GROUP MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2014

Raiffeisenlandesbank Niederösterreich-Wien

Overview

€m	2014	+/(-) Change	2013[1)]	2012[1)]
Consolidated Income Statement				
Net interest income after impairment charges	91.3	15.0%	79.4	104.4
Net fee and commission income	66.5	(3.8)%	69.2	71.9
Net trading income	3.9	(19.8)%	4.9	7.6
Profit/(loss) from investments in entities accounted for using the equity method	(185.0)	>(100)%	153.4	93.6
General administrative expenses	(198.5)	(7.3)%	(214.1)	(190.9)
Profit/(loss) for the year before tax	(262.5)	>(100)%	125.1	16.8
Consolidated profit/(loss) (attributable to equity holders of the parent)	(272.9)	>(100)%	144.9	22.5
Consolidated Balance Sheet				
Loans and advances to other banks	7,937	(7.4)%	8,576	10,042
Loans and advances to customers	12,418	12.8%	11,005	10,465
Deposits from other banks	10,834	20.0%	9,029	12,643
Deposits from customers	7,478	(9.7)%	8,280	8,090
Equity (incl. profit/(loss))	1,799	(23.9)%	2,364	2,426
Consolidated assets	29,514	1.5%	29,067	32,310
Regulatory Information[2)]				
Risk-weighted assessment base	14,485	-	14,362	16,209
Total qualifying capital	3,166	-	3,336	2,995
Total capital requirement	1,283	-	1,250	1,390
Capital surplus ratio	146.7%	-	168.0%	116.4%
Tier 1 ratio (credit risk)	-	-	14.5%	12.8%
Common equity Tier 1 ratio	12.2%	-	-	-
Total Tier 1 ratio	13.8%	-	13.3%	12.0%
Total capital ratio	19.7%	-	21.4%	17.3%
Performance Indicators				
Return on equity before tax	(12.6)%	(17.8) PP	5.2%	0.7%
Consolidated return on equity	(13.1)%	(19.2) PP	6.0%	1.0%
Consolidated cost:income ratio	>100%	-	54.5%	64.5%
Return on assets after tax	(0.9)%	(1.4) PP	0.5%	0.1%
Risk:earnings ratio	48.0%	2.4 PP	45.5%	35.1%
Additional Information				
Employees (average full-time equivalents)	1,201	(5.7)%	1,273	1,285
Branches and offices	50	(7)	57	66
Moody's Ratings[3)]		*Long-term*	*Short-term*	*Financial strength*
		Baa 1	P(2)	D+

Contents

MANAGEMENT REPORT

Overview of the 2014 Financial Year

The year 2014 was characterized by challenging macroeconomic conditions. Stagnating growth led the European Central Bank (ECB) to reduce the key interest rate to the lowest level since the formation of the eurozone. The key interest rate was cut by 10 basis points to 0.15% on 11 June 2014, and a further reduction of 10 basis points to a new historical low of 0.05% followed on 4 September 2014. These interest rate reductions and the accompanying measures are intended to increase the readiness of companies and individuals to invest and to stimulate growth.

The dominant themes on the international financial markets throughout 2014 were the geopolitical tensions in Ukraine, the sanctions against Russia and the general uncertainty over further actions by the Russian government. Raiffeisenlandesbank Niederösterreich-Wien AG (RLB NÖ-Wien) is not directly affected by these developments. However, there is an indirect effect through the investment in Raiffeisen Zentralbank Österreich AG (RZB) and the influence on the development of business for Raiffeisen Bank International AG (RBI) in Russia and Ukraine.

The loss generated by RZB for the year, which resulted primarily from the above events as well as the adverse effects of legal regulations in Hungary, was also responsible in part for the negative results recorded by RLB NÖ-Wien.

RLB NÖ-Wien is included in the group of financial institutions covered by the ECB's Comprehensive Assessment. Both the extensive Asset Quality Review (AQR) and the stress test were successfully mastered with top professionalism and excellent results – which, not least, confirm the company's conservative risk policy and the high quality of risk management. Since 4 November 2014, RLB NÖ-Wien has been subject to direct oversight by the ECB.

The 2014 financial year was the first application period for the new Basel III regulations. Extensive preparations in earlier years formed the basis for meeting these wide-ranging requirements. One important milestone was the official confirmation of the institutional protection scheme as defined in Art. 49 (3) and Art. 113 (7) of Regulation (EU) Nr. 575/2013 (CRR – Capital Requirements Regulation) by the Austrian Financial Market Authority (FMA) for both the level with RZB and the other Raiffeisen regional banks ("federal IPS“) as well as the level with the Lower Austrian Raiffeisen banks ("regional IPS“).

RLB NÖ-Wien continued the steady pursuit of its dual growth and consolidation strategy in 2014. Strong development was recorded in the lending business with an increase of EUR 1,413.0 million or 12.8% in loans and advances to customers. This also reflects the implementation of the ECB's "Investment Plan for Europe", which is designed to pass on low-cost refinancing funds to companies. In contrast, deposits by customers fell by EUR 802.6 million or 9.7% due to the low interest rates and conscious decisions on lending conditions in 2014.

The consistent implementation of the restructuring course also included the reorganization of the branch structure, the complete redesign of the lending process and the installation of a new service pricing system as well as further profit improvement and cost reduction measures.

The profitability improvement measures have produced visible results in the area of general administrative expenses. The streamlining of the organization through continuous cost management led to a year-on-year reduction of 44 persons, resp. 13.5% in personnel expenses. Operating costs roughly reflected the prior year level with a slight increase of 0.6% in spite of additional costs caused by regulations and the sector project "One IT system for Raiffeisen Austria“.

RLB NÖ-Wien recorded an after-tax loss of EUR -272.9 million for the 2014 financial year, which represents a year-on-year decrease of EUR 417.8 million. This decline resulted, above all, from the substantial negative results from companies accounted for at equity (EUR -185.0 million), expenses resulting from the measurement of interest rate derivatives, the recognition of provisions for (potential) damages from the customer business and the stability levy (other operating profit/(loss): EUR -59.0 million). The substantial improvement in net interest income over the previous year – which was supported by sound profit on maturity transformation – was only able to offset a comparatively low part of the negative earnings contribution.

The higher impairment allowance balances of EUR 84.1 million reflect an increase in the individual impairment allowances as well as the results from the ECB's AQR.

Other comprehensive income is dominated by a substantially negative share of other comprehensive income from the companies consolidated at equity (EUR -258.7 million). In particular, it reflects the devaluation of individual East European currencies (ruble, hrywnja) in RZB's total consolidated comprehensive income. Including the positive development of the available-for-sale reserve (EUR 89.6 million), other comprehensive income totalled EUR -170.4 million. Consolidated comprehensive income was clearly negative at EUR -443.4 million and led to a reduction of 23.9% in equity to EUR 1,799.0 million.

The Economic Environment

The Global and European Economies

The global economy remained on a recovery course during 2014 due to the ongoing loose monetary policies of the major central banks, with estimates pointing to an increase of 3.3% for the full 12 months. However, developments differed significantly by region: the US economy gained substantial momentum, while the eurozone remained the weakest link among the industrial nations.

The USA generated GDP growth of 2.4% in 2014, supported by impressive recovery on the labour market and positive economic development. This led to renewed speculation over the first increase in interest rates in years for the US market.

Economic development in Central and Eastern Europe (CEE) was overshadowed by the Russia-Ukraine conflict. Tensions had shown no signs of easing by year-end and were responsible for noticeable turbulence on the markets. However, strong domestic demand in Poland, Czech Republic and Hungary led to a satisfactory economic cycle.

Despite the implementation of various measures by the ECB (interest rate cuts to new record lows, targeted long-term tenders, the asset-backed securities and mortgage purchase programme) to stabilize the economy and combat low inflation, there were no major improvements in the eurozone during the reporting year. The downward trend in prices was fuelled, above all, by the rapid drop in the oil price. The latter fell by roughly half during 2014, almost entirely during the second six months. The eurozone markets were also influenced by geopolitical events that included the Russia-Ukraine conflict and military actions by the terrorist "Islamic State“. Slight consolidation was seen in the "problem countries“ on the southern periphery of the eurozone, which showed the first signs of positive development during the year

GDP Growth in Austria in % vs. prior year

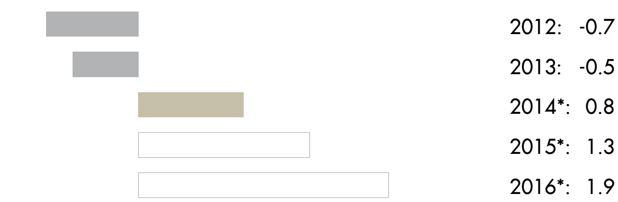
*Forecasts for 2015-2016: WIFO forecast dated 13 March 2015

GDP Growth in Germany in % vs. prior year

Forecasts for 2014-2016: EU Commission, Winter Forecast for 2015

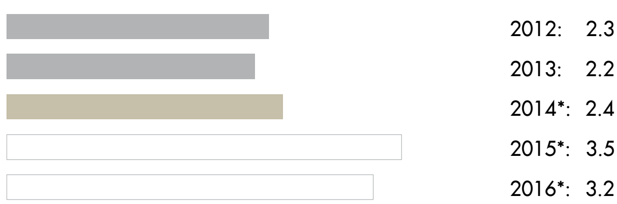
GDP Growth in the Eurozone in % vs. prior year

*Forecasts for 2014-2016: EU Commission, Winter Forecast for 2015



GDP Growth in the USA in % vs. prior year

*Forecasts for 2014-2016: EU Commission, Winter Forecast for 2015



The Austrian Economy

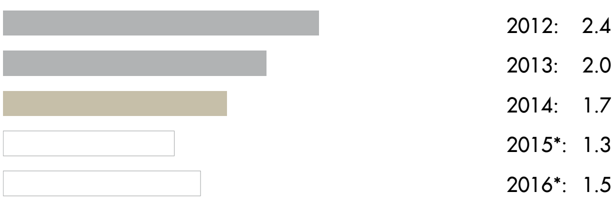
The Austrian economy lost substantial momentum and shifted to a stagnation course in 2014. Positive development towards the end of 2013 was followed by increasingly slower growth in the real gross domestic product (GDP), whereby exports and investments were particularly weak. While this phenomenon was evident across the entire eurozone, the surprisingly low growth in private household consumption in Austria was generally a home-made problem: the sharp rise in taxes and duties (e.g. the increase in the engine-based insurance tax) gave Austria the highest inflation rate in the eurozone during 2014. This factor, combined with the "cold progression" that relativizes (low) wage increases, leads to a decline in real wages and, in turn, weakens purchasing power. The net per capital income in Austria has declined for four consecutive years, and the saving rate fell from 12.1% before the start of the financial crisis to 7.4% at the end of the third quarter of 2014.

In contrast to previous years, Austria will no longer be able to outpace growth in the eurozone. GDP growth of 0.3% in 2014 compared to the eurozone indicator of 0.9% means the loss of this "Austria bonus“, at least for the time-being. The inflation rate is high in European comparison despite the slow growth momentum. It declined from 1.5% at the beginning of the year to 0.8% in December due to the low price of energy raw materials, but still remains high because of expectations that the output gap will not close by the end of 2016. The result was an inflation rate of 1.5% in 2014.

