interests		114	110	82
Attributable to equity owners of the parent		2,369,335	2,250,128	2,175,548
Balance sheet equity and liabilities		28,012,375	26,958,406	25,645,412

*) The previous year was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

C. Consolidated Statement of Changes in Equity

€'000	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income	Profit or loss attributable to equity owners of the parent	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
Equity at 31/12/2017	*219,789*	*556,849*	*1,203,880*	*(302,215)*	*560,138*	*2,238,441*	*82*	*2,238,523*
Revaluations IFRS 9	0	0	10,405	(69,765)	0	(59,360)	0	(59,360)
Equity as of 01/01/2018 after IFRS 9 transition	*219,789*	*556,849*	*1,214,285*	*(371,980)*	*560,138*	*2,179,081*	*82*	*2,179,163*
Restatement of the previous year*	0	0	(2,036)	(1,497)	0	(3,533)	0	(3,533)
Equity at 01/01/2018	*219,789*	*556,849*	*1,212,249*	*(373,477)*	*560,138*	*2,175,548*	*82*	*2,175,630*
Consolidated comprehensive income	0	0	0	(27,964)	86,839	58,875	31	58,906
Net profit/loss for the period	0	0	0	0	86,839	86,839	31	86,870
Other comprehensive income	0	0	0	(27,964)	0	(27,964)	0	(27,964)
Use of retained earnings	0	0	560,138	0	(560,138)	0	0	0
Dividends paid	0	0	(25,056)	0	0	(25,056)	(6)	(25,062)
Enterprise's interest in other changes in equity of equity-accounted investments	0	0	(38,367)	0	0	(38,367)	0	(38,367)
Other changes	0	0	604	(418)	0	186	0	186
Equity at 30/06/2018	**219,789**	**556,849**	**1,709,568**	**(401,859)**	**86,839**	**2,171,186**	**107**	**2,171,293**
Equity at 31/12/2018	*219,789*	*556,849*	*1,697,577*	*(415,182)*	*197,527*	*2,256,561*	*110*	*2,256,670*
Restatement of the previous year*	0	0	(1,933)	(1,353)	(3,147)	(6,433)	0	(6,433)
Equity at 01/01/2019	*219,789*	*556,849*	*1,695,644*	*(416,535)*	*194,380*	*2,250,128*	*110*	*2,250,238*
Consolidated comprehensive income	0	0	0	49,957	105,332	155,289	10	155,300
Net profit/loss for the period	0	0	0	0	105,332	105,332	10	105,342
Other comprehensive income	0	0	0	49,957	0	49,957	0	49,957
Use of retained earnings	0	0	194,380	0	(194,380)	0	0	0
Dividends paid	0	0	(30,111)	0	0	(30,111)	(5)	(30,116)
Enterprise's interest in other changes in equity of equity-accounted investments	0	0	(5,972)	0	0	(5,972)	0	(5,972)
Equity at 30/06/2019	**219,789**	**556,849**	**1,853,942**	**(366,578)**	**105,332**	**2,369,335**	**114**	**2,369,449**

*) The previous periods were adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

D. Consolidated Cash Flow Statement

€'000	Notes	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018*
Profit for the period after tax		*105,342*	*86,870*
Reconciliation to cash flow from operating activities			
Write-downs/(write-ups) of property and equipment and measurement of financial assets and equity investments		(135,459)	(3,197)
Profit from equity-accounted investments	(4)	(97,855)	(102,406)
Release of/addition to provisions and impairment allowances		(5,828)	5,839
(Gains)/losses on disposals of property and equipment and financial investments		(14,759)	(2,992)
Reclassification of net interest income, dividends and income taxes		(29,799)	(76,074)
Other adjustment (net)		5,897	(52,623)
Subtotal		*(172,461)*	*(144,583)*
Change in assets and liabilities arising from operating activities after corrections for non-cash items:			
Other demand deposits		(15,024)	(492,116)
Financial assets held for trading		(95,336)	(242,765)
Financial assets designated at fair value through profit or loss		2,621	(490)
Financial assets at amortized cost		(340,732)	102,954
Derivatives - hedge accounting		22,744	(31,968)
Other assets		7,143	21,417
Financial liabilities held for trading		181,079	(26,439)
Financial liabilities measured at amortized cost		329,374	1,396,055
Other provisions		(20,698)	(12,598)
Other liabilities		280,042	73,022
Interest received		246,227	325,225
Dividends received		71,217	287
Interest paid		(218,925)	(253,871)
Income taxes paid		(643)	(453)
Cash flow from operating activities		*276,626*	*713,677*
Cash receipts from sales of financial investments		216,987	475,956
Cash receipts from sales of equity investments		0	246
Property and equipment and intangible assets		924	1,310
Cash paid for financial investments		(169,064)	(684,902)
Cash paid for equity investments		0	(36)
Property and equipment and intangible assets		(614)	(551)
Cash flow from investing activities		*48,232*	*(207,977)*
Cash inflows from Tier 2 capital		138	73
Cash outflows from Tier 2 capital		(62,147)	(32,679)
Repayments from lease liabilities		(3,868)	
Dividends paid		(30,116)	(25,062)
Cash flow from financing activities		*(95,993)*	*(57,668)*

*) The previous period was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

€'000	01/01/2019 - 30/06/2019	01/01/2018 - 30/06/2018*
Cash and cash equivalents at end of previous year	*1,230,702*	*1,044,081*
Cash flow from operating activities	276,626	713,677
Cash flow from investing activities	48,232	(207,977)
Cash flow from financing activities	(95,993)	(57,668)
Effect of exchange rate changes and other effects	0	84
Cash and cash equivalents at end of year	**1,459,567**	1,492,197

*) The previous period was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

The following table reconciles cash and cash equivalents with the balance sheet position "cash, balances at central banks and other demand deposits" (also see Note 11).

€'000	30/06/2019	31/12/2018	30/06/2018
Cash	49,271	42,775	37,962
Balances with central banks	1,410,130	1,187,794	1,454,235
Other sight deposits from customers	166	132	0
Cash and cash equivalents	**1,459,567**	1,230,702	1,492,197
Other sight deposits from other banks	2,143,572	2,128,549	2,238,881
Total cash, cash balances at central banks and other demand deposits (Note 11)	**3,603,139**	3,359,250	3,731,078

The following transition calculation shows the development of Tier 2 capital (reported on the balance sheet under "liabilities at amortized cost") and its inclusion in the above cash flow statement.

€'000	**At 01/01/2019**	**Cash changes**	**Non-Cash changes**	**At 30/06/2019**
Tier 2 capital	741,535	(62,009)	12,934	692,459

€'000	**At 01/01/2018**	**Cash changes**	**Non-Cash changes**	**At 30/06/2018**
Tier 2 capital	834,162	(32,606)	(52,059)	749,497

E. Notes

Significant Accounting Policies

These condensed consolidated interim financial statements of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) were prepared in agreement with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU.

The consolidated interim financial statements as of 30 June 2019 are in agreement with International Accounting Standard (IAS) 34, which defines the minimum content of an interim financial report and the accounting and measurement principles applicable to interim financial reporting. Accordingly, these consolidated interim financial statements should be read in connection with the consolidated financial statements for 2018 of RLB NÖ-Wien. Changes in the accounting and valuation methods are presented in the following sections.

All amounts are stated in thousands of euros (TEUR), unless indicated otherwise under a specific position. The tables and charts may include rounding differences. The changes shown in the tables are based on underlying data that is not rounded.

The number of consolidated subsidiaries and equity-accounted entities changed as follows during the reporting period:

Number of Entities	01/01 - 30/06/2019 Consolidated	01/01 - 30/06/2018	01/01 - 30/06/2019 Equity Method	01/01 - 30/06/2018
At 1 January	13	13	2	2
Changes during the period	0	0	0	0
At 30 June	**13**	13	**2**	2

No business combinations or disposals of operations were recognized during the reporting period.

There were no unusual seasonal influences during the first half of 2019 that would have had a material influence on the asset, financial or earnings position.

As of 30 June 2019, there were no outstanding legal proceedings whose outcome could endanger the continued existence of the company.

This interim financial report was neither audited nor reviewed by a chartered accountant.

Restatement of prior periods

Restatement based on changes in accounting methods

RLB NÖ-Wien and its fully consolidated subsidiaries are members of a tax group established in accordance with § 9 of the Austrian Corporate Tax Act, in which RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien) serves as the head of the group. These companies have concluded a tax compensation agreement with the head of the group, Raiffeisen-Holding NÖ-Wien. The members of the group are charged at a maximum rate of 25% on reported profits and on a proportional share of the corporate income tax attributable to the top group level (i.e. the head of the group). Taxable losses receive a negative tax charge of 12.5%.

AFRAC expert opinion no. 13 on issues involving IFRS accounting and reporting in connection with group taxation therefore applies to the accounting treatment of deferred taxes. The measurement of deferred taxes was previously based on the applicable corporate tax rate of 25% in accordance with AFRAC expert opinion no. 13 (group taxation) which was issued in December 2015. A clarification to this expert opinion issued in September 2018 states that a group member no longer has the option to measure deferred taxes at the current or future corporate income tax rate but must estimate and apply the tax rate expected in the individual years (applicable to financial years beginning after 31 December 2018). The group member must develop an accounting method for this process which meets the criteria defined by IAS 8.10ff.

Since the tax compensation agreement calls for a mixed method, the subgroup of RLB NÖ-Wien is affected by the change described in the AFRAC opinion. RLB NÖ-Wien now applies one of the accounting methods recommended in the AFRAC opinion. Deferred taxes are measured under this method at the tax rate which results from the surplus of temporary differences in the individual years.

In order to identify the surplus of taxable temporary differences in a particular year, the temporary differences were measured at the maximum tax rate of 25% applicable to positive tax charges. A surplus of deductible over taxable temporary differences results in the measurement of all temporary differences in that year at the tax rate applicable to negative tax charges, i.e. 12.5%.

An appropriate estimate was used to approximate the reversal of the taxable and deductible temporary differences when the exact timing of the reversal was not possible.

The necessary change in the accounting method applicable to the measurement of deferred taxes held by group members following the clarification of AFRAC expert opinion no. 13 was accounted for as of 30 June 2019 through a retrospective adjustment as defined in IAS 8.19b.

Restatement for the correction of errors

The comparative period 1 January to 30 June 2018 was also adjusted retrospectively to reflect a change in the presentation of the IFRS 9 revaluation effect resulting from the recognition of provisions for expected credit losses and the recognition of investments. This retrospective adjustment was based on IAS 8.49 and only involves the statements of comprehensive income and changes in equity from 1 January to 30 June 2018 because the consolidated financial statements as of 31 December 2018 included this adjustment. The comparable amounts presented in the consolidated financial statements as of 31 December 2018 therefore remain unchanged.