A budget deficit equal to 2.8% of GDP under the Maastricht definition is forecasted for 2014. Government expenditures in that year were driven, above all, by necessary support for the banks nationalized under emergency procedures.

Inflation in Austria in %

* Forecasts for 2015-2016: WIFO forecast dated 13 March 2015

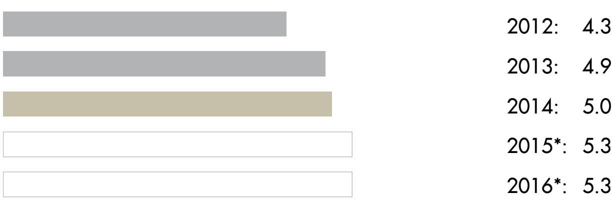


Private Consumption in Austria in % vs. prior year

Forecasts for 2015-2016: WIFO forecast dated 13 March 2015

Unemployment in Austria in %

* Forecasts for 2015-2016: WIFO forecast dated 13 March 2015



Overview of the Financial Markets

- Weak economic development in the eurozone and a declining inflation rate led the ECB to cut the key interest rate to a new record low of 0.05% in two steps.
- In combination with the new measures that are designed to provide credit institutions with added liquidity, money market interest rates continued to decline. There was also an unexpected sharp rise in capital market rates.
- The risk premiums for the eurozone countries versus Germany declined at surprising speed, with Greece as only exception.
- The euro weakened significantly versus the US dollar in 2014.
- The stock markets recorded a turbulent year: the European markets generally closed on a slightly positive note, but the ATX recorded a double-digit minus.

Interest rates

The past year was influenced by growing concerns over the development of inflation in the eurozone and the continuing decline in long-term inflationary expectations. The ECB reacted by cutting the key interest rate from 0.25% to 0.05% in two steps. Further unconventional measures were also approved: the allotment of long-term, lending-based tenders to commercial banks and the purchase of mortgages and asset-backed securities. The ECB also signalled the possibility of large-volume bond purchases (government and corporate bonds), i.e. quantitative easing (QE), at the end of the year to expand the central bank's balance sheet total by EUR 1,000 billion. Plans include the purchase of Euro-denominated government bonds and bonds issued by European public institutions at a monthly volume of EUR 60 billion at least up to September 2016. The interest rate cuts combined with increased liquidity supplies for commercial banks led to a decline in the 3-month Euribor to only 0.078% at year-end.

Capital market yields fell dramatically during 2014 due to the declining inflationary expectations, weak economic development and speculations surrounding the possible QE. The yield on 10-year German federal bonds started the year at 1.94% and closed at a new record low of 0.54%. Risk premiums also declined substantially, with Spanish and Italian 10-year yields even falling below 2% in December.

Eurozone interest rates %

Source: Thomson Reuters Datastream

Currencies and Equity Markets

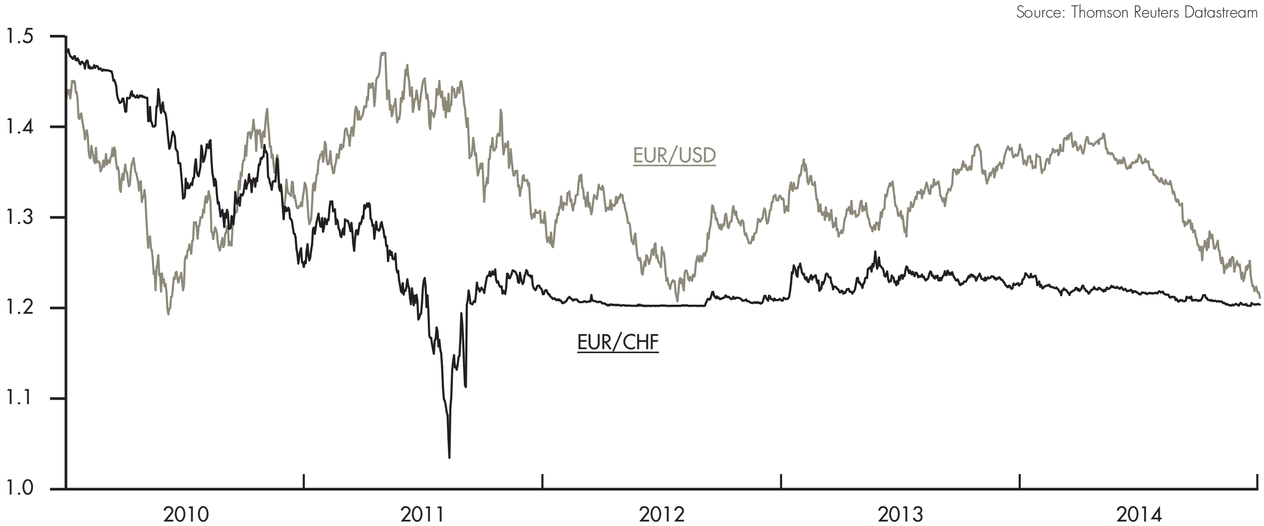
The euro lost 5% of its value against the currencies of its 20 most important trading partners during 2014, whereby the devaluation was concentrated primarily on the stronger US dollar. Monetary policy was the decisive factor for this development: the more expansive position of the ECB and the outlook of an increase in the balance sheet total through QE - in contrast to US monetary policy with its slow but steady shift away from a looser approach - led to a 12% decline in the euro versus the US dollar to 1.216 (EUR/USD) at year-end. In addition, the Swiss franc came under increasing pressure at the end of 2014. The Swiss National Bank (SNB) was forced to intervene on the foreign exchange market for the first time since 2012 to support the minimum rate of EUR/CHF 1.20. The SNB reacted by introducing a negative target range for the 3-month Libor in December to slow the inflow of funds into Swiss francs and finally abandoned the minimum exchange EUR/CHF rate of 1.20 on 15 January 2015.

In contrast to the US stock markets, the European exchanges recorded losses or only minimal growth in 2014. The markets remained extremely volatile with numerous geopolitical events creating a more risk-adverse climate at times, while the introduction of a looser monetary policy in the eurozone led to a short-term upswing. The DAX rose by only 2.7% for the year, and the ATX lost 15% due to the negative effects of the Russia-Ukraine conflict on the banking sector.

Development of the EUR vs. USD and CHF

EUR/CHF and EUR/USD

Source: Thomson Reuters Datastream



Development of the Austrian Banking Sector

The decline in the balance sheet total of the Austrian credit institutions continued during the first three quarters of 2014, but at a slower pace than in the previous year. The decrease in loans and advances to customers (non-banks) slowed to 0.3% during the third quarter (year-on-year), and loans and advances to other banks were 4.9% lower than the previous year. Deposits from other banks fell by 5.3%, but a further increase was recorded in deposits from customers (+2.4% in the third quarter).

The Austrian banks registered the first improvement in earnings after two negative years. The first three quarters of 2014 brought growth in both net interest income and operating income (6.0%, respectively 6.7% over the previous year). Despite an increase in operating expenses to EUR 9.8 billion, operating profit rose by EUR 365.5 million to EUR 5 billion.

Earnings, Financial and Asset Position

The consolidated financial statements of RLB NÖ-Wien are prepared in accordance with EU Directive (EC) 1606/2002 issued by the Commission on 11 September 2002 in connection with § 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and § 59a of the Austrian Banking Act ("Bankwesengesetz") on the basis of the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements reflect the legal regulations in effect as of 31 December 2014. RLB NÖ-Wien also prepares separate financial statements in accordance with the Austrian Banking Act in connection with the Austrian Commercial Code. The consolidated management report agrees with the consolidated financial statements and presents a true and fair view of the financial position, financial performance and cash flows of RLB NÖ-Wien.

Consolidated operating profit 2014 vs. 2013

€'000	2014	2013*)	Absolute +/(–) Change	Absolute +/(–) Change
Net interest income	175,393	145,777	29,616	20.3
Net fee and commission income	66,548	69,170	(2,622)	(3.8)
Net trading income	3,930	4,898	(968)	(19.8)
Profit from investments in entities accounted for using the equity method	(184,984)	153,411	(338,395)	-
Other operating profit/(loss)	(58,953)	19,784	(78,736)	-
Operating income	***1,935***	***393,039***	***(391,105)***	***(99.5)***
Staff costs	(98,936)	(114,324)	15,388	(13.5)
Other administrative expenses	(95,137)	(94,551)	(586)	0.6
Depreciation/amortization/write-offs	(4,421)	(5,237)	816	(15.6)
General administrative expenses*)	***(198,494)***	***(214,112)***	***15,618***	***(7.3)***
Consolidated operating profit	**(196,559)**	**178,927**	**(375,486)**	**-**

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

Net interest income rose by 20.3% year-on-year to EUR 175.4 million in 2014. In the deposit business, RLB NÖ-Wien was faced with considerable challenges from strong competition and historically low interest rates and the resulting effects on realizable margins. A consistent conditions policy stabilized net interest income, but led to a substantial decline of 9.7% in deposits from customers.

In the lending business, RLB NÖ-Wien successfully held margins constant at the prior year level in spite of strong growth (loans and advances to customers: +12.8%). The sound improvement in net interest income resulted, above all, from the high profit on maturity transformation. However, this increase was reduced by results from the measurement of interest rate derivatives (EUR -46.3 million), which are reported under other operating profit/(loss).

Net interest income in EUR million

Net fee and commission income declined 3.8% to EUR 66.5 million in 2014.

Net trading income fell by EUR 1.0 million to EUR 3.9 million.

Profit/(loss) from investments accounted for at equity clearly dominated the results recorded by RLB NÖ-Wien for the year and were largely responsible for the annual loss reported in 2014. The loss of EUR 185.0 million from these investments (year-on-year decline of EUR 338.4 million) includes EUR -112.3 million for the proportional share of results from RZB and EUR -67.0 million from the valuation of the investment in RZB. The negative earnings contribution resulted, above all, from the geopolitical tensions in Russia and Ukraine as well as the effects of adverse legal regulations in Hungary.

Other operating profit/(loss) totalled EUR -59.0 million in 2014 and was clearly lower than the prior year level of EUR 19.8 million. This decline resulted from expenses for the measurement of interest rate derivatives, the recognition of provisions for (potential) damages from the customer business and the stability levy.

Operating income in EUR million

General administrative expenses fell significantly from EUR 214.1 million in 2013 to EUR 198.5 million in 2014. This decline resulted primarily from a reduction of EUR 15.4 million in personnel expenses based on the lower number of employees.

Other administrative expenses amounted to EUR 95.1 million and remained constant at the prior year level. Higher IT expenses in connection with the nationwide project in the Raiffeisen sector ("One IT system for Raiffeisen Austria") were contrasted by cost savings from the optimization of the branch network and lower marketing costs. The decline in consulting expenses was contrasted by higher costs for legal advising and non-recurring costs for the ECB's Comprehensive Assessment.

General administrative expenses in EUR million

The RLB NÖ-Wien Group recorded **consolidated operating profit** of EUR -196.6 million in 2014, compared with EUR 178.9 million in 2013, due to the negative results from investments accounted for at equity.

€'000	**2014**	**2013*)**	**Absolute +/(–) Change**	**Absolute +/(–) Change**
Consolidated operating profit	(196,559)	178,927	(375,486)	-
Impairment charge on loans and advances	(84,120)	(66,381)	(17,740)	26.7
Profit/(loss) from financial investments	18,204	12,540	5,664	45.2
Profit/(loss) for the year before tax	***(262,475)***	***125,086***	***(387,562)***	-
Income tax*)	(10,474)	19,785	(30,259)	-
Profit/(loss) for the year after tax	**(272,949)**	**144,871**	**(417,821)**	-

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

Although the lending policy remained conservative, the **impairment allowance balance** totalled EUR 84.1 million. Additions exceeded the level required in 2013 (EUR 66.4 million) and included higher individual impairment allowances as well as the results from the ECB's AQR.

Profit/(loss) from financial investments equalled EUR 18.2 million in 2014. The increase over the previous year (EUR 12.5 million) reflected the proceeds from the sale of securities.

The above factors led to a **loss before tax** of EUR -262.5 million for the reporting year. After the inclusion of income tax expense, the **loss after tax** equalled EUR -272.9 million.

Profit/(loss) for the year after tax in EUR million

Other comprehensive income amounted to EUR -170.4 million in 2014 and resulted primarily from the substantial negative proportional share of other comprehensive income from the companies accounted for at equity. This development, in turn, led to a decrease of EUR -258.7 million in total comprehensive income, above all through the devaluation of individual East European currencies (ruble, hrywnja) and the resulting negative effect on the total comprehensive income of RZB. Including the positive development of the available-for-sale reserve (EUR 89.6 million), other comprehensive income equalled EUR -170.4 million. Total comprehensive income was clearly negative at EUR -443.4 million and led to a decline of 23.9% in equity to EUR 1,799.0 million.

Segment Report

The RLB NÖ-Wien Group is organized according to the segments listed below. This categorization is based on the various customer service areas and reflects the strict customer orientation of RLB NÖ-Wien. The basis for segment reporting in accordance with IFRS 8 is formed by the internal management reporting system of the RLB NÖ-Wien Group, which is classified under the following business areas:

- Personal and Business Banking Customers (Retail Banking)
- Corporate Customers
- Financial Markets
- Investments
- Management Services

Changes in the internal accounting system at the beginning of 2014 led to a shift in earnings between the various segments compared with previous years. The major changes involve the presentation of the return on equity, which is now allocated to the segments based on the minimum capital requirement. The related allocation of surplus capital led to an increase in net interest income in the Management Services Segment and to a corresponding decrease in the other segments. The new modelling of liquidity income on sight deposits in the Corporate Customers Segment was related, among others, to the shift of net interest income from this segment to the Financial Markets Segment.

The **Personal and Business Banking Customers Segment** comprises the retail banking business in the Vienna branches, which service personal banking, trade and business and self-employed customers. This segment provides various banking products and services for these customer groups, in particular for investments and financing. The 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 competence centre. This segment recorded profit before tax of EUR 9.0 million in 2014, compared with EUR 16.5 million in the previous year. The sharp drop in interest rates, above all in the short-term range, led to declining margins on deposits.

The pressure on margins was further intensified by the competition among banks for deposits. One positive factor was the improvement in net fee and commission income from EUR 36.1 million in 2013 to EUR 38.5 million for the reporting year. The return on equity before tax equalled 7.0% (2013: EUR 8.5%), and the cost/income ratio changed from 78.1% in the previous year to 82.0% in 2014.

Specially designed products and solutions as well as clear-cut customer orientation are the decisive success factors for the **Corporate Customers Segment**. The business policies in this segment supported a strong increase in the lending volume during the reporting year. Net interest income declined to EUR 109.7 million (2013: EUR 132.6 million), whereby the low interest rates on deposits represented a negative factor. The impairment allowance balance rose to EUR 73.5 million (2013: EUR 55.0 million). The Corporate Customers Segment recorded profit of EUR 18.8 million in 2014, compared with EUR 52.0 million in the previous year. With capital employed of EUR 588.0 million, this segment generated a pre-tax return on equity of 3.2% (2013: 5.9%).

The **Financial Markets Segment** reported a loss for 2014. The positive development of profit from maturity transformation led to a solid improvement in net interest income, after the deduction of the impairment allowance balance, to EUR 31.7 million (2013: EUR -15.7 million). However, the development of the interest rate derivative portfolio resulted in negative other operating income of EUR -36.3 million. The Financial Markets Segment therefore recorded a pre-tax loss of EUR -5.8 million for the reporting year.

Developments in the **Investments Segment** were dominated by the clearly negative earnings contribution from RZB, which is accounted for at equity (EUR -185.0 million). It reflected the results recorded by RBI for the year, which were negatively influenced by the intense geopolitical tensions between Russia and Ukraine and adverse legal regulations in Hungary. In connection with refinancing expenses of EUR -48.0 million, this segment reported a loss of EUR -237.8 million for 2014.

The **Management Services Segment** covers the activities of the RLB NÖ-Wien Group in its function as the leading institution in the Lower Austrian Raiffeisen organization. Also included here are the income and expenses from market-related activities that support the other segments. Reductions in personnel and other administrative expenses led to a decline in general administrative expenses and an improvement in earnings. The implementation of measures for regulatory projects and the IT project "One IT system for Raiffeisen Austria“ remained key cost factors. Other operating income also included the bank levy of EUR 25.4 million, which is allocated to this position. Profit before tax in the Management Services Segment improved by EUR 11.8 million to EUR -46.6 million in 2014.

Consolidated Balance Sheet 2014

The balance sheet structure of the RLB NÖ-Wien Group shows a clear shift from the interbank business to loans and advances to customers in 2014 because of the strong growth in lending. The structure of liabilities shows exactly the opposite development: deposits from customers declined, while deposits from other banks rose substantially – also due to the drawdown of EUR 940.0 million in ECB funds (TLTRO, Targeted Longer Term Refinancing Operation). The balance sheet total increased slightly year-on-year to EUR 29,513.8 million as of 31 December 2014.

Assets

€m	31/12/2014	31.12.2013*)	Absolute +/(–) Change	Absolute +/(–) Change
Loans and advances to other banks	7,937	8,576	(638)	(7.4)
Loans and advances to customers	12,418	11,005	1,413	12.8
Securities and equity investments	5,301	5,198	103	2.0
Investments in entities accounted for using the equity method	1,877	2,529	(652)	(25.8)
Other assets*)	1,981	1,760	221	12.6
Consolidated assets	**29,514**	29,067	**447**	**1.5**

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

Loans and advances to other banks totalled EUR 7,937.3 million as of 31 December 2014. The 7.4% decline compared with the previous year resulted, above all, from a reduction in loans and advances to companies in the Raiffeisen sector.

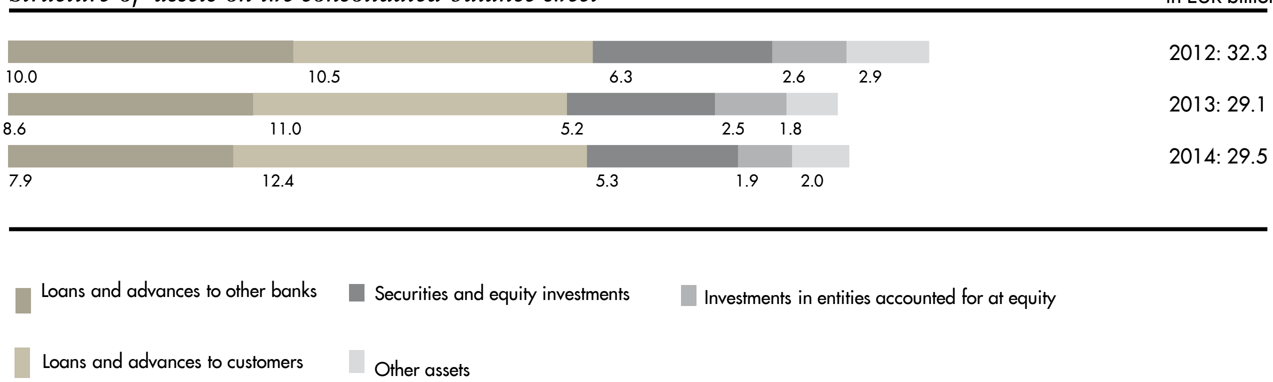
Loans and advances to customers rose by 12.8% year-on-year to EUR 12,417.6 million as of 31 December 2014, in spite of the challenging environment. This increase was based on active market development in the large customer segment through the use of low-cost refinancing funds from the ECB's "Investment Plan for Europe" as well as an increased volume of lending to the public sector.

Securities and equity investments equalled EUR 5,301.2 million at the end of 2014, for an increase of EUR 103.4 million over the previous year.

Investments accounted for at equity declined year-on-year, above all due to the negative results recorded by RZB and the diluting effect of the capital increase carried out by RBI at the beginning of 2014. These factors led to a reduction of EUR 652.5 million to EUR 1,876.7 million as of 31 December 2014.

The increase of EUR 221.2 million in **other assets** resulted primarily from positive changes in the market value of derivatives.

Structure of assets on the consolidated balance sheet in EUR billion



Liabilities and equity

€m	31/12/2014	31.12.2013*)	Absolute +/(–) Change	Absolute +/(–) Change
Deposits from other banks	10,834	9,029	1,805	20.0
Deposits from customers	7,478	8,280	(803)	(9.7)
Liabilities evidenced by paper	6,201	6,683	(483)	(7.2)
Equity*)	1,799	2,364	(565)	(23.9)
Other liabilities*)	3,202	2,711	491	18.1
Balance sheet equity and liabilities	**29,514**	29,067	**447**	**1.5**

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

Deposits from other banks totalled EUR 10,834.3 million as of 31 December 2014, compared with EUR 9,029.0 million in the previous year. This development resulted almost entirely from an increase in deposits by the Austrian National Bank ("Oesterreichische Nationalbank"). RLB NÖ-Wien took part in the TLTRO programme (targeted long-term refinancing operations by the ECB) with a volume of EUR 940.0 million. These low-cost refinancing funds were passed on to customers in the form of loans.

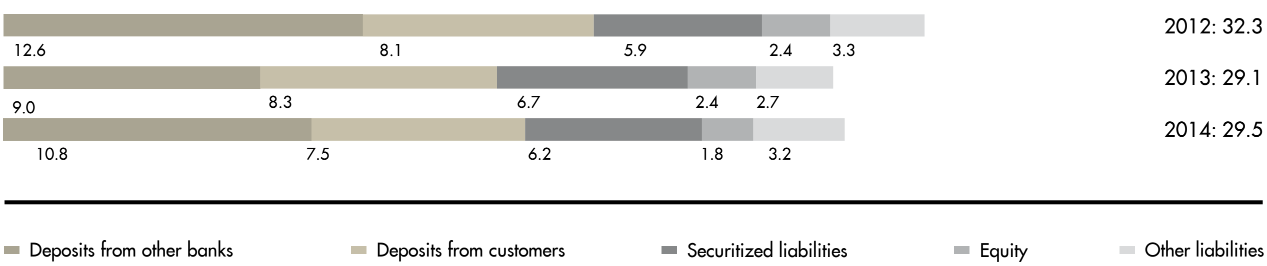
Deposits from customers, including savings deposits, continued to decline and equalled EUR 7,477.7 million at year-end 2014 (2013: EUR 8,280.3 million). This development reflected the historically low level of interest rates and the related difficulty in convincing customers to invest their money in safe savings deposits. It also resulted from the withdrawal of deposits as a consequence of the bank's strict condition policy.