The effects of the above changes on the balance sheet, income statement and statement of comprehensive income are presented below in accordance with IAS 8.48:

Assets, €´000	31/12/2018	31/12/2018 after restatement	31/12/2018 after restatement	01/01/2018*	31/12/2018 after restatement	01/01/2018 after restatement
Deferred tax assets	15,429	(6,894)	8,535	15,369	(4,067)	11,301
Balance sheet assets	**26,965,298**	**(6,894)**	**26,958,406**	**25,649,479**	**(4,067)**	**25,645,412**

Equity and Liabilities, €´000	31/12/2018	31/12/2018 after restatement	31/12/2018 after restatement	01/01/2018*	31/12/2018 after restatement	01/01/2018 after restatement
Deferred tax liabilities	461	(461)	0	534	(534)	0
Equity	2,256,670	(6,433)	2,250,238	2,179,163	(3,533)	2,175,630
Balance sheet equity and liabilities	**26,965,298**	**(6,894)**	**26,958,406**	**25,649,479**	**(4,067)**	**25,645,412**

*) Eigenkapital nach IFRS 9 Umwertungen

Consolidated comprehensive income €'000	01/01 - 31/12/2018	31/12/2018 after restatement	01/01 - 31/12/2018 after restatement
Profit for the period before tax	*193,215*	*0*	*193,215*
Income tax	4,345	(3,147)	1,198
Profit for the period after tax	*197,560*	*(3,147)*	*194,413*
Deferred taxes on items not reclassified to profit or loss	(215)	513	298
Deferred taxes on items that may be reclassified to profit or loss	531	(265)	266
Other comprehensive income	*(43,202)*	*247*	*(42,955)*
Consolidated comprehensive income	**154,358**	**(2,900)**	**151,458**

Consolidated comprehensive income, €´000	01/01 - 30/06/2018	31/12/2018 after restatement	Restatement for the correction of errors	01/01 - 30/06/2018 after restatement
Profit/Loss from financial assets and liabilities	(2,279)	0	490	(1,789)
Net impairment loss/reversal of impairment to financial assets	(4,153)	0	5,352	1,199
Other operating profit/loss	(6,514)	0	(1,361)	(7,875)
Profit for the period before tax	*86,859*	*0*	*4,482*	*91,341*
Income tax	(2,812)	(1,658)	0	(4,470)
Profit for the period after tax	*84,047*	*(1,658)*	*4,482*	*86,870*
Fair value changes in equity instruments (through other comprehensive income)	284	0	176	460
Deferred taxes on items not reclassified to profit or loss	(84)	398	0	314
Deferred taxes on items that may be reclassified to profit or loss	263	(132)	0	131
Other comprehensive income	*(28,407)*	*267*	*176*	*(27,964)*
Consolidated comprehensive income	**55,640**	**(1,392)**	**4,658**	**58,906**

Change in accounting policies

In addition to the effect from the calculation of deferred taxes in the RLB NÖ-Wien Group which is explained in detail under "Restatement based on changes in accounting methods", the following section discusses the new major rules which have been adopted by the EU and have an influence on interim financial statements. All other accounting policies remain unchanged since the preparation of the consolidated financial statements as of 31 December 2018.

The other new or revised standards and interpretations applicable as of 1 January 2019 or a later date were analysed and have no material effect on the consolidated financial statements of RLB NÖ-Wien.

These new or revised standards and interpretations were not applied prematurely.

Application of new and revised standards

IFRS 16 - Leases

IFRS 16 regulates the accounting treatment of leases and requires the lessee to recognize leases on the balance sheet. A lessee records a right of use, which represents the right to use the underlying asset, and a liability arising from the lease, which represents the obligation to make lease payments.

Transition guidance for IFRS 16

At the time of transition to IFRS 16, companies can decide whether to apply the IFRS 16 definition of a lease to all such contracts or to utilize the exemption and not reassess whether a contract represents or contains a lease. The RLB NÖ-Wien Group utilized the exemption to retain the definition of a lease and apply IFRS 16 to all contracts which were concluded prior to 1 January 2019 and were identified as leases under IAS 17 and IFRIC 4.

Companies can choose between a full retrospective approach or a modified retrospective approach at the time IFRS 16 is initially applied. The RLB NÖ-Wien Group selected the modified retrospective approach. Therefore, the opening balance sheet as of 1 January 2019 does not include an equity effect from the initial application and the comparative information was not adjusted for the reporting period.

The RLB NÖ-Wien Group exercised the following option for each lease classified as an operating lease under IAS 17:

Recognition of the applicable right of use at an amount equal to the lease liability which, as of the initial application date, represents the present value of future lease payments based on the lessee's incremental borrowing rate as of that date. An adjustment of the opening balance sheet amount for retained earnings equal to the cumulative effect from the initial application of IFRS 16 is therefore not required for the RLB NÖ-Wien Group.

The use of a uniform discount rate for portfolios of leases which have generally similar characteristics. This practical expedient was applied to leases for moveable goods with shorter terms and to rental contracts with longer terms.

Rights of use were not tested for impairment on initial recognition when IFRS 16 was initially applied. The RLB NÖ-Wien Group instead evaluated the provisions, contingent liabilities and contingent obligations in accordance with IAS 37 immediately before the initial application date to determine whether any of the leases were onerous. In the RLB NÖ-Wien Group, rights of use were adjusted as of the initial application date on 1 January 2019 by an amount equal to the provision for onerous leases recognized on the balance sheet immediately before the initial application date.

IFRS 16 also provides options for the recognition of short-term leases and low-value asset leases, which were elected by the RLB NÖ-Wien Group.

The RLB NÖ-Wien Group has concluded leases, above all, for real estate and, to a lesser extent, for motor vehicles and other low-value assets. The main real estate leases cover the Raiffeisen headquarters at Friedrich-Wilhelm-Raiffeisen-Platz 1 in Vienna and the branch locations, which consist primarily of personal customer branch offices and a private banking centre in Vienna's Looshaus. Most of these properties are leased from Raiffeisen-Holding NÖ-Wien, which holds a majority investment of 79.09% (2018: 79.09%) in RLB NÖ-Wien. Most of the real estate leases are cancellable contracts with extension options, whereby estimates for the terms were made when IFRS 16 was initially applied.

The initial application of IFRS 16 led to the recognition of rights of use totalling approximately EUR 105.7 million for these leases. The lease liability exceeds the recognized right of use because the right of use at the time of initial application was adjusted by a provision for onerous leases as of 31 December 2018.

€'000	**Reconciliation to IFRS 16**
Obligations from non-cancellable operating leases 31/12/2018 (undiscounted)	***11,398***
Operating lease obligations 31/12/2018 (discounted)	***10,714***
Estimated cancellable obligations from real estate leases (concluded for an indefinite period)	102,780
Finance lease liabilities	0
Practical expedient for short-term leases	(24)
Practical expedient for low-value asset leases	0
Lease liabilities, initial application of IFRS 16 as of 01/01/2019	**113,471**

The lease liabilities were discounted at the incremental borrowing rate as of 1 January 2019. The weighted average interest rate equalled approximately 1.39%.

IFRS 9 – Prepayment penalties

A debt instrument is only measured at amortized cost or at fair value through other comprehensive income when the contractual terms of the financial asset lead to cash flows at specified dates which consist solely of principal and interest on the principal amount outstanding.

A contract term which permits the borrower to repay an instrument prematurely or gives the lender the right to demand premature repayment of an instrument does not violate the "sole payments of principal and interest" criterion (SPPI) when the amount of the prepayment primarily represents outstanding principal and interest payments on the remaining principal amount. The prepayment can also include reasonable compensation for the early termination of the contract without having a negative effect on the SPPI criterion (IFRS 9.B4.1.11(b)).

The change to IFRS 9 clarified in an additional point (B4.1.12A and explanations) that all instruments with a prepayment penalty – whether the terminating party receives or pays the penalty – must be treated identically.

The RLB NÖ-Wien Group has no application cases of this type at the present time which would lead to the reclassification of a financial instrument under the retrospective application of IFRS 9.B4.1.12A.

Segment Reporting

01/01 - 30/06/2019 €'000	Retail/Raiffeisen Association Services	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	29,662	60,726	8,830	(24,721)	0	(151)	0	74,346
Net fee and commission income	25,818	6,501	(4,856)	0	1,901	0	0	29,364
Dividend income	100	1,844	0	0	0	23	0	1,967
Profit from equity-accounted investments	0	0	22,380	75,475	0	0	0	97,855
Depreciation, amortization, personnel and operating expenses	(61,852)	(25,675)	(7,691)	(440)	(12,307)	(100)	0	(108,065)
Profit/Loss from financial assets and liabilities	673	923	2,320	0	631	0	0	4,547
Profit/Loss from investments and non-financial assets	0	(8)	0	0	0	130	0	122
Net impairment loss/reversal of impairment to financial assets	878	7,813	(2,479)	0	0	0	0	6,212
Other operating profit/loss	4,366	(3,127)	(4,191)	(96)	9,692	75	(9,309)	(2,590)
Profit for the period before tax	**(355)**	**48,997**	**14,313**	**50,218**	**(83)**	**(23)**	**(9,309)**	**103,758**
Income tax	(291)	(138)	0	0	0	(9)	2,022	1,584
Profit for the period after tax	**(646)**	**48,859**	**14,313**	**50,218**	**(83)**	**(32)**	**(7,287)**	**105,342**
Av. allocated capital (in EUR mill.)	274	737	754	528	0	17	0	2,310
Return on equity before tax	(0.3)%	13.4%	3.8%	19.2%	0.0%	(0.3)%	0.0%	9.0%
Cost/Income Ratio (incl. at equity)	> 100%	38.4%	31.4%	0.4%	> 100%	> 100%	0.0%	41.6%

01/01 - 30/06/2018* €'000	Retail/Raiffeisen Association Services	Corporate Customers	Financial Markets	RBI	Raiffeisen Association	Other equity investments	Other	Total
Net interest income	28,225	55,164	20,342	(23,932)	0	(1,200)	0	78,599
Net fee and commission income	28,568	7,327	(4,217)	0	2,774	0	0	34,452
Dividend income	127	20	0	0	0	140	0	287
Profit from equity-accounted investments	0	0	5,088	97,318	0	0	0	102,406
Depreciation, amortization, personnel and operating expenses	(70,729)	(25,844)	(8,837)	(712)	(10,112)	(103)	0	(116,337)
Profit/Loss from financial assets and liabilities	743	833	(4,191)	0	336	490	0	(1,789)
Profit/Loss from investments and non-financial assets	0	(5)	0	0	0	403	0	398
Net impairment loss/reversal of impairment to financial assets	1,952	(3,423)	2,670	0	0	0	0	1,199
Other operating profit/loss	4,341	(1,800)	(7,525)	(99)	7,697	108	(10,597)	(7,875)
Profit for the period before tax	*(6,773)*	*32,272*	*3,330*	*72,575*	*695*	*(162)*	*(10,597)*	*91,341*
Income tax	3	(154)	0	0	0	0	(4,319)	(4,471)
Profit for the period after tax	(6,770)	**32,118**	**3,330**	**72,575**	**695**	**(162)**	**(14,916)**	**86,870**
Av. allocated capital (in EUR mill.)	276	709	683	455	0	51	0	2,173
Return on equity before tax	(4.8)%	8.9%	1.0%	31.1%	0.0%	0.0%	0.0%	8.2%
Cost/Income Ratio (incl. at equity)	> 100%	42.0%	93.1%	0.5%	93.6%	(174.6)%	0.0%	41.5%

*) The previous period was adjusted in accordance with IAS 8 (see the section “Restatement of prior periods” in the Notes).