Securitized liabilities amounted to EUR 6,200.6 million as of 31 December 2014 and were 7.2% lower than the previous year. The low-cost refinancing opportunities provided by the

ECB eliminated the need to completely replace expiring issues with new securitized liabilities.

Equity declined significantly from EUR 2,363.7 million at year-end 2013 to EUR 1,799.0 million as of 31 December 2014. This decrease was caused by the negative total comprehensive income recorded in 2014 and by the diluting effect of the capital increase carried out by RBI during the reporting year.

Structure of Equity and Liabilities on the Consolidated Balance Sheet in EUR billion



Financial Performance Indicators

Performance Ratios

The **Group's cost/income ratio** – i.e. the ratio of operating expenses to operating income – has no informative value for 2014 due to the de facto absence of operating income. Therefore, the related performance is not discussed.

The **Group's return on equity after tax** – i.e. return on equity based on average equity – equalled -13.1% as of 31 December 2014 (2013: 6.0%), above all due to the negative effects from investments accounted for at equity.

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 2014 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 prior year's indicators were determined on the basis of the Basel II regulations in effect at that time and are therefore not comparable.

Therefore, only 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 3,165.9 million (2013: EUR 3,336.1 million). At 19.7% (2013: 21.4%) the Tier 1 ratio (credit risk) substantially exceeded the 8% minimum requirement defined by the CRR. The 2013 indicator was based on the legal framework defined by the Austrian Banking Act before the implementation of the CRR and CRD IV.

Eligible capital comprises the following: The common equity Tier 1 ratio includes the superior credit institution's subscribed capital of EUR 184.7 million, appropriated capital reserves of EUR 373.7 million, retained earnings of EUR 1,068.1 million, non-controlling interests of EUR 327.9 million and various regulatory adjustments of EUR 4.1 million. After deductions of EUR 1.5 million, common equity Tier 1 capital equalled EUR 1,957.0 million. The additional Tier 1 capital consists of hybrid capital of EUR 256.7 million and non-controlling interests of EUR 8.3 million less deductions of EUR 4.8 million. Tier 1 capital, after deductions, therefore equalled EUR 2,217.2 million as of 31 December 2014 (2013: EUR 2,076.1 million).

Tier 2 capital of EUR 948.7 million (2013: EUR 1,260.0 million) comprises eligible Tier 2 instruments of EUR 805.2 million, hybrid capital of EUR 19.3 million and an addition of EUR 124.2 million for amounts guaranteed.

Tier 1 capital as a per cent of eligible capital equalled 70.0% (2013: 62.2%).

The Tier 1 capital ratio (total risk) of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 13.8% in 2014 (2013: 13.3%).

The Internal Control System for the Accounting Process

The Managing Board RLB NÖ-Wien has installed an effective and appropriate internal control system (ICS) for the accounting process. The Supervisory Board monitors the effectiveness of this system through the Audit Committee.

The ICS for the accounting process is designed to ensure reasonable reliability for the preparation and fair presentation of the published annual financial statements, consolidated financial statements and other financial information in agreement with legal regulations and the provisions of EU law contained in the Austrian Banking Act, the Austrian Commercial Code and IFRSs.

Control Environment

Specifically defined controls make the ICS an integral part of technical and organizational processes. It links risk and compliance and ensures that adequate controls are implemented and correctly executed to manage the defined risks. The design and framework for the ICS are specified in a separate manual that is approved by the Managing Board. The Supervisory Board and Managing Board rely on the support of experts for their work in this area, in particular the Overall Bank/Finance Department, which is responsible for financial reporting and the ICS together with the Overall Bank Risk Department as the ICS unit for RLB NÖ-Wien.

Risk Assessment

The most important risks, especially the risks related to the accounting process, are evaluated and monitored on a regular basis. Included here are the key business processes typical for RLB NÖ-Wien and the related specific risks for financial reporting. A committee was established within the framework of the internal ICS guideline and is responsible for focusing on the bank's material risks (scoping).

The risks connected with the accounting process and possible material reporting errors are related, above all, to the following areas: estimates required to determine the fair value of financial instruments in cases where reliable market values are not available; the recognition of impairment allowances for loans and provisions; complex recognition and measurement rules; and the current challenging business environment.

Control Activities

The identification of risks is based on a variety of instruments, e.g. the risk map, operational risk assessments and scoping. The various risks are then aggregated by the Overall Bank Risk/Overall Group Risk Department. Control steps are taken and documented during process mapping in accordance with the rules defined by the internal ICS guideline. In particular, these steps include the specification of the following: the risks to be limited, the processes requiring control activities; the design of these control activities; the person(s) responsible for the controls; and the control schedule.

Control activities are carried out during ongoing business processes to ensure that potential errors in financial reporting can be prevented or discovered and corrected. These control measures also cover the review of results for the various accounting periods by management. The processes and responsibilities are documented and easily understandable for all involved persons.

The control activities related to IT security represent a key element of the internal control system. Sensitive activities are separated through the restrictive granting of IT access. The central banking system GEBOS is generally used for accounting and financial reporting. The main ledger operates on GEBOS, which also supports the sub-ledger function for credit and deposit processing (GIRO). There are also a number of other sub-ledgers, e.g. GEOS (securities processing, nostro securities), Kondor (treasury) and SAP (accounts receivable and payable/asset accounting).

Information and Communications

The consolidated financial statements were prepared by the Overall Bank Management/Finance Department in accordance with IFRSs and the applicable provisions of the Austrian

Commercial Code and Banking Act. This department was also responsible for the preparation of the consolidated management report, which contains the legally required statements on profit for the year. The Managing Board, which is responsible for the finalization of the consolidated financial statements, submitted the consolidated financial statements after certification by the auditor to the Audit Committee of the Supervisory Board.

The shareholders and general public are supplied with information in the form of half-year and annual financial reports.

The Managing Board is provided with monthly reports and the Supervisory Board and Audit Committee with at least quarterly reports to support their monitoring and control functions with respect to correct accounting and reporting. These reports contain financial information (balance sheet, income statement and comments on important developments) as well as analyses of the different types of risks. The Managing Board also receives treasury reports on a daily basis.

The accounting staff receive regular training on changes in the accounting rules under IFRSs, the Austrian Commercial Code and the Austrian Banking Act to allow for the early identification and avoidance of risks resulting from unintended accounting errors.

Monitoring

The ICS also regulates the responsibility for the correct execution of processes. The persons directly responsible for processes are also in charge of the installation, execution and documentation of the controls for process risks. The Internal Audit Department reviews compliance with the ICS. The effectiveness of the ICS for the financial reporting process is also examined by Österreichische Raiffeisenverband (ÖRV) and KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft during the audit of the consolidated financial statements.

Risk Report

Detailed information on the overall financial risks to which the RLB NÖ-Wien Group is exposed and on the goals and methods for risk management is provided in the notes to the consolidated financial statements (Note (30) Risks arising from financial instruments).

Significant Events after the Balance Sheet Date

The Swiss National Bank abandoned its fixed EUR-CHF exchange rate on 15 January 2015. The resulting massive revaluation of the Swiss franc led to a substantial increase in foreign currency loan liabilities. The CHF loan volumes to "unhedged borrowers" totalled EUR 402 million following the sharp rise in the exchange rate. However, current information does not lead RLB NÖ-Wien to expect any material impairment losses in 2015 because of the comparatively low CHF financing volume and good collateral situation (repayment vehicles and mortgage security).

Against the backdrop of regulatory requirements, RLB NÖ-Wien approved the sale securities with a volume of approx. EUR 1 billion in February 2015 to strengthen the capital structure.

As reported in an ad-hoc press release on 9 February 2015, RBI has adjusted its strategy for the markets in Russia and Ukraine. Business activities in these two countries will be reduced over the next two years. Further optimization is also scheduled in Hungary; and plans call for the sale of subsidiary banks in Poland and Slovenia and a direct bank in Slovakia. In addition, business activities in Asia and the USA will be reduced. These steps will have no direct influence on the business activities of RLB NÖ-Wien. However, they will still be connected with risks and uncertainty concerning the valuation and further development of RZB.

The FMA imposed a moratorium over HETA ASSET RESOLUTION AG (HETA) through an official notice on 1 March 2015. RLB NÖ-Wien holds HETA bonds with a nominal value of EUR 25 million. The necessary provisions have already been recognized.

RLB NÖ-Wien currently meets all applicable regulatory requirements as well as the capital requirements for the CRR financial institution group of Raiffeisen-Holding NÖ-Wien, of which RLB NÖ-Wien is a member, which were defined by the ECB in an official notification on 10 March 2015 in connection with the supervisory review and evaluation process (SREP ratio).

Branches and Offices

The personal and business banking customers of RLB NÖ-Wien are currently serviced by nearly 550 account managers and sales assistants at 50 locations throughout Vienna. The branch and office structure has been streamlined as part of the restructuring course, and a further reduction is planned for 2015. These 50 locations include 39 retail banking branches, a private banking office in Vienna's Loos Haus, five competence centres for trade and business customers and five locations for the Raiffeisen organization and its employees. Corporate customers are serviced by roughly 100 account managers and sales assistants at the Raiffeisen Haus on Friedrich-Wilhelm-Raiffeisen-Platz 1 in Vienna.

RLB NÖ-Wien has no branches or offices in foreign countries.

Research and Development

RLB NÖ-Wien has no material research or development activities due to the nature of its business.

Non-financial Performance Indicators

Services for the Austrian Raiffeisen Organization

In keeping with its responsibilities as a bank for the Austrian Raiffeisen organization, RLB NÖ-Wien provides support for the 65 independent Raiffeisen banks in Lower Austria through a broad range of advisory and other services. A central issue for many years has been the new regulations and the related effects on banking operations. The RLB NÖ-Wien experts assisted the Lower Austrian Raiffeisen banks in 2014, above all with the implementation of Basel III, and helped to substantially improve the capital ratios of the Raiffeisen banks in Lower Austria.

The institutional protection scheme (IPS), which was concluded at both the national and regional level in 2013, was approved by the FMA in 2014. That confirms the system's compliance with European requirements.

The improvement of internal control processes was supported by RLB NÖ-Wien staff members through workshops and the preparation of a manual. The RLB NÖ-Wien headquarters also provided assistance in meeting the information requirements for corporate governance and remuneration on the Internet homepages of the Lower Austrian Raiffeisen banks.

Extensive reports were prepared in 2014 based on the requirements of the Austrian Raiffeisen institutional protection scheme (ÖRE) for the Lower Austrian Raiffeisen banks to ensure the identification of potential bank-specific high risks. Workshops were also held to identify future risk areas related to operational risks.

One IT for Raiffeisen Austria

One of the most important joint projects in the Raiffeisen sector is "One IT for Raiffeisen Austria". An important step in 2014 was the decision to combine the two software houses RACON Software GmbH and Raiffeisen Software Solution und Service GmbH into Raiffeisen Software GmbH. This merger will be carried out in 2015.

The Raiffeisen Climate Protection Initiative

RLB NÖ-Wien is a member of the Raiffeisen Climate Protection Initiative (RKI), which was founded in 2007. Its goal is to raise public awareness of the challenges created by climate change and to promote climate protection measures (recycling, use of renewable resources) throughout the Group. The Austrian Raiffeisen organizations have joined together in the RKI to bundle their climate protection activities, which are focused on the following areas:

- Sustainable financing and investment
- Support for climate protection through the use of renewable energies
- Reduction in the use of fossil fuels, and
- Environmentally friendly, cost-optimized building and living.