Segment Reporting

Segment reporting is based on internal management performance calculations in the form of a multi-level contribution margin income statement. Income and expenses are allocated according to their origin. Income includes net interest income, net fee and commission income, net trading income and other operating profit/(loss). Net interest income is calculated on a market interest rate basis. The interest income from equity is determined by applying a theoretical interest rate, allocated to the segments in accordance with regulatory capital requirements and presented under net interest income. The impairment allowances in the credit business include the net new creation of impairment allowances for credit risks and direct write-offs as well as the income from loans and advances previously written off. General administrative expenses include direct and indirect costs. Direct costs (staff costs and other administrative expenses) are the responsibility of the individual business segments, while indirect costs are assigned according to predefined allocation keys.

The segments are presented as independent companies with a separate capital base and profit responsibility.

The basis for the definition of the individual segments is their responsibility for servicing the various customer groups of RLB NÖ-Wien.

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

- The Retail/Raiffeisen Association Segment includes the retail business in Vienna.

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

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

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

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

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

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

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

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

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

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

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

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

- The Other Segment only includes the limited expenses which cannot be allocated to one of the other segments, e.g. the special payment for the bank levy which is also due in the coming year.

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

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

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

Details on the Consolidated Income Statement

(1) Net interest income

Net interest income includes interest income and expenses as well as all similar recurring and non-recurring income and expenses. Interest and similar income, respectively expenses, are calculated according to the effective interest method and accrued accordingly. Negative interest on loans and advances to customers and other banks are included under interest and similar expenses, while positive interest on non-derivative financial liabilities from the banking business are included under interest and similar income and reported under net interest income.

Interest income includes interest income of TEUR 1,994 (H1 2018: EUR 1,296) from impairment-adjusted loans and advances to customers and other banks.

€'000	**01/01 - 30/06/2019**	01/01 - 30/06/2018
Interest income		
Financial assets held for trading	96,794	94,533
Non-trading financial assets mandatorily at fair value through profit or loss	1,769	2,055
Financial assets at amortized cost	153,832	158,702
Bonds	33,637	36,365
Other loans and advances	120,195	122,337
Derivatives - hedge accounting, interest rate risks	41,791	48,425
Other assets	0	3
Negative interest from liabilities	6,306	7,455
Total interest income	***300,492***	***311,173***
Interest expenses		
Financial liabilities held for trading	(86,082)	(87,344)
Financial liabilities measured at amortized cost	(98,676)	(97,961)
Deposits	(37,630)	(36,884)
Securitized liabilities	(42,810)	(43,094)
Tier 2 capital	(17,593)	(17,983)
Lease liabilities	(643)	0
Derivatives - hedge accounting, interest rate risks	(28,399)	(33,166)
Other liabilities	(6,916)	(6,586)
Negative interest from financial assets	(6,073)	(7,517)
Total interest expenses	***(226,146)***	***(232,574)***
Net interest income	**74,346**	78,599

(2) Net fee and commission income

Net fee and commission income covers the income and expenses to which the company is legally entitled for the provision of services. Fee and commission income from the credit business consists primarily of liability remuneration, commission income from securities and custodial and brokerage fees. Fee and commission expenses from the credit business consist chiefly of liability remuneration in connection with cover pool collateral. The fees arising from financial instruments which are carried at amortized cost and are part of effective interest are recognized to net interest income over the respective term.

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018
Securities	3,376	4,880
Custody business	3,899	3,830
Services for payment transactions	14,866	14,571
Credit business	3,322	4,166
Brokerage commissions and other fee and commission income	16,898	19,320
Fee and commission income	***42,360***	*46,767*
Securities	(1,030)	(1,119)
Custody business	(601)	(545)
Services for payment transactions	(2,593)	(2,863)
Credit business	(5,585)	(4,980)
Other fee and commission expenses	(3,189)	(2,808)
Fee and commission expenses	***(12,997)***	*(12,315)*
Net fee and commission income	**29,364**	34,452

(3) Dividend income

This position includes the dividend income from securities as well as the income from unconsolidated company shares and investments. In accordance with IFRS 9.5.7.1A, dividends are recognized to profit or loss when there is a legal entitlement to receive payment.

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018
Non-trading financial assets designated at fair value through profit or loss	1,867	4
Financial assets at fair value through other comprehensive income	100	283
Dividend income	**1,967**	287

(4) Profit from equity-accounted investments

The profit from equity-accounted investments represents the proportional share of profit or loss from the investments in Raiffeisen Bank International AG (RBI) and Raiffeisen Informatik GmbH, an associate and equity-accounted investment, which flow into the consolidated financial statements of RLB NÖ-Wien.

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018
Profit/loss from companies accounted for at equity	151,855	176,406
Revaluation gains/(losses) on equity-accounted investments	(54,000)	(74,000)
Profit from equity-accounted investments	**97,855**	102,406

The negative revaluation results of TEUR 54,000 (H1 2018: TEUR 74,000) are attributable to an impairment loss recognized to the investment in RBI.

The recoverable amount as of 31 December 2018 was determined as the value in use and resulted in the recognition of an impairment loss. An overall assessment of events as of 30 June 2019 provided objective indications of impairment as defined in IAS 28.41A to 28.41C in connection with IAS 36.12, which led to signs of a lower fair value. The equity-accounted investment in RBI was therefore tested for impairment as of 30 June 2019. In accordance with IAS 36.114 in connection with IAS 36.18, the determining factor for impairment was the recoverable amount on the closing date; this amount was compared with the at-equity carrying amount of the RBI investment. The recoverable amount was determined as a value in use based on the present value of the expected future cash flows (discounted cash flow method). The cash flows were derived from five-year forecasts which were valid at the time the impairment test was carried out. The cash flows realizable from the RBI investment were discounted with an average, risk-adjusted capitalization rate of 11.0%. A comparison of the resulting value in use with the carrying amount led to the recognition of an impairment loss of TEUR 54,000 (H1 2018: TEUR 74,000) to the equity-accounted investment in RBI. Potential valuation uncertainties related to key forecast assumptions – e.g. the development of foreign exchange rates, risk costs, the cost-income ratio, sustainable earnings expectations and the valuation parameters for the discount rate – were evaluated as best as possible by management on the basis of sensitivity analyses and compared with externally available market data for plausibility where possible.

The quoted market price of RBI as of 30 June 2019 equalled EUR 20.6 per share (31 December 2018: EUR 22.2 per share).

In addition, the earnings contribution from the equity-accounted investment in Raiffeisen Informatik GmbH includes a deconsolidation effect of TEUR 16.

(5) Depreciation, amortization, personnel and operating expenses

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018
Write-downs of property, equipment and intangible assets	(6,241)	(2,401)
Staff costs	(48,522)	(58,238)
Other administrative expenses	(53,303)	(55,698)
Depreciation, amortization, personnel and operating expenses	**(108,065)**	(116,337)

The initial application of IFRS 16 in the 2018 financial year resulted in a shift from operating expenses to depreciation/amortization. Operating expenses (costs for office space) declined and were offset by a comparable increase in the amortization of capitalized rights of use totalling TEUR 3,583. Additional details on the initial application of IFRS 16 can be found under "Change in accounting policies".

(6) Profit/loss from financial assets and liabilities

The profit/loss from financial assets and liabilities includes all realized profits and losses as well as the results from the valuation of financial instruments.

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018
Profit/loss from financial assets and liabilities not carried at fair value through profit or loss	***10,684***	***5,142***
Financial assets at amortized cost	11,126	5,142
Bonds	11,126	5,142
Financial liabilities measured at amortised cost	(442)	0
Profit/loss from financial assets and liabilities held for trading	***(8,310)***	***(11,535)***
Derivatives	(30,783)	(3,397)
Equity instruments	(81)	(231)
Bonds	22,554	(7,907)
Profit / loss from financial assets not held for trading, mandatorily at fair value	***1,554***	***(1,486)***
Equity instruments	71	2,457
Other loans and advances	1,483	(3,943)
Profit / loss from hedge accounting	***(1,525)***	***1,149***
Foreign exchange transactions	***2,143***	***4,942***
Profit/Loss from financial assets and liabilities	**4,547**	(1,789)

*) The previous period was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

The sale of assets carried at amortized cost reflects the "hold to collect" business model used by RLB NÖ-Wien. These sales are monitored with regard to frequency and on the basis of internally defined eligibility limits for the individual portfolio volumes and the realized results. Positive and negative results are not offset but evaluated on a transaction by transaction basis. In the first half of 2019, the gains and losses from financial assets and liabilities carried at amortized cost show realized income of TEUR 11,126 (H1 2018: TEUR 5,142) from the sale of bonds and results of TEUR -442 (H1 2018: TEUR 0) from repurchases and the premature redemption of the bank's own issues. The results from the sale of bonds are based on a multi-tranche portfolio optimization which reflects the "hold to collect" business model.

Changes in the contractual payment flows of financial instruments were analysed extensively during the reporting period and did not result in any material modifications or results. The changes are reported under this position on the income statement.

The profit/loss from financial assets and liabilities carried at fair value through profit or loss amounted to TEUR -6,756 (H1 2018: TEUR -13,021) and consist of the following: earnings contributions of TEUR -8,310 (H1 2018: TEUR -11,535) from financial instruments held for trading and earnings contributions of TEUR 1,554 (H1 2018: TEUR -1,486) from financial instruments carried at fair value through profit or loss.