One special measure to increase awareness was the Raiffeisen Sustainability Challenge introduced by RKI in 2014. The employees of RLB NÖ-Wien and other RKI member organizations were invited to contribute their ideas and suggestions in the categories "sustainable financial products and services", "sustainable construction, renovation and mobility" and "company-related measures".

Environmental Protection and Resource Conservation

RLB NÖ-Wien has introduced numerous initiatives in recent years to reduce the harmful impact of its operations on the environment and to optimize its use of resources. A particular focus in 2014 were the sustainability weeks in Raiffeisen Haus, which highlighted the advantages of regional food products.

Individual projects were also launched and measures and events were supported to raise the general public's ecological awareness. One particular focal point is the Raiffeisen Energy Savings Day in Lower Austria, which includes numerous information events as well as free-of-charge meetings with energy advisors at the Raiffeisen locations. In cooperation with the Lower Austrian energy supplier EVN, a multi-stage "carefree renovation package" for the thermal renovation of buildings was again offered in 2014 as a means of improving energy efficiency. EVN provides the technical advice, while RLB NÖ-Wien advises customers on financing issues.

Wide-ranging Social Commitment

RLB NÖ-Wien demonstrates its commitment to social responsibility in many ways and places special emphasis on the support for and advancement of socially disadvantaged people. Examples are the long-standing support for the "Licht ins Dunkel" campaign, the Concordia social projects and the Cardinal König sponsorship for the Gruft shelter. Sponsoring for the "Aktion Lernhaus" also plays an important role: this project provides free educational support for needy children at a number of locations in Vienna and Lower Austria.

RLB NÖ-Wien is a partner of KURIER AID AUSTRIA. This campaign was launched in 2005 after the Tsunami disaster and reactivated in 2014 to provide fast and efficient assistance after the disastrous flooding in South-Eastern Europe. The campaign started by employee collected roughly EUR 10,000 of donations, which were doubled by RLB NÖ-Wien.

RLB NÖ-Wien has also been a sponsor of the Business for Integration Association ("Wirtschaft für Integration") since 2009.

Sport and Culture

The social commitment of RLB NÖ-Wien is also expressed in its support for cultural and sport organizations, in quite a few cases over many years. In the sport area, this includes events like the Business Run and the Raiffeisen castle marathon as well as a number of sport clubs. In the cultural area, support is provided for the Theater in der Josefstadt, Wiener Volksoper, the mobile stage "Dschungel Bus" operated by the "Dschungel Wien" children's and youth theatre and Vienna's Jewish Museum as well as music events like the Classics under the Stars in Göttweig Abbey and the Grafenegg Festival. RLB NÖ-Wien also sponsors NÖ Kulturwirtschaft (NÖKU), which is a partner of cultural institutions like the St. Pölten Festival House and the Art Museum in Krems.

Employees

RLB NÖ-Wien had a total workforce of 1,283 at the end of 2014, which represents a year-on-year decline of 44 persons. The employee turnover rate equalled 9.7% for the reporting year. Seventy-five new employees and 13 former apprentices were hired, while 11 new apprentices started their training with RLB NÖ-Wien.

The employee turnover is related to the structural and process optimization as part of the strategic change project that began in 2013.

Expenses for basic and advanced training totalled approx. EUR 1.3 million in 2014. The development and advancement of employees cover on-the-job training as well as seminars. The training programmes are organized by the Raiffeisen sector training institutes MODAL and Raiffeisen Campus and also by external providers.

Outlook on 2015

The Economic Environment

Global economic growth is expected to accelerate in 2015. The latest forecasts by the International Monetary Fund (IMF) indicate that the increase of 3.3% in 2014 should be followed by a plus of 3.5% in 2015. However, this outlook still remains far below a broad-based, self-supporting global upturn in the eighth year after the start of the financial crisis. The massive drop in the oil price has provided numerous countries with an important stimulus that is stronger than any possible government recovery package. Then again, it could drive growth in combination with ECB's (still) very loose monetary policy.

Only the USA has been able to raise production above the 2008 pre-crisis level. Further GDP growth is expected in 2015, whereby the IMF is projecting an increase of 3.6%. Against the backdrop of the strong recovery in employment, the first interest rate hike by the US Federal Reserve is expected in mid-2015.

The difference to the eurozone could not be greater. In its efforts to combat the weak economy and the related danger of deflation, the ECB approved a further easing of monetary policy: starting in March 2015, the ECB will purchase euro-denominated investment grade bonds from eurozone countries, agencies and institutions on the secondary market. Including the current mortgage- and asset-backed securities purchases, a monthly volume of EUR 60 billion is planned. These purchases will continue until inflation sustainably returns to the targeted level (ECB target: 2%) and at least until September 2016. The inflation rate is currently negative due to the decline in oil prices and will remain within the current range for a number of months. That does not mean deflation - i.e. a broad-based decline in prices - but it does carry the inherent danger that inflationary expectations are no longer firmly anchored and consumers as well as businesses will postpone their investment decisions. This scenario could lead to a negative downward spiral, which the ECB intends to prevent at all costs.

The potential positive effects of the wide-ranging purchase programme on the eurozone economy are highly disputed. This assessment is based on the increasing signs of sufficient liquidity in the financial system during 2014 and indications that the real problem is a lack of demand for loans. The ECB is now forecasting GDP growth of only 1.0% in 2015 – compared with 1.6% in September 2014.

In contrast to the pre-crisis years, Austria will no longer outpace growth in the eurozone. The economy has stagnated since spring 2014, and the estimates for 2015 point towards only very reserved development. The Austrian Institute of Economic Research (WIFO) and the Institute for Advanced Studies (IHS) expect GDP growth of only 0.5%, respectively 0.8% in 2015. The reasons for these projections are diverse: In addition to the general European reluctance to invest and weak exports, the fragile domestic demand plays an important role. The unemployment rate continues to rise, and collective negotiations have not produced wage increases that are high enough to improve purchasing power. In addition, the comparatively high inflation rate (forecast for 2015: 1.5% by WIFO and 1.6% by IHS) and the "cold" progression will likely lead to a reduction in the net per capital income in Austria during 2015. Consumption by private households will therefore – in comparison to other countries – not be available to serve as a growth driver.

The ECB therefore intends to ensure that interest rates in the eurozone remain low, and the key interest rate is not expected to increase in 2015. The reversal of the interest rate trend in the USA could lead to a slight rise in long-term yields, but the absolute level should remain very low. The major macroeconomic and monetary policy differences between the USA and the ECU are also reflected in the respective currencies: the euro will most likely continue to decline in comparison with the US dollar.

The euro also continues to decline versus the Swiss franc following the SNB's surprising end to the fixed exchange rate of EUR/CHF 1.20 in September 2011. The EUR/CHF exchange rate fell slightly below parity for a short time after the

SNB's announcement on 15 January 2015. However, the SNB emphasized that it would monitor developments closely to ensure that the termination of the minimum exchange rate would not lead to an unreasonable tightening of monetary conditions. The SNB will therefore remain active on the foreign exchange market in order to reach its monetary goals.

Outlook on the Group's Development

The next phase of the dual growth and consolidation strategy will be implemented in 2015.

The following focal points have been defined for 2015 as the key elements of this dual strategy:

- Further expansion of the customer business in the area of financing
- Monitoring and improvement of sales channels
- Continuous optimization of regulatory indicators
- Continued pursuit of the risk strategy confirmed by the AQR
- Successful implementation of the project "One IT for Raiffeisen Austria".

The expected macroeconomic framework conditions with a weak economy and very low interest rates will also represent major challenges for RLB NÖ-Wien in 2015. Continuing pressure on margins and, in turn, also on net interest income are to be expected.

The greatest uncertainty factor for earnings in 2015 is the development of profit from investments accounted for at equity. It is currently not possible to forecast RZB's earnings for the coming year because of the uncertain situation, above all in Russia and Ukraine, and the reduction in business activities announced by RBI at the beginning of this year. Therefore, negative effects on the earnings recorded by RLB NÖ-Wien cannot be excluded.

The political crisis in Russia and Ukraine does not have a direct influence on the business activities of RLB NÖ-Wien. However, the events in these countries are connected with risks and uncertainty through the valuation and further development of RZB – which holds an investment of 60.7% in RBI.

As reported in the ad-hoc press release on 9 February 2015, RBI has already adjusted its strategy in these markets. Business activities in these two countries will be reduced over the next two years; further optimization is planned in Hungary; and plans call for the sale of subsidiary banks in Poland and Slovenia and a direct bank in Slovakia. In addition, business activities in Asia and the USA will be reduced.

The Swiss National Bank abandoned its currency ceiling for the EUR-CHF exchange rate on 15 January 2015. The resulting massive revaluation of the Swiss franc led to a substantial increase in the liability on foreign currency loans. However, current information does not lead RLB NÖ-Wien to expect any material impairment losses in 2015 because of the comparatively low CHF financing volume.

Changes in regulatory requirements are also expected to lead to additional costs. The regulations for the institutional protection scheme, which form a key element of the addition to a deposit security fund, are currently being revised. Also expected beginning in 2015 are contributions to the creation of a European resolution fund as part of the newly structured bank supervisory mechanism. The exact amount of the required contribution and the possible offset against existing payments (e.g. stability levy) are still undecided.

RLB NÖ-Wien is subject to national and EU law through its business activities, whereby recent changes and the enactment of new laws, EU guidelines and directives have led to an increase in the number and scope of legal requirements. The expected tightening of these regulations in the future will to increased requirements and stricter decisions by the administrative and regulatory authorities and courts. Consequently, it cannot be excluded that RLB NÖ-Wien will also be involved in court cases and administrative proceedings in the future and that any possible future proceedings or their potential negative conclusion may have an adverse effect on RLB NÖ-Wien. As of the balance sheet date on

31 March 2015, all such recognizable risks had been taken into account.

RLB NÖ-Wien is an important part of the Raiffeisen banking group and, as the leading institution for the Raiffeisen banks in Lower Austria, will play a key role as a reliable partner in the implementation of the core bank migration project ("One IT system for Raiffeisen Austria") that is scheduled for 2015. Plans also call for the further intensification of cooperation with the Lower Austrian Raiffeisen banks within the Raiffeisen association.