These results were influenced by two major effects during the reporting period: a significant decline in interest rates with a parallel flattening of the interest curve and a trend towards closer credit spreads in the bond segment. The falling interest rates and credit spreads led to the positive valuation of securities. Contrary derivative positions showed a corresponding negative pattern due to the decline in interest rates. Additional details on the calculation of valuation results can be found under Note (30) “Fair value of financial instruments“.

The profit/loss from hedge accounting shows ineffectiveness of TEUR -1,525 (H1 2018: TEUR 1,149) in the hedges recognized by RLB NÖ-Wien. This amount comprises TEUR -13,794 (H1 2018: TEUR 15,612) from the measurement of hedging derivatives and TEUR 12,269 (H1 2018: TEUR -14,463) from changes in the carrying amounts of the underlying transactions within the framework of hedge accounting. Additional details on hedge accounting are provided under Note (31) “Hedge accounting“.

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

€'000	**01/01 - 30/06/2019**	01/01 - 30/06/2018
Profit/loss from the derecognition of non-financial assets	122	398
Profit/loss from intangible assets	(8)	(5)
Profit/loss from investment property	119	403
Profit/loss from other assets	11	0
Profit/Loss from investments and non-financial assets	**122**	398

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

This position covers all income and expenses arising from valuation adjustments to financial instruments carried at amortized cost. The income and expenses related to other credit risks which were accounted for through provisions are included under other operating profit/loss. Additional details on the risk provisions are provided under Note (16).

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018*
Net impairment loss/reversal of impairment to financial assets at amortized cost	6,212	1,199
Bonds	(887)	1,685
Loans and advances	7,100	(486)
Net impairment loss/reversal of impairment to financial assets	**6,212**	**1,199**

*) The previous period was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

(9) Other operating profit/loss

Other operating profit/(loss) includes the results from the service and real estate subsidiaries and, among others, the income and expenses from non-banking activities. It also includes the annual contribution to the resolution fund and bank levy as well as the expenses arising from damages and actual and uncertain obligations arising from compensation for damages related to potential customer complaints.

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018*
Other operating income	*27,140*	*25,022*
Revenue from service and real estate subsidiaries	14,451	13,840
Revenues from services provided to Raiffeisen banks	8,109	7,710
Other income	4,580	3,366
Other operating expenses	*(33,495)*	*(33,353)*
Bank levy	(12,916)	(12,839)
Resolution fund	(9,589)	(8,220)
Cost of materials and purchased services from service and real estate subsidiaries	(5,972)	(5,077)
Other expenses	(5,018)	(7,217)
Addition to or release of provisions	*3,765*	*456*
Other operating profit/loss	**(2,590)**	**(7,875)**

*) The previous period was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

(10) Income tax

€'000	01/01 - 30/06/2019	01/01 - 30/06/2018*
Current taxes	(1,115)	(156)
Deferred taxes on items not reclassified to profit or loss	2,698	(4,314)
Income tax	**1,584**	(4,470)

*) The previous period was adjusted in accordance with IAS 8 (see the "Restatement of prior periods" in the Notes).

Details on the calculation of deferred taxes and the related change in the calculation method used by the RLB NÖ-Wien Group in connection with group taxation (§9 of the Austrian Corporate Income Tax Act) can be found in the section "Significant Accounting Policies" ("Restatement based on changes in accounting methods").

Details on the Consolidated Balance Sheet

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

€'000	30/06/2019	31/12/2018
Cash	49,271	42,775
Balances with central banks	1,410,130	1,187,794
Other demand deposits	2,143,739	2,128,681
Total	**3,603,139**	3,359,250

The cash balances at central banks include the statutory minimum reserve of TEUR 267,212 (H1 2018: TEUR 257,896).

(12) Financial assets held for trading

Derivatives that do not serve as hedging instruments in hedge relationships are assigned to this balance sheet position. Also included here are equity instruments (shares and variable-yield securities) and bonds which are held not to collect contractual cash flows, but to realize fair value in accordance with the underlying business model.

€'000	30/06/2019	31/12/2018
Derivatives	699,036	531,373
Equity instruments	1,736	1,905
Bonds	758,574	808,415
Total	**1,459,346**	1,341,693

(13) Non-trading financial assets mandatorily at fair value through profit or loss

The equity instruments assigned to this valuation category consist entirely of investments which, according to their strategic focus, were not assigned to the category FVOCI (also see Note (15) Financial assets at fair value through other comprehensive income). The bonds, loans and advances to customers in this valuation category have contractual cash flows that do not consist entirely of interest and principal payments and must therefore be measured at fair value. Most of the equity instruments in this category are financial instruments with incongruent interest components.

€'000	30/06/2019	31/12/2018
Equity instruments	12,674	12,883
Bonds	919	920
Other loans and advances	157,113	159,710
Total	**170,706**	173,513

(14) Financial assets at fair value through other comprehensive income

These equity instruments consist primarily of investments in companies which provide ancillary services for banking operations or represent financial institutions. The optional presentation of the fair value changes in these instruments reflects the strategic focus. The equity instruments in this portfolio are not intended for sale over the long-term.

€'000	30/06/2019	31/12/2018
Equity instruments	19,247	18,872
Total	**19,247**	18,872

Dividends of TEUR 100 (H1 2018: TEUR 283) were recognized from these equity instruments. There were no material sales from this asset category during the reporting period.

(15) Financial assets at amortized cost

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

€'000	30/06/2019	31/12/2018
Bonds	4,205,066	4,128,792
Debt instruments from credit institutions	1,087,172	1,007,801
Debt instruments from customers	3,117,894	3,120,991
Other loans and advances	15,403,377	15,059,376
Loans and advances to other banks	2,456,404	2,441,505
Loans and advances to customers	12,946,973	12,617,871
Total	**19,608,443**	19,188,168

(16) Risk provisions

The following tables provide detailed information on the development of impairment losses to loans and advances and to the bonds classified as financial assets at amortized cost.

Impairment allowances for loans and advances to other banks, at amortized cost

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI significant	Total
Opening balance sheet 01/01/2019	*2,600*	*0*	*670*	*0*	*0*	*3,270*
Increase due to new additions	1,738	0	0	0	0	1,738
Decreases due to disposals	(1,006)	0	0	0	0	(1,006)
Changes based on changes in credit risk	932	0	0	0	0	933
Foreign currency effects and other adjustments	38	0	0	0	0	38
Closing balance sheet 30/06/2019	**4,303**	**0**	**670**	**0**	**0**	**4,973**

The comparative prior year data are shown below:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI significant	Total
Opening balance sheet 01/01/2018	*2,966*	*0*	*2,336*	*0*	*0*	*5,302*
Increase due to new additions	6,092	3	0	0	0	6,095
Decreases due to disposals	(5,177)	0	0	0	0	(5,177)
Changes based on changes in credit risk	3,404	0	0	0	0	3,404
Foreign currency effects and other adjustments	(3)	0	0	0	0	(3)
Closing balance sheet 30/06/2018	7,282	3	2,336	0	0	9,621

Impairment allowances for loans and advances to customers, at amortized cost:

€'000	**Stage 1 Performing**	**Stage 2 Under Performing**	**Stage 3 Credit impaired significant**	**Stage 3 Credit impaired not significant**	**POCI significant**	**Total**
Opening balance sheet 01/01/2019	***6,675***	***2,644***	***80,239***	***68,938***	***3,739***	***162,235***
Increase due to new additions	1,571	217	0	0	0	1,787
Decreases due to disposals	(188)	(153)	(72)	(281)	0	(694)
Changes resulting from reclassification between stages	(3,061)	(2,420)	2,061	3,339	0	(82)
Transfers to Stage 1	(2,844)	375	807	1,541	0	(121)
Transfers to Stage 2	(217)	(2,860)	1,254	1,861	0	39
Transfers to Stage 3	0	64	0	(63)	0	1
Changes based on changes in credit risk	3,361	3,065	(8,969)	(223)	(397)	(3,163)
Decreases due to use of impairment losses	0	0	(12,384)	(6,193)	0	(18,577)
Foreign currency effects and other adjustments	(315)	12	335	107	1	140
Closing balance sheet 30/06/2019	**8,043**	**3,364**	**61,211**	**65,686**	**3,343**	**141,647**

Income from amounts previously written off, recognized directly to profit or loss	0	0	6,674	0	0	6,674
Impairment losses recognized directly to profit or loss	0	0	1,156	0	0	1,156

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	not significant	POCI significant	Total
*Opening balance sheet 01/01/2018**	*11,800*	*2,297*	*78,836*	*81,410*	*4,059*	*178,401*
Increase due to new additions	627	550	0	0	0	1,176
Decreases due to disposals	(683)	(371)	(4,347)	(6,344)	0	(11,745)
Changes resulting from reclassification between stages	(150)	318	(141)	1,383	0	1,410
Transfers to Stage 1	0	322	2	932	0	1,255
Transfers to Stage 2	(127)	0	(143)	451	0	181
Transfers to Stage 3	(23)	(3)	0	0	0	(27)
Changes based on changes in credit risk	(3,294)	117	(1,906)	2,449	6,350	3,716
Foreign currency effects and other adjustments	154	(2)	0	(34)	0	119
Closing balance sheet 30/06/2018	**8,453**	**2,909**	**72,442**	**78,865**	**10,410**	**173,078**
Income from amounts previously written off, recognized directly to profit or loss	0	0	739	0	0	739

*) The previous periods were adjusted in accordance with IAS 8 (see the section "Restatement of prior period" in the Notes).