Vienna, 31 March 2015

The Managing Board

Klaus BUCHLEITNER
CEO

Georg KRAFT-KINZ
Deputy CEO

Andreas FLEISCHMANN
Member of the Managing Board

Reinhard KARL
Member of the Managing Board

Michael RAB
Member of the Managing Board

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

A. Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Notes	2014	2013*)
Interest income	(1)	547,732	569,497
Interest expenses	(1)	(372,339)	(423,720)
Net interest income	*(1)*	*175,393*	*145,777*
Impairment allowance balance	(2)	(84,120)	(66,381)
Net interest income after impairment charges		*91,273*	*79,396*
Fee and commission income	(3)	94,979	96,345
Fee and commission expenses	(3)	(28,431)	(27,175)
Net fee and commission income	*(3)*	*66,548*	*69,170*
Net trading income	(4)	3,930	4,898
Profit/(loss) from investments in entities accounted for using the equity method	(5)	(184,984)	153,411
Profit/(loss) from financial investments	(6)	18,204	12,540
General administrative expenses*)	(7)	(198,494)	(214,112)
Other operating profit/(loss)	(8)	(58,953)	19,784
Profit/(loss) for the year before tax		*(262,475)*	*125,086*
Income tax*)	(10)	(10,474)	19,785
Profit/(loss) for the year before non-controlling interests		**(272,949)**	**144,871**
Of which attributable to equity holders of the parent		(272,949)	144,873
Of which non-controlling interests in profit		0	(2)

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

Reconciliation to Consolidated Comprehensive Income

€'000	Attributable to Equity Holders of the Parent	Non-Controlling Interests	2014 Total	Attributable to Equity Holders of the Parent	Non-Controlling Interests	2013*) Total
Net profit/(loss) for the year	*(272,949)*	*0*	*(272,949)*	*144,873*	*(2)*	*144,871*
Items that will not be reclassified to profit or loss in later periods	*(24,545)*	*0*	*(24,545)*	*14,336*	*0*	*14,336*
Acturial gains/(losses) on the revaluation of provisions for staff benefits*)	(13,632)	0	(13,632)	12,670	0	12,670
Dererred taxes on items not reclassified to profit and loss*)	(3,121)	0	(3,121)	(621)	0	(621)
Enterprise's interest in other comprehensive income of entities accounted for at equity, which will never be reclassified	(7,792)	0	(7,792)	2,287	0	2,287
Items that may be reclassified to profit or loss in later periods	*(145,874)*	*0*	*(145,874)*	*(144,626)*	*0*	*(144,626)*
Cash flow hedge reserve	11,217	0	11,217	14,835	0	14,835
Of which unrealized gains/(losses) in the period	0	0	0	15,099	0	15,099
Of which gains/(losses) reclassified to the income statement	11,217	0	11,217	(264)	0	(264)
Available-for-sale reserve	89,625	0	89,625	1,818	0	1,818
Of which unrealized gains/(losses) in the period	105,349	0	105,349	18,370	0	18,370
Of which gains/(losses) reclassified to the income statement	(15,723)	0	(15,723)	(16,552)	0	(16,552)
Deferred taxes*)	4,216	0	4,216	(4,573)	0	(4,573)
Of which unrealized gains/(losses) in the period*)	7,495	0	7,495	(27,189)	0	(27,189)
Of which gains/(losses) reclassified to the income statement	(3,280)	0	(3,280)	22,616	0	22,616
Enterprise`s interest in other comprehensive income of entities accounted for at equity (after tax)	(250,932)	0	(250,932)	(156,705)	0	(156,705)
Of which unrealized gains/(losses) in the period	(250,967)	0	(250,967)	(156,705)	0	(156,705)
Of which gains/(losses) reclassified to the income statement	36	0	36	0	0	0
Other comprehensive income	*(170,418)*	*0*	*(170,418)*	*(130,290)*	*0*	*(130,290)*
Consolidated comprehensive income	(443,368)	0	(443,368)	14,583	(2)	14,582

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

B. Consolidated Balance Sheet

Assets, €´000	Notes	2014	2013*)	2012*)
Cash and balances with the central bank	(12)	60,682	404,646	679,031
Loans and advances to other banks	(13)	7,937,345	8,575,731	10,042,074
Loans and advances to customers	(14)	12,417,567	11,004,581	10,465,262
Impairment allowance balance	(15)	(336,761)	(298,327)	(318,678)
Trading assets	(16)	608,763	300,509	521,400
Securities and equity investments	(17)	5,301,201	5,197,798	6,287,562
Entities accounted for using the equity method		1,876,687	2,529,181	2,638,914
Intangible assets	(18)	5,783	7,438	8,780
Property and equipment	(19)	8,303	8,060	8,243
Other assets*)	(20)	1,634,182	1,337,423	1,977,729
Of which current tax receivables		0	209	343
Of which deferred tax assets*)		0	20,768	10,098
Balance sheet assets		**29,513,752**	**29,067,039**	**32,310,317**

*) The previous years were adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

Equity and Liabilities, €´000	Notes	2014	2013*)	2012*)
Deposits from other banks	(21)	10,834,318	9,029,012	12,643,370
Deposits from customers	(22)	7,477,732	8,280,334	8,089,621
Securitized liabilities	(23)	6,200,633	6,683,353	5,928,916
Trading liabilities	(24)	428,466	194,313	301,068
Other liabilities	(25)	1,650,121	1,332,180	2,060,363
Provisions*)	(26, 27)	147,126	154,910	153,633
Tier 2 capital	(28)	976,356	1,029,219	707,606
Total borrowed capital		***27,714,750***	***26,703,321***	***29,884,577***
Attributable to equity holders of the parent*)		1,799,002	2,363,663	2,425,683
Non-controlling interests		0	55	56
Equity*)	(29)	***1,799,002***	***2,363,718***	***2,425,739***
Balance sheet equity and liabilities		**29,513,752**	**29,067,039**	**32,310,317**

*) The previous years were adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

C. Consolidated Statement of Changes in Equity

€'000	Attributable to equity holders of the parent							
	Sub-scribed Capital	Non-voting Non-ownership 'Participation' Capital	Capital Reserves	Retained Earnings	Net Profit/ (Loss) for the Year	Total	Non-Controlling Interests	Total
Equity at 1/1/2014	**214,520**	**76,500**	**432,688**	**1,639,955**	**0**	**2,363,663**	**55**	**2,363,718**
Consolidated comprehensive income	0	0	0	(170,418)	(272,949)	(443,368)	0	(443,368)
Net profit/(loss) for the year	0	0	0	0	(272,949)	(272,949)	0	(272,949)
Other comprehensive income	0	0	0	(170,418)	0	(170,418)	0	(170,418)
Enterprise's interest in other changes in the equity of entities accounted for at equity	0	0	0	(121,153)	0	(121,153)	0	(121,153)
Other changes	0	0	0	(141)	0	(141)	(55)	(196)
Equity at 31/12/2014	**214,520**	**76,500**	**432,688**	**1,348,243**	(272,949)	**1,799,002**	**0**	**1,799,002**

€'000	Attributable to equity holders of the parent							
	Sub-scribed Capital	Non-voting Non-ownership 'Participation' Capital)	Capital Reserves	Retained Earnings	Net Profit/ (Loss) for the Year	Total	Non-Controlling Interests	Total
Equity at 1/1/2013	214,520	76,500	432,688	1,697,951	0	2,421,659	56	2,421,715
Provisions for staff benefits restated*)				4,024		4,024		4,024
Equity at 1/1/2013 restated	214,520	76,500	432,688	1,701,975	0	2,425,684	56	2,425,740
Consolidated comprehensive income	0	0	0	(130,290)	144,873	14,583	(2)	14,582
Net profit/(loss) for the year	0	0	0	0	144,873	144,873	(2)	144,871
Other comprehensive income*)	0	0	0	(130,290)	0	(130,290)	0	(130,290)
Contractual transfer of profit or loss	0	0	0	0	(60,008)	(60,008)	0	(60,008)
Transferred to retained earnings*)	0	0	0	84,865	(84,865)	0	0	0
Enterprise's interest in other changes in the equity of entities accounted for at equity	0	0	0	(21,186)	0	(21,186)	0	(21,186)
Other changes	0	0	0	4,590	0	4,590	0	4,590
Equity at 31/12/2014	214,520	76,500	432,688	1,639,955	0	2,363,663	55	2,363,718

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

The share capital of RLB NÖ-Wien totals EUR 214,520,100.00 (2013: EUR 214,520,100.00). Subscribed capital comprises 2,145,201 (2013: 2,145,201) registered zero par value shares with a nominal value of EUR 214,520,100.00 (2013: EUR 214,520,100.00). In 2008 RLB NÖ-Wien issued 765,000 bearer participation certificates as defined by § 23 (3) no. 8. in connection with (4) and (5) of the Austrian Banking Act (in the version published in Federal Gazette BGBl I 2013/184). One participation certificate represents a nominal value of EUR 100.00.

The following table shows the development of the following items, which were recorded under retained earnings: the cash flow hedge reserve (before the deduction of deferred taxes), the available-for-sale reserve (before the deduction of deferred taxes) and the deferred taxes recognised in other comprehensive income:

€'000	Cash flow hedge reserve	Available-for-sale reserve	Deferred taxes recognized in equity
At 1 January 2014	*(8,148)*	*25,507*	*(1,095)*
Net changes in the financial year	*11,217*	*89,625*	*1,095*
Of which unrealized gains/(losses) in the period	0	105,349	0
Of which gains/(losses) reclassified to the income statement	11,217	(15,723)	0
At 31 December 2014	**3,069**	**115,132**	**0**

€'000	Cash flow hedge reserve	Available-for-sale reserve	Deferred taxes recognized in equity*)
At 1 January 2013)*	*(22,983)*	*23,689*	*4,099*
Net changes during the financial year)*	*14,835*	*1,818*	*(5,194)*
Of which unrealized gains/(losses in the period	15,099	18,370	0
Of which gains/(losses) reclassified to the income statement	(264)	(16,552)	0
At 31 December 2013	(8,148)	25,507	(1,095)

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

The amounts derecognized from the cash flow reserve through profit or loss were reported under net interest income. The amounts derecognized from the available-for-sale reserve were recorded under profit/(loss) from financial investments.

The changes in the deferred taxes recorded in other comprehensive income are classified as follows:

€'000	2014	2013*)
Deferred taxes from the cash flow hedge reserve*)	(2,161)	(2,093)
Deferred taxes from the available-for-sale reserve*)	6,377	(2,480)
Deferred taxes from actuarial gains/(losses) on the revaluation of provisions for staff benefits*)	(3,121)	(621)
Total	**1,095**	(5,194)

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

D. Consolidated Cash Flow Statement

€'000	Notes	2014	2013*)
Proft/(loss) for the year after tax)*		*(272,949)*	*144,871*
Non-cash items in profit/(loss) for the year and reconciliation to cash flow from operating activities:			
Write-downs/(write-ups) of property and equipment, financial investments and equity investments	(7)	11,684	21,326
Revaluation (gains)/losses on investments in entities accounted for using the equity method	(5)	184,984	(153,411)
Release of/addition to provisions and impairment allowances*)	(2, 8)	78,478	35,825
(Gains)/losses on disposals of property and equipment, financial investments and equity investments	(6, 8)	(26,868)	(7,663)
Other adjustments (net)*)		(48,546)	37,676
Subtotal		*(73,217)*	*78,624*
Change in assets and liabilities arising from operating activities after corrections for non-cash items:			
Loans and advances to customers and other banks	(13, 14)	(755,467)	918,847
Trading assets	(16)	(308,958)	222,457
Securities (except financial investments)	(17)	241,724	984,129
Other assets	(20)	(337,258)	602,430
Deposits from customers and other banks	(21, 22)	998,455	(3,433,770)
Securitized liabilities	(23)	(629,045)	755,435
Trading liabilities	(24)	234,152	(106,755)
Other liabilities	(25)	339,565	(771,441)
Subtotal		*(290,049)*	*(750,044)*
Interest and dividends received		584,151	602,233
Interest paid		(428,498)	(502,263)
Income taxes paid		15,670	(1,166)
Cash flow from operating activities		*(118,726)*	*(651,240)*
Cash receipts from sales of:			
Financial and equity investments	(6)	321,518	1,165,723
Property and equipment and intangible assets	(8)	248	386
Cash paid for:			
Financial and equity investments	(17)	(563,376)	(1,049,747)
Property and equipment and intangible assets	(18, 19)	(3,250)	(4,098)
Cash flow from investing activities		*(244,861)*	*112,264*
Net cash inflows/(outflows) from subordinated debt capital	(28)	79,608	322,096
Transfer of profit/(loss) incl. payments on participation capital		(60,008)	(57,469)
Cash flow from financing activities		*19,600*	*264,627*

*) The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

€'000	**2014**	**2013**
Cash and cash equivalents at end of previous period	***404,646***	*679,031*
Cash flow from operating activities	(118,726)	(651,240)
Cash flow from investing activities	(244,861)	112,264
Cash flow from financing activities	19,600	264,627
Effect of exchange rate changes	23	(36)
Cash and cash equivalents at end of period	**60,682**	404,646

Cash and cash equivalents represent cash and balances with the central bank.

E. Notes

The Company

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) is the regional central institution of Raiffeisen Bankengruppe (RBG) NÖ-Wien. It is recorded in the company register of the Vienna commercial court under FN 203160s. The company's address is Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna.

RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien) holds the majority stake of 78.58% in RLB NÖ-Wien. The consolidated financial statements of Raiffeisen-Holding NÖ-Wien are filed with the company register in accordance with Austrian disclosure regulations and also published in the Raiffeisen newspaper. The remaining shares of RLB NÖ-Wien are held by the Raiffeisen banks in Lower Austria, which are provided with support and a complete range of banking services by RLB NÖ-Wien as the central institution.

RLB NÖ-Wien is a regional bank whose core business covers professional advising and optimal banking products for its home market of eastern Austria and, consequently, for the "Centrope region". Through its investment in Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB) RLB NÖ-Wien also participates in the activities of RBG in Central and Eastern Europe.

The cornerstones of the RLB NÖ-Wien banking business are formed by personal, business and corporate banking as well as the proprietary business. Retail banking products and services are offered in the Vienna branches under the slogan "Raiffeisen in Wien. Meine BeraterBank". Participation in syndicated financing and equity investments in banks and other banking-related operations round out the core strategy of RLB NÖ-Wien.

Principles of Accounting under IFRS

Principles

The consolidated financial statements for the 2014 financial year, including the comparable prior year data for 2013, were prepared in accordance with EU Directive (EC) No. 1606/2002 issued by the Commission on 11 September 2002 in connection with § 245a of the Austrian Commercial Code and § 59a of the Austrian Banking Act in the version applicable as of the respective balance sheet date. All International Financial Reporting Standards (IFRS) and IFRIC interpretations that were adopted by the EU and required mandatory application were applied in preparing the consolidated financial statements.

The consolidated financial statements are based on the separate financial statements of all fully consolidated companies, which were prepared in accordance with uniform, Group-wide standards and the provisions of IFRSs. In terms of the definition provided by QC11 of the IFRS Conceptual Framework, the effect of the unconsolidated subsidiaries on the Group's assets, liabilities, financial position and profit or loss is immaterial.

The fully consolidated companies and the companies accounted for at equity prepare their annual financial statements as of 31 December.

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

Basis of consolidation

The consolidation process involves the elimination of intragroup investments and equity, liabilities, interim profits, and income and expenses.

In accordance with IFRS 3 Business Combinations, the acquisition method of accounting is used to eliminate the investment and equity in acquired companies. This method requires the recognition of the acquired assets and assumed liabilities at their fair value on the acquisition date. A positive difference between the acquisition cost and the fair value of the acquired net assets is recorded as goodwill after the offset of available undisclosed reserves and other assets.

In accordance with IAS 36.10, goodwill is not reduced through scheduled amortization, but is tested annually for evidence of impairment (triggering events). Any negative differences remaining after reassessment are recognized immediately to profit or loss as required by IFRS 3.34-36.

The consolidation of liabilities includes the offset of intragroup receivables and liabilities.

Interim profits are eliminated if they are material for the respective income statement positions. Banking transactions between the individual Group companies are conducted at ordinary market conditions.

The income and expenses resulting from transactions with companies included in the scope of consolidation are eliminated.

Material investments in associates over which the RLB NÖ-Wien Group can exercise significant influence are accounted for at equity and reported on the balance sheet under "entities accounted for using the equity method". The proportional share of annual results from these entities is reported under "profit/(loss) from investments in entities accounted for using the equity method". The proportional share of other comprehensive income from these entities is recorded under other comprehensive income. Equity accounting follows the same rules (initial consolidation date, calculation of goodwill or negative difference) applied to subsidiaries and is based on the separate financial statements of the entities included at equity. The necessary adjustments are made if an entity included at equity applies accounting methods that differ materially from the Group policies.

Investments in subsidiaries that are not included in the consolidated financial statements for materiality reasons and investments in associates that are not accounted for at equity are carried at their fair value and reported on the balance sheet under "securities and equity investments". If the fair value is not available or cannot be reliably determined, the investments are carried at cost less any necessary impairment chargees.

Scope of consolidation

The scope of consolidation of the RLB NÖ-Wien Group includes the following material subsidiaries in which RLB NÖ-Wien directly or indirectly holds more than 50% of the voting rights or can exercise control over business and/or financial policies:

- RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (parent company of the Group)
- RLB NÖ-Wien Holding GmbH
- RLB NÖ-Wien Sektorbeteiligungs GmbH

The number of consolidated subsidiaries and entities accounted for using the equity method changed as follows:

Number of Entities	2014	2013 Consolidated	2014	2013 Equity Method
At 1 January	***5***	*6*	**2**	2
Changes in the financial year	(3)	(1)	0	0
At 31 December	**2**	5	**2**	2

The following three subsidiaries were removed from the scope of consolidation in 2014/15 for materiality reasons: "ARSIS" Beteiligungs GmbH, "BARIBAL" Holding GmbH and Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs GmbH.

Material investments in associates over which the RLB NÖ-Wien Group can exercise significant influence on business and/or financial policies are accounted for at equity. As of 31 December 2014, this applied to RZB and Raiffeisen Informatik GmbH.

RLB NÖ-Wien holds a direct investment of 0.53% (2013: 0.53%) in RZB as well as an indirect investment of 34.21% (2013: 34.21%) through RLB NÖ-Wien Holding GmbH. The investment held by the RLB NÖ-Wien Group in Raiffeisen Informatik GmbH equals 47.35% (2013: 47.75%).

The scope of consolidation did not include any financial statements prepared in a foreign currency. A list of consolidated companies, investments in entities accounted for using the equity method and other equity investments is provided in the Overview of Equity Investments.

Significant Accounting Policies

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In accordance with IAS 39, all financial instruments must be recognized on the balance sheet and measured at their fair value as of the acquisition date. Fair value represents the price received for the sale of an asset or paid for the transfer of a liability in an arm's length transaction between knowledgeable, willing parties. For listed financial instruments, fair value represents the market price. If market prices are not available, the future cash flows from a financial instrument are discounted by means of financial methods and the interest rate curve applicable to the valuation date. If fair value cannot be reliably determined, the financial instrument is carried at cost less any necessary impairment charges.

Financial instruments must be classified under the categories defined by IFRS and subsequent measurement is dependent on this classification.

The categories used for classification and measurement are as follows:

- Financial assets or liabilities at fair value through profit or loss:

Financial assets or liabilities designated as at fair value through profit or loss represent financial instruments that are classified as held for trading or designated as at fair value through profit or loss upon initial recognition.

Financial assets and financial liabilities classified as held for trading are intended to generate gains from short-term fluctuations in market prices or the dealer's margin. Trading instruments are carried at fair value, with changes in this value recognized to profit or loss. This measurement category is also used for liabilities that are held for trading.

Financial assets, financial liabilities or a group of financial instruments (financial assets, financial liabilities or a combination of both) can be initially designated as at fair value through profit or loss upon initial recognition based on the fair value option if this method provides more relevant information. The classification requirement is met when this designation prevents or significantly reduces a measurement or recognition inconsistency (i.e. an accounting mismatch).

Financial assets and/or financial liabilities (including derivatives) can also be assigned to this category based on a documented risk management strategy or an investment strategy for a portfolio of instruments that is managed and evaluated on a fair value basis. In addition, financial instruments with embedded derivatives can be designated as at fair value through profit or loss if the derivatives have a substantial economic effect. If the derivatives embedded in a financial instrument cannot be measured separately, the entire financial instrument is assigned to this category.

Financial instruments are assigned to one of the above categories as of the acquisition date. This irrevocable designation is documented through the aggregation in portfolios, each of which is intended to demonstrate separate risk monitoring and, above all, defined result-oriented management. The responsibilities for individual portfolios are regulated by specific guidelines and the related risk is constrained by monitored lines and limits.

Financial assets and liabilities initially designated as at fair value through profit or loss must be subsequently measured at fair value, and any changes in fair value must be recognized to profit or loss. The decisive criterion for assignment to this category is irrevocable designation as of the acquisition date or the date of initial application of this standard in the applicable version. Excluded from the designation as at fair value through profit or loss are financial investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably determined as well as derivatives whose value is dependent on and which must be settled through these types of equity instruments. These financial investments are classified as available for sale and measured at cost less any necessary impairment charges.

- Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not classified as held for trading, designated as at fair value through profit or loss or classified as available for sale. These financial instruments result from the provision of money, goods or services and are carried at amortized cost based on the effective interest rate method and the deduction of any necessary impairment charges.

Amortized cost represents the historical acquisition price less repayments, adjusted for any previously recognized amortisation of a premium or discount and less any deductions for impairment or uncollectability.

- Financial investments held to maturity:

This category covers financial assets with fixed or determinable payments, which the company has the intention and ability to hold to maturity. These financial instruments are measured at amortized cost by applying the effective interest rate method. Premiums and discounts are recognized on a proportional basis. An impairment charge is recognized when there is any deterioration in the credit rating. If the reasons for impairment cease to exist, the carrying amount of the financial asset is increased up to the applicable amortized cost with recognition through profit or loss.

- Financial assets available for sale:

Available-for-sale financial assets are non-derivative financial assets that are classified as available for sale and not as loans or receivables, held-to-maturity investments or financial assets designated as at fair value through profit or loss.

These assets are carried at fair value, and any changes resulting from measurement are accumulated in other comprehensive income as a separate item under equity – the available-for-sale reserve – until the asset is sold or an impairment charge must be recognized through profit or loss. If the fair value increases, an impairment charge to a debt instrument is reversed through profit or loss, while an impairment charge to an equity instrument is reversed under other comprehensive income without recognition through profit or loss.

Equity instruments and debt instruments are assigned to the category of available-for-sale assets and valued at cost when they do not meet the criteria for classification as financial investments held to maturity or as loans and receivables, when they do not have a quoted market price and when their fair value cannot be reliably determined.

- Financial liabilities at amortized cost:

Financial liabilities are measured at amortized cost based on the effective interest rate method, unless they are designated as at fair value through profit or loss or classified as held for trading.

Securities issued and subsequently repurchased by the company are deducted from liabilities. Embedded derivative financial instruments not classified as held for trading are separated from the host contract and accounted for as an independent derivative financial instrument unless the following applies: the entire financial instrument is not measured at fair value; changes in fair value are not recorded to profit or loss; the economic characteristics and risks of the embedded derivative are not closely connected with the economic characteristics and risks of the host contract; and the embedded derivative meets the criteria for classification as a derivative financial instrument. The host contract is then accounted for in accordance with the appropriate categorization. Changes in the value of the separated derivative measured at fair value are recognized to profit or loss. If the measurement of an embedded derivative is not possible at the time of purchase or on a subsequent balance sheet date, the entire structured product is classified as at fair value through profit or loss.