Impairment allowances for debt instruments issued by other banks, at amortized cost:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI significant	Total
Opening balance sheet 01/01/2019	*608*	*0*	*0*	*0*	*0*	*608*
Increase due to new additions	252	0	0	0	0	252
Decreases due to disposals	(58)	0	0	0	0	(58)
Changes based on changes in credit risk	220	0	0	0	0	220
Foreign currency effects and other adjustments	31	0	0	0	0	31
Closing balance sheet 30/06/2019	**1,053**	**0**	**0**	**0**	**0**	**1,053**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI significant	Total
Opening balance sheet 01/01/2018	*1,275*	*0*	*0*	*0*	*0*	*1,275*
Increase due to new additions	196	0	0	0	0	196
Decreases due to disposals	(2)	0	0	0	0	(2)
Changes based on changes in credit risk	427	0	0	0	0	427
Closing balance sheet 30/06/2018	1,896	0	0	0	0	1,896

Impairment allowances for debt instruments issued by customers, at amortized cost:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	not significant	POCI significant	Total
Opening balance sheet 01/01/2019	*992*	*0*	*0*	*0*	*0*	*992*
Increase due to new additions	125	0	0	0	0	125
Decreases due to disposals	(64)	0	0	0	0	(64)
Changes based on changes in credit risk	379	0	0	0	0	379
Foreign currency effects and other adjustments	4	0	0	0	0	4
Closing balance sheet 30/06/2019	**1,436**	**0**	**0**	**0**	**0**	**1,436**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	not significant	POCI significant	Total
Opening balance sheet 01/01/2018	*2,639*	*811*	*0*	*0*	*0*	*3,450*
Increase due to new additions	101	0	0	0	0	101
Decreases due to disposals	(89)	0	0	0	0	(89)
Changes resulting from reclassification between stages	811	(811)	0	0	0	0
Transfers to Stage 1	811	(811)	0	0	0	0
Changes based on changes in credit risk	(2,433)	0	0	0	0	(2,433)
Closing balance sheet 30/06/2018	1,029	0	0	0	0	1,029

Provision for granted commitments and financial guarantees:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI significant	Total
Opening balance sheet 1 January	*1,422*	*549*	*8,124*	*2,629*	*0*	*12,724*
Increase due to new additions	513	142	253	167	0	1,075
Decreases due to disposals	(390)	(126)	(1,882)	(402)	0	(2,800)
Changes resulting from reclassification between stages	(107)	(2,271)	2,333	40	0	(6)
Transfers to Stage 1	(133)	77	0	16	0	(39)
Transfers to Stage 2	26	(2,351)	2,333	26	0	33
Transfers to Stage 3	0	2	0	(3)	0	0
Changes based on changes in credit risk	298	3,019	(3,097)	(737)	0	(516)
Foreign currency effects and other adjustments	(31)	23	16	(8)	0	0
Closing balance sheet 30.06.	**1,705**	**1,336**	**5,748**	**1,689**	**0**	**10,477**

The comparative prior year data are as follows:

€'000	Stage 1 Performing	Stage 2 Under Performing	Stage 3 Credit impaired significant	Stage 3 Credit impaired not significant	POCI significant	Total
*Opening balance sheet 01/01/2018**	*1,687*	*548*	*5,863*	*1,366*	*0*	*9,464*
Increase due to new additions	561	113	0	0	0	673
Decreases due to disposals	(193)	(20)	0	(141)	0	(354)
Changes resulting from reclassification between stages	(18)	87	(1)	133	0	201
Transfers to Stage 1	0	84	0	87	0	171
Transfers to Stage 2	(18)	0	(1)	46	0	28
Transfers to Stage 3	0	3	0	0	0	3
Changes based on changes in credit risk	(31)	(88)	126	645	0	652
Foreign currency effects and other adjustments	(2)	0	0	0	0	(3)
Closing balance sheet 30/06/2018	2,003	639	5,989	2,004	0	10,634

*) The previous periods were adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

Calculation logic: 12-month ECL and lifetime ECL (expected credit loss, "ECL")

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

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

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

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

Risk parameter under IFRS9

Segmentation

The credit risk-relevant assets held by RLB NÖ-Wien are allocated to appropriate portfolios. The parameters for the "high-default" portfolios are calculated at the portfolio level, while a more granular approach is applied to the "low-default" portfolios. This involves the estimation of different parameters or the projection of a separate probability of default for each customer. All portfolios have different PD curves to reflect the various rating levels.

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

Modelling

The multi-year PDs for the high-default portfolios were calculated with a continuous time Markov chain. Migration matrices were developed with rating information from the regulatory rating models and then used to determine the multi-year, through-the-cycle (TTC) default probabilities. These TTC-PD curves, together with future-oriented macro-economic information, formed the basis for deriving the required point-in-time, future-oriented default probability.

The approaches applied to the low-default portfolios were based on external migration matrices with a subsequent PiT-adjustment or a direct PiT-adjustment to the parameters relevant for rating.

All point-in-time adjustments to the risk parameters (PD, LGD, CCF) were individually selected for the respective portfolio. Many different models were tested for this purpose, and the final model was selected from the best alternatives. The models are monitored continuously and validated annually. The validation results led to the refinement of the risk parameter models during the first half of 2019.

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

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

Scenarios and macroeconomic, future-oriented information

All risk parameters were calculated for three different scenarios:

- “baseline“ scenario – the expected economic development
- “optimistic“ scenario – somewhat better than the expected economic development
- “pessimistic“ scenario – somewhat more negative than the expected economic development

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

The following table shows the estimated for economic development in Austria under various scenarios:

Variable	Scenario	2019	2020	2021
Inflation	baseline	1.70%	1.72%	1.82%
	optimistic	2.75%	2.18%	1.94%
	pessimistic	0.23%	0.66%	1.99%
Export rate	baseline	58.8%	59.3%	59.7%
	optimistic	60.4%	62.3%	62.9%
	pessimistic	55.6%	55.4%	56.5%
GDP - annual growth	baseline	1.66%	1.11%	1.34%
	optimistic	2.63%	1.77%	1.80%
	pessimistic	-3.76%	-1.59%	2.00%
Government spending - as a % of GDP	baseline	19.0%	19.0%	19.0%
	optimistic	18.9%	18.9%	18.9%
	pessimistic	20.0%	20.4%	20.1%
Long-term yield (10-year interest rate)	baseline	0.13%	0.47%	0.92%
	optimistic	0.39%	1.24%	1.73%
	pessimistic	-0.85%	-0.44%	-0.09%
Private consumption - annual growth rate	baseline	1.30%	0.78%	0.19%
	optimistic	1.97%	1.04%	0.67%
	pessimistic	-2.51%	0.26%	0.27%
Stock index (Euro Stoxx)	baseline	145.99	154.25	164.35
	optimistic	164.06	174.56	178.65
	pessimistic	107.04	122.04	138.44
Unemployment rate	baseline	5.11	5.16	5.17
	optimistic	4.95	4.94	4.94
	pessimistic	6.99	7.54	7.34
Residential property prices - annual growth rate	baseline	3.06	1.15	1.06
	optimistic	4.31	3.57	1.72
	pessimistic	-1.06	-1.79	-0.45
Import rate	baseline	113.0%	113.8%	114.4%
	optimistic	116.1%	119.4%	120.1%
	pessimistic	106.6%	106.6%	108.6%
Short-term yield (3M Euribor)	baseline	-0.27%	0.11%	0.42%
	optimistic	-0.08%	0.86%	1.61%
	pessimistic	-0.07%	-0.33%	-0.33%

Significant increase in credit risk (“staging“)

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

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

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

Stage 3: Transactions in default or impaired. The risk provision is based on the remaining term of the transaction.

Determination of a "significant increase in the credit risk“

A "significant increase in the credit risk“ is based on several criteria, whereby a differentiation is made between qualitative and quantitative indicators.

Qualitative criteria

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

Quantitative criteria

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

The staging model used by RLB NÖ-W designates an increase in the credit risk of a transaction as significant when either one (or more) of the qualitative criteria or both quantitative criteria have been met. The "low credit risk“ exemption in the form of an absolute threshold of 0.5 percentage points was applied: an increase in the credit risk of a transaction is not considered significant if the PD has doubled, but the increase in the absolute default probability is less than 0.5 percentage points.

(17) Derivatives – hedge accounting

Derivative financial instruments are reported as hedging instruments when the conditions for hedge accounting under IFRS 9 are met. RLB NÖ-Wien has decided not to hedge any further payment flows through cash flow hedges. The cash flow hedge reserve is therefore being released through profit or loss over the remaining term of the respective variable-yield loans, advances and deposits during the period in which the cash flows from the underlying transactions influence period results. Details on the recognized fair value hedges, underlying transactions, hedging instruments and hedged risks is provided in Note (31) Hedge accounting.

€'000	30/06/2019	31/12/2018
Fair value hedges	449,410	347,329
Fair value hedges	**449,410**	347,329

(18) Interest in equity-accounted investments

€'000	30/06/2019	31/12/2018
Interest in equity-accounted investments	**2,434,559**	2,355,949

This balance sheet position includes the shares in the following equity-accounted companies:

- Raiffeisen Bank International AG, Wien (A)
- Raiffeisen Informatik GmbH, Wien (A)

Management has classified RBI as a significant associate: RLB NÖ-Wien is the primary shareholder of RBI since it holds 22.66% of that company's shares. RBI is the leading institution in the Raiffeisen banking group Austria and offers numerous services for its members. It holds and coordinates the individual Raiffeisen institutions' minimum reserve and statutory liquidity reserve and provides support for liquidity management.

(19) Property and equipment

€'000	30/06/2019	31/12/2018
Land and buildings - own use	2,697	2,798
Other property and equipment	11,086	12,125
IT hardware	17	17
Usage rights for land and buildings	100,083	18
Usage rights for autos and other tangible assets	619	19
Total	**114,503**	14,940

The increase in property and equipment resulted primarily from the recognition of rights of use which resulted from the application of IFRS 16.

(20) Intangible assets

€'000	30/06/2019	31/12/2018
Purchased software	62	97
Other (licenses etc.)	7,516	8,839
Total	**7,578**	8,936

(21) Tax assets

€'000	30/06/2019	31/12/2018*
Tax assets	116	91
Deferred tax assets	11,644	8,535
Total	**11,760**	8,626

*) The previous year was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

(22) Other assets

€'000	30/06/2019	31/12/2018
Prepayments made and accrued income	872	148
Work in process / unfinished goods / inventories	1,204	1,427
Trade receivables (non-bank)	4,996	6,060
Receivables from other taxes and duties	32,204	32,187
Miscellaneous other assets	91,793	98,390
Total	**131,069**	138,212

Other assets include trust receivables related to the federal and provincial IPS (Institutional Protection Scheme), as well as receivables from the group tax charge and deposits.

(23) Financial liabilities held for trading

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

€'000	30/06/2019	31/12/2018
Derivatives	766,465	585,386
Total	**766,465**	585,386

(24) Financial liabilities at amortized cost

€'000	30/06/2019	31/12/2018
Deposits from other banks	8,507,973	8,752,129
Demand deposits	3,646,058	3,749,315
Time deposits	4,861,915	5,002,814
Deposits from customers	8,444,345	8,182,341
Sight deposits	5,979,971	5,845,867
Time deposits	1,003,554	869,714
Savings deposits	1,460,820	1,466,760
Securitized liabilities	6,843,792	6,578,675
Issued bonds	6,151,333	5,837,140
Tier 2 capital	692,459	741,535
Other liabilities	108,199	0
Lease liabilities	108,199	0
Total	**23,904,309**	23,513,145

Following the initial application of IFRS 16, other financial liabilities consist primarily of capitalized rights of use for land and buildings.

(25) Derivatives – hedge accounting

€'000	30/06/2019	31/12/2018
Fair value hedges	454,235	343,537
Total	**454,235**	343,537

(26) Provisions

€'000	30/06/2019	31/12/2018
Post-employment benefits	34,982	31,241
Termination benefits	31,555	32,605
Long-service bonuses	5,271	4,831
Restructuring	4,714	13,900
Pending legal and tax proceedings	16,808	15,588
Obligations and issued guarantees	10,477	12,724
Other provisions	9,992	31,822
Total	**113,800**	142,711

The decline in other provisions resulted chiefly from the use of the TEUR 11,700 provision recognized as of 31 December 2018 for portfolio commissions which have not yet been passed on.

The development of the provisions for obligations and issued guarantees is shown under Note (16) Risk provisions.

Other provisions also include provisions of TEUR 2,196 (H1 2018: TEUR 3,312) for procedural costs and attorneys' fees.

These items are related to consulting and information obligations connected with the sale or conclusion of financial products. Additional information on these proceedings and the related risk for the company, above all measures undertaken in this connection, is not disclosed in accordance with IAS 37.92 so as not to prejudice the outcome of the proceedings.

The decline in the provision for restructuring resulted primarily from the use of a provision for onerous contracts in accordance with IAS 37 in connection with the initial application of IFRS 16 (also see "Transition guidance for IFRS 16").

(27) Tax liabilities

€'000	30/06/2019	31/12/2018*
Tax liabilities	3,450	2,970
Deferred tax liabilities	0	0
Total	**3,450**	2,970

*) The previous year was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

(28) Other liabilities

€'000	30/06/2019	31/12/2018
Prepayments received and accrued expenses	832	338
Trade payables (non-bank)	1,308	1,529
Miscellaneous other liabilities	392,811	110,423
Liabilities from other taxes and duties	5,716	8,128
Total	**400,668**	120,418

Miscellaneous other liabilities consist primarily of outstanding invoices from the operating business which were paid after the end of the reporting period.

(29) Equity

€'000	30/06/2019	31/12/2018*
Attributable to non-controlling interests	**114**	110
Attributable to equity owners of the parent	**2,369,335**	2,250,128
Share capital, paid in	219,789	219,789
Capital reserves	556,849	556,849
Other comprehensive income for the period (OCI)	(366,577)	(416,535)
Other comprehensive income for the period (OCI) - not recyclable	(15,016)	(7,797)
IAS 19 reserve (revaluation of net liability from defined benefit plans)	(20,726)	(15,493)
Share of other comprehensive income from associates, at equity	5,390	7,366
Financial assets - equity instruments at fair value through other comprehensive income	320	330
Other comprehensive income for the period (OCI) - recyclable	(351,561)	(408,634)
Cash flow hedge reserve	1,951	2,832
Share of other comprehensive income from associates and joint ventures, at equity	(353,512)	(411,466)
Retained earnings	1,853,942	1,695,644
Share of profit from associates, other changes in equity	(155,539)	(139,162)
Other retained earnings	2,009,481	1,834,702
Profit or loss attributable to equity owners of the parent	105,332	194,380
Equity	**2,369,449**	2,250,238

*) The previous year was adjusted in accordance with IAS 8 (see the section "Restatement of prior periods" in the Notes).

Other Disclosures

(30) Fair value of financial instruments

Fair value of financial instruments carried at fair value

Fair value measurement is based on a hierarchy (fair value hierarchy) of different levels. Level I valuations are based on available market prices (generally for securities and derivatives traded on exchanges and in functioning markets). All other financial instruments are measured with valuation models, above all present value or generally accepted option pricing models. Valuations for Level II use input factors that are directly or indirectly based on observable market data. Level III valuations use models that calculate fair value based on the bank's own internal assumptions or external valuation sources.

An active market is a market in which asset or liability transactions take place with sufficient frequency and volume to provide continuous pricing information. The indicators for an active market can also include the number, update frequency and/or the quality of quotes (e.g. by banks or stock exchanges). In addition, narrow bid/ask spreads and quotes by market participants within a certain corridor can also be signs of an active market.

RLB NÖ-Wien uses generally accepted, well-known valuation models to measure derivatives. Over-the-counter (OTC) derivatives such as interest rate swaps, cross currency swaps and forward rate agreements are measured using the discounted cash flow model (DCF) that is generally applied to these products. OTC options such as foreign exchange or interest rate options are measured with standard market valuation models, e.g. the Garman-Kohlhagen model, Bachelier or Black '76.

The counterparty default risk for OTC derivatives that are not collateralized is included through a credit value adjustment (CVA) which represents the costs of hedging this risk on the market. The CVA is calculated by multiplying the expected positive exposure of the derivative (EPE), the loss given default (LGD), and the counterparty's probability of default (PD). The EPE is determined by simulation; the LGD and PD are based on market data (credit default swap (CDS) spreads, if this information is available for the involved counterparty, or through mapping the counterparty's credit standing to reference counterparties). The debt value adjustment (DVA) represents an adjustment for the company's own default probability. The calculation method is similar to the CVA, but the expected negative fair value (ENE or expected negative exposure) is used instead of the expected positive exposure

All parameters that flow into the valuation (e.g. interest rates, volatilities) are regularly evaluated and determined on the basis of independent market data information systems.

The bonds held by RLB NÖ-Wien are principally valued according to tradable market prices. In cases where quoted prices are not available, the securities are measured by means of a DCF model. The parameters used in this model include the interest curve and an appropriate risk premium. The risk premium is calculated with comparable financial instruments currently on the market. A more conservative approach is applied to a small part of the portfolio and default risk premiums are used for valuation.

External valuations by third parties are also taken into account and have an indicative character in all cases.

RLB NÖ-Wien values loans and advances based on a DCF method, whereby the input parameters include an interest curve as well as an appropriate credit risk and funding premium. The determination of the funding premium is based on spread curves which are observable on the market. The credit risk premium corresponds to a CDS spread which is observable on the market, a weighted sector CDS spread or a credit spread based on internal IFRS 9 risk parameters – depending on the counterparty. In cases where a day-one gain or loss was not recognized, a residual spread for the transaction is also calculated at the beginning of the term and held constant over the full term. This spread reflects the requirement that the amount of the discounted cash flows – including the residual spread – must equal the recognized carrying amount on the origination date of the loan or advance. Termination rights and interest options are measured with the Bachelier model. The early repayment history is evaluated via regression analysis to develop a model that allocates the expected prepayment rate to the operating level. This model is subject to an annual review.

The assignment to or reclassification of the financial instruments between levels takes place each quarter at the end of the reporting period.

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

€'000	Level I	Level II	30/06/2019 Level III	Level I	Level II	31/12/2018 Level III
Balance sheet assets						
Financial assets held for trading	***588,326***	***809,016***	***62,004***	*601,254*	*677,534*	*62,904*
Derivatives	0	699,036	0	0	531,373	0
Equity instruments	0	0	1,736	0	79	1,825
Bonds	588,326	109,980	60,268	601,254	146,082	61,079
Non-trading financial assets mandatorily at fair value through profit or loss	***0***	***919***	***169,787***	*0*	*919*	*172,594*
Equity instruments	0	0	12,674	0	0	12,883
Bonds	0	919	0	0	919	0
Other loans and advances	0	0	157,113	0	0	159,711
Financial assets designated at fair value through profit or loss	***0***	***0***	***0***	*0*	*0*	*0*
Bonds	0	0	0	0	0	0
Financial assets at fair value through other comprehensive income	***0***	***0***	***19,247***	*0*	*0*	*18,872*
Equity instruments	0	0	19,247	0	0	18,872
Bonds	0	0	0	0	0	0
Derivatives - hedge accounting	***0***	***449,410***	***0***	*0*	*347,329*	*0*

€'000	Level I	Level II	30/06/2019 Level III	Level I	Level II	31/12/2018 Level III
Balance sheet equity and liabilities						
Financial liabilities held for trading	*0*	*766,230*	*0*	*0*	*585,386*	*0*
Derivatives	0	766,230	0	0	585,386	0
Financial liabilities designated at fair value through profit or loss	*0*	*0*	*0*	*0*	*0*	*0*
Securitized liabilities	0	0	0	0	0	0
Derivatives - hedge accounting	*0*	*454,235*	*0*	*0*	*343,537*	*0*

Securities with a fair value of EUR 0.9 million were reclassified from Level I to Level II in the first half of 2018. The reclassification was based on a decline in the number of market quotations. There were no reclassifications from Level II to Level I during the reporting period.

Reclassifications between Level I and Level II:

€'000	From Level I to Level II	30/06/2019 From Level II to Level I	From Level I to Level II	31/12/2018 From Level II to Level I
Balance sheet assets				
Financial assets held for trading	*892*	*0*	*15*	*0*
Bonds	892	0	15	0

Each financial instrument is evaluated to determine whether quoted market prices are available on an active market (Level I). The calculation of fair value for financial instruments without observable market data is based on interest curves and similar transactions (Level II). The items are reclassified if/when the estimates change.

The financial assets carried at fair value which are assigned to Level III developed as follows from 1 January 2019 to 30 June 2019:

€'000	01/01/2019	Additions	Disposals	Profit, income statement	Profit, other comprehensive income	30/06/2019
Balance sheet assets						
Financial assets held for trading	***62,904***	***40***	***0***	***(940)***	***0***	***62,004***
Equity instruments	1,825	40	0	(129)	0	1,736
Bonds	61,079	0	0	(811)	0	60,268
Non-trading financial assets mandatorily at fair value through profit or loss	***172,594***	***1,752***	***(6,113)***	***1,554***	***0***	***169,787***
Equity instruments	12,883	0	(280)	71	0	12,674
Other loans and advances	159,711	1,752	(5,833)	1,483	0	157,113
Financial assets at fair value through other comprehensive income	***18,872***	***280***	***0***	***0***	***95***	***19,247***
Equity instruments	18,872	280	0	0	95	19,247

The results recognized to the income statement for the financial instruments allocated to Level III as of 30 June 2019 totalled TEUR 490 (H1 2018: TEUR -1,524.).

The financial assets carried at fair value which are assigned to Level III developed as follows from 1 January 2018 to 30 June 2018:

€'000	01/01/2018	Additions	Disposals	Profit, income statement	Profit, other comprehen-sive income	31/12/2018
Balance sheet assets						
Financial assets held for trading	*68,017*	*91*	*(5,874)*	*670*	*0*	*62,904*
Equity instruments	1,757	40	0	28	0	1,825
Bonds	66,260	51	(5,874)	642	0	61,079
Non-trading financial assets mandatorily at fair value through profit or loss	*169,889*	*12,280*	*(6,613)*	*(2,962)*	*0*	*172,594*
Equity instruments	9,951	637	0	2,295	0	12,883
Other loans and advances	159,938	11,643	(6,613)	(5,257)	0	159,711
Financial assets at fair value through other comprehensive income	*19,365*	*1,019*	*(547)*	*0*	*(965)*	*18,872*
Equity instruments	19,365	1,019	(547)	0	(965)	18,872

As in the previous financial year, there were no reclassifications of derivatives or securities to or from Level III since the last reporting period. The changeover to IFRS 9 for the classification of financial instruments led to a significant increase in the loans and advances carried at fair value. All these instruments were assigned to Level III in the fair value hierarchy as of 1 January 2018 and 30 June 2018.

Qualitative and quantitative information on the valuation of Level III financial instruments is provided below:

30/06/2019 €'000	Type	Market value in €m	Valuation method	Major unobservable input factors	Scope of unobservable input factors
Balance sheet assets					
Financial assets held for trading					
Equity instruments	Shares and funds	1.7	External valuation	Discounts	5-10%
Bonds	Fixed-interest bonds	0.4	DCF method	Credit margin	15-50%
Bonds	Non-fixed-interest bonds	60.7	DCF method	Credit margin	2-10%
Non-trading financial assets mandatorily at fair value through profit or loss					
Equity instruments	Equity investments	12.7	DCF method	Internal forecasts	-
Other loans and advances	Other loans and advances	157.1	DCF method	Credit risk premiums	0,0045% - 19,4%
Financial assets at fair value through other comprehensive income					
Equity instruments	Equity investments	19.2	DCF method	Internal forecasts	-

The comparative information for 2018 is as follows:

31/12/2018 €'000	Type	Market value in €m	Valuation method	Major unobservable input factors	Scope of unobservable input factors
Balance sheet assets					
Financial assets held for trading					
Equity instruments	Shares and funds	1.8	External valuation	Discounts	5-10%
Bonds	Fixed-interest bonds	0.4	DCF method	Credit margin	15-50%
Bonds	Non-fixed-interest bonds	60.7	DCF method	Credit margin	2-10%
Non-trading financial assets mandatorily at fair value through profit or loss					
Equity instruments	Equity investments	12.9	DCF method	Internal forecasts	-
Other loans and advances	Other loans and advances	159.7	DCF method	Credit risk premiums	0,003% - 12,46%
Financial assets at fair value through other comprehensive income					
Equity instruments	Equity investments	19	DCF method	Internal forecasts	-

Valuation guidelines

The methods used for the fair value measurement of securities are selected by the Valuation Department (Market Risk Management Department) and approved by the Managing Board. These valuation guidelines are designed to ensure accurate measurement results and the use of consistent methods.

Automated controls ensure that the quality of the applied models and input parameters meets the defined standards.

The valuation of new financial instruments is preceded by the examination and validation of all possible pricing sources. A source is then selected in agreement with the valuation guidelines and current legal requirements. Priority is given to generally accepted valuation parameters that can be obtained from recognized data providers.

The methods used to determine the fair value of loans and advances were determined by the responsible internal valuation department (Credit Risk Management).

Sensitivity analysis of the non-observable parameters for financial instruments carried at fair value Level III

A range of alternative parameters is available for selection and application in cases where the value of a financial instrument is dependent on non-observable data. A shift in the parameters at the ends of these ranges would lead to an increase of EUR +2.3 million (H1 2018: EUR +2.5 million) or a decrease of EUR -5.3 million (H1 2018: EUR -7.1 million) in the fair value of securities (assets) as of 30 June 2019. This calculation reflects the applicable market conditions and internal valuation requirements.

The probability of a simultaneous shift in all non-observable parameters (e.g. discounts and credit spreads) to the ends of the ranges is extremely low. Consequently, these results do not support any conclusions concerning actual future changes in market values.

A range of alternative parameters is available for selection and application in cases where the value of a loan or an advance is dependent on non-observable parameters (Level 3). A shift in the parameters at the ends of these ranges (+/- 100 bps with a floor at 0) would lead to an increase of EUR +0.1 million (H1 2018: EUR +1.4 million) or a decrease of EUR -0.4 million (H1 2018: EUR -2.8 million) in the fair value of loans and advances as of 30 June 2019. This calculation reflects the applicable market conditions and internal valuation requirements.

30/06/2019 €m	Type	Reduction due to change in parameter	Increase due to change in parameter	Increase due to change in parameter
Financial assets held for trading				
Equity instruments	Shares and funds	(1.8)	0.0	Default scenario
Bonds	Fixed-interest bonds	(0.4)	0.0	Default scenario
Bonds	Non-fixed-interest bonds	(3.1)	2.3	Creditspread shift

31/12/2018 €m	Type	Reduction due to change in parameter	Increase due to change in parameter	Increase due to change in parameter
Financial assets held for trading				
Equity instruments	Shares and funds	(1.8)	0.0	Default scenario
Bonds	Fixed-interest bonds	(0.4)	0.0	Default scenario
Bonds	Non-fixed-interest bonds	(3.6)	1.4	Creditspread shift

Fair value of financial instruments not carried at fair value

The following table shows the fair values and carrying amounts of financial instruments which are carried at amortized cost in accordance with the respective business model. The financial instruments listed below are not managed on the basis of fair value and, consequently, are not carried at fair value on the balance sheet. In these cases, fair value has no direct influence on the consolidated balance sheet or consolidated income statement. Classification is based on the classes of financial instruments defined by RLB NÖ-Wien.

30/06/2019 €'000	Fair value	Carrying Amount	Difference
Financial assets at amortized cost	***20,210,222***	***19,608,443***	***601,779***
Bonds	4,310,810	4,205,066	105,744
Other loans and advances	15,899,412	15,403,377	496,035
Financial liabilities measured at amortized cost	***24,199,942***	***23,796,110***	***403,832***
Deposits	17,167,688	16,952,318	215,370
Securitized liabilities	7,032,254	6,843,792	188,462

A negative shift of up to -70bp in long-term interest rates from 31 December 2018 to 30 June 2019 led to an increase in the fair value of bonds and securitized liabilities. This increase in fair value – which was caused primarily by interest rates – is also reflected in the other financial instruments.

The comparative prior year data are as follows:

31/12/2018 €'000	Fair value	Carrying Amount	Difference
Financial assets at amortized cost	*19,435,033*	*19,188,168*	*246,865*
Bonds	4,157,444	4,128,791	28,653
Other loans and advances	15,277,589	15,059,377	218,212
Financial liabilities measured at amortized cost	*23,703,305*	*23,513,145*	*190,160*
Deposits	17,065,167	16,934,470	130,697
Securitized liabilities	6,638,138	6,578,675	59,463

The following table shows the classification of the financial instruments carried at amortized cost based on the fair value hierarchy.

30/06/2019 €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Assets			
Bonds	3,951,162	350,121	9,527
Other loans and advances	0	24	15,899,388
Liabilities			
Deposits	0	0	17,167,688
Securitized liabilities	0	6,324,967	707,287

The comparative prior year data are as follows.

31/12/2018 €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Assets			
Bonds	3,791,805	356,093	9,546
Other loans and advances	0	0	15,277,589
Liabilities			
Deposits	0	17,065,167	0
Securitized liabilities	0	5,894,778	743,360

The methods used to calculate the fair value of the bonds, loans and advances carried at amortized cost and reported in the above tables reflect the methods described in the previous section ("Fair value of financial instrument carried at fair value").

The deposits carried at amortized cost which were previously assigned to Level II based on the applied directly or indirectly observable input factors are now assigned to Level III. The presentation was changed because valuation is now based solely on indirectly observable credit spreads. The securitized liabilities carried at amortized cost and assigned to Level III generally represent subordinated liabilities whose valuation parameters are based on indirectly derived risk premiums.

(31) Hedge accounting

The following section provides detailed information on the accounting treatment of hedges, the underlying transactions, hedging instruments and hedged risks in the form of tables.

€'000	Nominal value at 30/06/2019	Carrying amount 30/06/2019 Asset positions	Carrying amount 30/06/2019 Liability positions	Change in fair value 01/01 - 30/06/2019	Income statement presentation - fair value change	Income statement effect – ineffec-tiveness 01/01 - 30/06/2019	Income statement presentation – ineffec-tiveness
Interest Rate Swaps - Bonds	2,454,723	0	387,440	(96,540)	Profit or loss from hedge accounting	(1,864)	Profit or loss from hedge accounting
Interest Rate Swaps - Loans and advances	630,653	116	65,105	(26,456)	Profit or loss from hedge accounting	(349)	Profit or loss from hedge accounting
Interest Rate Swaps - Deposits	868,695	152,120	0	32,129	Profit or loss from hedge accounting	330	Profit or loss from hedge accounting
Interest Rate Swaps - Securitized liabilities	3,135,046	297,174	1,691	77,073	Profit or loss from hedge accounting	359	Profit or loss from hedge accounting

The comparative prior year data are as follows:

€'000	Nominal value at 31/12/2018	Carrying amount 31/12/2018 Asset positions	Carrying amount 31/12/2018 Liability positions	Change in fair value 01/01 - 30/06/2018	Income statement presentation - fair value change	Income statement effect – ineffec-tiveness 01/01 - 30/06/2018	Income statement presentation – ineffec-tiveness
Interest rate risk							
Interest Rate Swaps - Bonds	2,416,700	901	296,179	21,680	Profit or loss from hedge accounting	(36)	Profit or loss from hedge accounting
Interest Rate Swaps - Loans and advances	618,707	7,433	45,664	3,688	Profit or loss from hedge accounting	22	Profit or loss from hedge accounting
Interest Rate Swaps - Deposits	949,762	120,085	64	(9,171)	Profit or loss from hedge accounting	212	Profit or loss from hedge accounting
Interest Rate Swaps - Securitized liabilities	3,350,470	218,911	1,630	(585)	Profit or loss from hedge accounting	951	Profit or loss from hedge accounting

The underlying transactions in recognized hedges show the following carrying amounts as of the balance sheet date and the following development during the reporting period:

€'000	Carrying amount 30/06/2019		Value of cumulative basis adjustments for hedged items		Changes in hedged fair value 01/01 - 30/06/2019	Cumulative basis adjustments for designated hedged items
	Balance sheet assets	Balance sheet equity and liabilities	Balance sheet assets	Balance sheet equity and liabilities		
Interest rate risk						
Financial assets at amortized cost	***3,583,272***		***426,596***		***120,782***	***3,276***
Bonds	2,878,443		363,545		94,676	
Other loans and advances	704,829		63,051		26,106	3,276
Financial liabilities measured at amortised cost		***5,525,988***		***368,514***	***(108,513)***	
Deposits		1,031,864		136,420	(31,799)	
Securitized liabilities		4,494,124		232,094	(76,714)	

The comparative prior year data are as follows:

€'000	Carrying amount 31/12/2018		Value of cumulative basis adjustments for hedged items		Changes in hedged fair value 01/01 - 30/06/2018	Cumulative basis adjustments for designated hedged items
	Balance sheet assets	Balance sheet equity and liabilities	Balance sheet assets	Balance sheet equity and liabilities		
Interest rate risk						
Financial assets at amortized cost	*3,432,860*		*305,813*		*(25,382)*	*3,721*
Bonds	2,764,677		268,869		(21,715)	
Other loans and advances	668,184		36,944		(3,666)	3,721
Financial liabilities measured at amortised cost		*5,693,156*		*260,001*	*10,919*	
Deposits		1,076,024		104,621	9,383	
Securitized liabilities		4,617,133		155,380	1,536	

(32) Related party disclosures

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

€'000	30/06/2019	31/12/2018
Cash, cash balances at central banks and other demand deposits	*1,827,949*	*1,852,636*
Associates	1,827,949	1,852,636
Financial assets held for trading	*82,311*	*118,590*
Parent	54,660	42,297
Associates	26,980	75,157
Entities accounted for using the equity method via the parent	671	1,136
Non-trading financial assets mandatorily at fair value through profit or loss	*10,708*	*10,081*
Subsidiary / subsidiaries	7,518	7,440
Associates	2,563	2,014
Joint ventures	627	627
Financial assets at fair value through other comprehensive income	*3,252*	*5,780*
Parent	0	0
Subsidiary / subsidiaries	1,355	1,406
Associates	831	831
Joint ventures	1,066	3,543
Financial assets at amortized cost	*2,355,107*	*2,337,683*
Parent	1,182,316	1,182,256
Subsidiary / subsidiaries	51,455	53,437
Entities related via the parent	369,745	369,795
Associates	518,513	524,595
Entities accounted for using the equity method via the parent	226,704	200,103
Joint ventures	6,374	7,497
Derivatives - hedge accounting	*41,567*	*40,310*
Associates	41,567	40,310
Other assets	*45,637*	*47,656*
Parent	37,719	39,740
Subsidiary / subsidiaries	7,918	7,916

€'000	30/06/2019	31/12/2018
Financial liabilities held for trading	***21,053***	***21,594***
Associates	20,980	21,593
Financial liabilities measured at amortised cost	***775,443***	***815,878***
Parent	229,670	199,745
Subsidiary / subsidiaries	54,058	57,484
Entities related via the parent	10,952	13,216
Associates	437,153	488,064
Entities accounted for using the equity method via the parent	33,028	45,827
Joint ventures	10,582	11,542
Other liabilities	***6,741***	***704***
Parent	6,741	703
Subsidiary / subsidiaries	0	1

€'000	30/06/2019	31/12/2018
Contingent liabilities	***347,060***	***290,774***
Parent	1,162	962
Subsidiary / subsidiaries	1,584	1,625
Entities related via the parent	83,074	22,894
Associates	193,227	205,654
Entities accounted for using the equity method via the parent	68,014	59,639

As of 30 June 2019, RLB NÖ-Wien also held rights of use totalling TEUR 97,346 (1 January 2019: TEUR 102,335) which were capitalized in accordance with IFRS 16 as well as related lease liabilities totalling TEUR 104,878 (1 January 2019: TEUR 110,087) which are attributable to related parties. The related amortization of rights of use amounted to TEUR 3,335 and interest expense equalled TEUR 623 for the reporting period. Additional details on the initial application of IFRS 16 are provided in the section on “Significant accounting policies”.

01/01 - 30/06/2019 €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	11,030	6,595	8,814	765
Subsidiary / subsidiaries	287	0	2,365	57
Entities related via the parent	4	0	20	0
Associates	5,598	253	15,052	1,270
Entities accounted for using the equity method via the parent	1,615	5	717	5
Joint ventures	326	0	3,263	16

The comparative prior year data are as follows:

01/01 - 30/06/2018 €'000	Interest income	Interest expenses	Purchased services and merchandise and other expenses	Services provided, sale of merchandise and fixed assets and other income
Parent	10,948	6,476	9,235	682
Subsidiary / subsidiaries	0	0	1,914	122
Entities related via the parent	55	0	0	0
Associates	4,682	109	13,461	1,661
Entities accounted for using the equity method via the parent	1,987	2	643	1
Joint ventures	136	0	3,355	17

The parent company of RLB NÖ-Wien is Raiffeisen-Holding NÖ-Wien. The business relationships between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien consist primarily of refinancing for Raiffeisen-Holding NÖ-Wien and transactions with derivative financial instruments. RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien have concluded a management service agreement that regulates the details of mutually provided services in order to reduce redundancy and improve cost efficiency. The liquidity management agreement concluded between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien regulates the relationship between these two parties with respect to liquidity provision, measurement and monitoring as well as the related measures.

The business transactions and relations with related companies reflect arm's length terms and conditions.

Key management includes the members of the Managing Board and Supervisory Board of RLB NÖ-Wien as well as the members of management, the managing board and supervisory board of Raiffeisen-Holding NÖ-Wien.

The business relationships between key management and RLB NÖ-Wien are as follows:

€'000	30/06/2019	31/12/2018
Sight deposits	3,416	4,499
Bonds	72	73
Savings deposits	736	690
Other receivables	36	48
Total	**4,260**	5,310
Current accounts	10	1
Loans	656	914
Other liabilities	42	58
Total	**709**	974

The business relationships between key management and Raiffeisen-Holding NÖ-Wien are shown below:

€'000	30/06/2019	31/12/2018
Sight deposits	200	216
Savings deposits	15	15
Other receivables	0	1
Total	**215**	232
Current accounts	3	0
Loans	44	45
Total	**47**	46

(33) Issues, redemptions and repurchases of bonds during the reporting period

RLB NÖ-Wien issued bonds totalling TEUR 578,688 from 1 January to 30 June 2019 (from 1 January to 30 June 2018: TEUR 647,184). Bonds with a value of TEUR 408,649 (30 June 2018: TEUR 927,326) were redeemed and TEUR 4,197 (30 June 2018: TEUR 73,322) were repurchased.

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

€'000	**30/06/2019**	**31/12/2018**
Contingent liabilities	*769,011*	*811,227*
Of which arising from other guarantees	749,192	769,209
Of which arising from letters of credit	13,942	36,141
Of which other contingent liabilities	5,877	5,877
Commitments	*4,828,710*	*4,480,535*
Of which arising from revocable loan commitments	2,217,988	2,134,589
Of which arising from irrevocable loan commitments	2,610,722	2,345,946
To 1 year	802,365	757,858
More than 1 year	1,808,357	1,588,088

(35) Regulatory capital

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

€'000	30/06/2019	31/12/2018
Paid-in capital	452,987	489,641
Retained earnings	2,232,174	2,218,426
Accumulated other comprehensive income and other equity	(170,195)	(233,108)
Common equity Tier 1 before deductions	***2,514,966***	***2,474,960***
Intangible assets incl. goodwill	(12,147)	(13,539)
Corrections in respect of cash flow hedge reserves	18,745	21,656
Corrections for credit standing related to changes in values of derivatives	(1,692)	(1,989)
Value adjustment based on the prudent valuation requirement	(4,145)	(3,697)
Common equity Tier 1 capital after deductions (CET1)	***2,515,726***	***2,477,392***
Additional core capital after deductions	133,899	131,660
Additional own funds	***2,649,625***	***2,609,052***
Eligible supplementary capital	465,491	469,887
Supplementary capital after deductions	***465,491***	***469,887***
Total qualifying capital	***3,115,116***	***3,087,939***
Total capital requirement	**1,141,801**	**1,115,992**
Common equity Tier 1 ratio (CET1 ratio)	17.63%	17.76%
Tier 1 ratio (T1 ratio)	18.56%	18.70%
Total capital ratio	21.83%	22.07%
Surplus capital ratio	172.82%	175.89%

Under a fully loaded analysis, the Common Equity Tier 1 Ratio equalled 17.58% (H1 2018: 17.61%) and the Total Capital Ratio 21.45% (H1 2018: 21.45%).

Total capital requirements comprise the following:

€'000	30/06/2019	31/12/2018
Capital requirements for credit risk	1,057,340	1,008,807
Capital requirements for position risk in debt instruments and assets	37,439	34,723
Capital requirement CVA	5,046	4,957
Capital requirements for operational risk	41,976	41,976
Capital requirements qualitative investments	0	25,529
Total capital requirement (total risk	**1,141,801**	1,115,992
Assessment base for credit risk	*13,216,747*	*12,929,193*
Total basis of assessment (total risk)	*14,272,515*	*13,949,899*

(36) Average number of employees

Information on the average workforce (full-time equivalents) employed during the reporting period is shown below:

	01/01 - 30/06/2019	01/01 - 31/12/2018
Salaried employees	1,110	1,119
Wage employees	23	22
Total	**1,133**	1,141

(37) Events after the balance sheet date

Up to the present date, there were no transactions or other events which would be of particular interest to the general public or which would have a material effect on the consolidated financial statements.

Statement by the Managing Board

The Managing Board of RLB NÖ-Wien prepared these condensed consolidated interim financial statements as of 30 June 2019 in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union, as of 24 September 2019. A half-year management report was also prepared. The requirements for interim financial reporting defined by § 87 of the Austrian Stock Exchange Act were therefore met.

"We confirm to the best of our knowledge that these condensed consolidated interim financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group in accordance with the applicable accounting standards; that the half-year management report of the RLB NÖ-Wien Group presents a true and fair view of the assets, liabilities, financial position of the RLB NÖ-Wien Group with regard to significant events which occurred during the first six months of the financial year and their effects on the condensed consolidated interim financial statements; and that the half-year management report describes the principal risks and uncertainties to which the Group will be exposed during the remaining six months of the financial year. We note that IFRS accounting - for systemic reasons - is becoming increasingly future-oriented. Accordingly, IFRS financial statements include a growing number of planning elements and uncertainty factors."

Vienna, 23 September 2019

The Managing Board

Klaus BUCHLEITNER m.p.
Chairman, responsible for
the Directorate General

Reinhard KARL m.p.
Deputy Chairman, responsible for
the Corporate Clients Segment

Andreas FLEISCHMANN m.p.
Member, responsible for
the Financial Markets/Organisation Segment

Martin HAUER m.p.
Member, responsible for
the Retail/Raiffeisen Association Services Segment

Michael RAB m.p.
Member, responsible for
the Risk Management/Accounting Segment