In accordance with IAS 32, treasury shares are not recognized as assets but deducted from equity.

A financial assets or a financial liability is recognized on the balance sheet when a Group company becomes a party to the contractual provisions of the financial instrument and, consequently, holds the right to receive or the legal obligation to pay cash. The trade date represents the starting point for initial recognition on the balance sheet, measurement through profit or loss and derecognition of a financial instrument. Foreign exchange and money market transactions in the treasury department are recognized on the respective value or settlement date.

A financial asset is derecognized when control over or the contractual rights to the asset is/are lost.

Derivatives

Financial derivatives that are not part of a designated hedge relationship or accounted for using the fair value option described above are carried on the balance sheet at fair value. Changes in fair value are recognized to profit or loss on the income statement.

Derivatives acquired for hedging purposes are classified under the following categories in accordance with IAS 39 based on the different characteristics of the relationship between the hedged item and the derivative:

- Fair value hedge:

A fair value hedge is intended to protect an existing asset or liability against changes in fair value that result from a particular risk and could affect profit or loss. A hedge that meets the criteria for hedge accounting is accounted for at fair value, whereby the gains and losses on fair value measurement are recognized in profit or loss. The carrying amount of the hedged item is adjusted to reflect the remeasurement gain or loss attributable to the hedged risk (basis adjustment). The hedges are formally documented, assessed as of each balance sheet date and classified as highly effective. Therefore, it can be assumed that changes in the fair value of the hedged item will be nearly completely offset by changes in the fair value of the hedging instrument throughout the entire term of the hedge and that actual results will range from 80% to 125%.

- Cash flow hedge:

A cash flow hedge is intended to cover the exposure to volatility in cash flows which are attributable to a recognized asset or liability or forecast transaction and could affect profit or loss. Cash flow hedge accounting represents the use of derivatives to hedge future interest rate flows. It involves the exchange of future variable interest rate payments on variable rate receivables and liabilities for fixed interest payments, generally through interest rate swaps.

The effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income and reported in a separate position under equity (cash flow hedge reserve).

The cash flow hedge reserve is released through profit or loss in the periods when the cash flows of the hedged item affect profit or loss.

The Managing Board of RLB NÖ-Wien discontinued the use of the cash flow hedge designation as of 31 December 2013. The cash flow hedge reserve will be released through profit or loss over the remaining term of the previously hedged items.

Classes of financial instruments (IFRS 7)

The formation of classes is based on the assignment of financial instruments to the individual balance sheet positions because the nature of the financial instruments is best represented by this classification. Balance sheet items that include financial instruments from different valuation categories as defined by IAS 39 are appropriately taken into account. The classes of financial instruments under assets include cash and balances with the central bank, loans and advances to other banks, loans and advances to customers, trading assets, securities and equity investments as well as the derivative financial instruments and derivatives from hedging transactions included under other assets. The classes of financial instruments under liabilities include deposits from other banks, deposits from customers, securitized liabilities, trading liabilities and Tier 2 capital as well as the derivative financial instruments and derivatives from hedging transactions included under other liabilities.

Receivables

Receivables are measured at amortized cost without the deduction of impairment chargees. Accrued interest is reported under the relevant balance sheet position. Premiums and discounts are accrued over the term of the receivable.

Purchased receivables are also classified as loans and receivables.

For receivables that represent the hedged item for a fair value hedge, the gain or loss on measurement is included and the carrying amount of the receivable is adjusted accordingly (basis adjustment). Receivables that are not attributable to a core banking relationship are classified under loans and receivables and reported under other assets.

Impairment allowance balances

Risks arising from the credit business are reflected in the recognition of individual impairment allowances.

The identifiable credit risks associated with loans and advances to customers and other banks are reflected in the recognition of impairment allowances based on Group standards. These impairment allowances are released when the credit risk ceases to exist or used when the loan or advance is classified as uncollectible and derecognized.

In accordance with IAS 39.58, all receivables that have an effect on expected future cash flows from a financial instrument are tested quarterly for objective evidence of impairment as defined in IAS 39.59.

A financial asset or group of financial assets is considered impaired and an impairment charge is considered to have occurred when:

- There is objective evidence of impairment as the result of a loss event that occurred between the initial recognition of the financial instrument and the balance sheet date,
- The loss event has an influence on the estimated future cash flows from the financial asset or group of financial assets, and
- The amount of the loss can be reliably estimated.

The requirements of IAS 39 concerning impairment are reflected in internal processes and guidelines. The risk content of a commitment is entered in an extensive rating system that includes various models for the different customer segments. For the risk assessment process, all customers are assigned to nine active credit classes based on these rating and scoring models. Default cases are classified in three classes according to the provisions of CRR/CRD IV. Classification in one of the two last default classes leads to the recognition of an impairment charge. The rating systems include quantitative factors from the financial statements as well as qualitative factors (soft facts). A number of the rating/scoring systems also have automated components that deal with performance patterns.

RLB NÖ-Wien has installed a database to handle the documentation and ongoing management of default cases. This database documents all default cases as well as the related costs and payments received.

A receivable is assumed to be at risk of default when – considering the collateral – the present value of the expected principal and interest payments is lower than the carrying amount. The amount of each loan or advance at risk of default is calculated according to the discounted cash flow method. The amount of the impairment charge equals the difference between the carrying amount and the present value of the expected future cash flows. For significant receivables, this calculation is performed at the individual financial instrument level. For immaterial receivables, the calculation can be performed at the portfolio level.

A portfolio impairment allowance is recognized for losses that occurred, but were not known before the balance sheet date (incurred but not reported loss (IBNR loss)). The aggregation by risk category is based on historical data series for default probabilities. The receivables are aggregated in homogeneous portfolios, whereby the calculation generally includes all types of receivables that fall under the scope of application of IAS 39 - i.e. loans and advances, guarantees, available credit lines and securities. A weighting factor is used for off-balance sheet transactions. Derivatives are not included in the calculation of IBNR losses. The credit risk for these transactions is assessed via the credit value adjustment (CVA).

The total amount of the impairment allowance for recognized receivables is disclosed as a separate position after receivables on the balance sheet. The impairment allowance for off-balance sheet transactions is recognized as a provision.

Direct write-offs are, as a rule, only recognized when a debt waiver has been agreed with a borrower or when an unexpected loss has occurred.

Trading assets

Trading assets are held to utilize short-term fluctuations in market prices.

The securities and derivative instruments held for trading are measured at fair value. The market price represents the fair value for quoted products, while near-market rates (Bloomberg, Reuters) are used to value non-quoted products. If these rates are not available, primary financial instruments and forwards are measured using internal prices based on present value calculations and options are measured with appropriate option pricing models. Derivatives held for trading are also recognized as part of the trading portfolio. Positive fair values are allocated to trading assets and negative fair values are reported on the balance sheet under trading liabilities. The fair values of derivatives are calculated without accrued interest (clean prices). Positive and negative fair values are not offset.

Receivables arising from accrued interest on derivatives held for trading are also reported under trading assets. Changes in the clean prices are recognized through profit or loss under net trading income.

Gains and losses on the sale and measurement of trading assets and the interest income and expenses from derivatives held for trading are reported on the income statement under net trading income. Interest and dividend income and the refinancing interest from securities held for trading are included under net interest income.

Securities and equity investments

Securities and equity investments comprise financial investments held-to-maturity and available-for-sale financial assets as well as equity investments not consolidated for immateriality reasons and other equity investments classified under available-for-sale financial assets. This position also includes securities designated as at fair value through profit or loss based on the fair value option. Deferred interest on these types of financial instruments is also accounted for under this position.

The financial investments in the held-to-maturity portfolio are subsequently measured at amortized cost. Available-for-sale financial assets are carried at their market price as of the balance sheet date if they are listed, but carried at fair value in all other cases. If fair value cannot be reliably determined, measurement is based on cost less any necessary impairment charges. When a financial asset is classified as available for sale, revaluation gains and losses are recorded under other comprehensive income in a special reserve (available-for-sale reserve) as part of equity. Gains and losses on sale are reported under profit/(loss) from financial investments. The available-for-sale reserve is released through profit or loss when the asset is disposed. Impairment chargees as defined in IAS 39 are recognized through profit or loss and reported under profit/(loss) from financial investments.

Gains and losses on sale and measurement are reported on the income statement under profit/(loss) from financial investments, while interest and current income is included in net interest income.

Investments in entities accounted for using the equity method

Investments in entities accounted for using the equity method are presented under a separate position. The proportional share of earnings and measurement results are reported separately on the income statement under profit/(loss) from investments in entities accounted for using the equity method. This position also includes any impairment charges recognized to the investments in entities accounted for using the equity method. In accordance with IAS 36, an impairment charge must be recognized when the carrying amount exceeds the recoverable amount as soon as there is evidence of impairment as defined in IAS 39. The recoverable amount represents the higher of fair value less costs to sell and the value in use of an asset. If the reasons for impairment cease to exist in a later period, the carrying amount is increased to the recoverable amount in accordance with IAS 36. However, the amount of the increase is limited to the carrying amount (less amortization or depreciation) that would have resulted if an impairment charge had not been recognized in a previous year. The proportional share of other comprehensive income from investments in entities accounted for using the equity method is recorded under other comprehensive income. Profit/(loss) from financial investments includes the gains and losses on the sale of these items as well as the termination of equity accounting.

Intangible assets

Purchased intangible assets with a finite useful life are measured at cost less ordinary straight-line amortization. Straight-line amortization is based on expected useful lives of three to 50 years.

In accordance with IAS 36, an impairment charge must be recognized when the carrying amount exceeds the recoverable amount as soon as there is evidence of impairment. If the reasons for impairment cease to exist in a later period, the carrying amount is increased to the recoverable amount in accordance with IAS 36. However, the amount of the increase is limited to amortized cost. Impairment charges recognized to goodwill are never reversed.

As of the balance sheet date on 31 December 2014, RLB NÖ-Wien held no internally generated intangible assets whose production cost could be reliably determined and which were likely to generate future benefits.

Property and equipment

Property and equipment are carried at purchase or production cost less scheduled depreciation.

Straight-line depreciation is based on the following useful lives:

Useful life	**Years**
Buildings	25 to 50
Office furniture and equipment	2 to 20

Installations in leased premises are depreciated on a straight-line basis over the term of the lease or the shorter expected useful life of the installations. The useful life normally equals 20 years.

In accordance with IAS 36, an impairment charge must be recognized when the carrying amount exceeds the recoverable amount as soon as there is evidence of impairment. If the reasons for impairment cease to exist in a later period, the carrying amount is increased to the recoverable amount in accordance with IAS 36. However, the amount of the increase is limited to depreciated cost.

Other assets

Other assets consists mainly of receivables not resulting from core banking relationships (primarily receivables from the provision of goods and services), tax assets, coins and inventories as well as the positive fair values of derivatives not held for trading and receivables arising from accrued interest on these derivatives.

Inventories are measured at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less the expected costs to sell.

Liabilities

Financial liabilities not designated as at fair value through profit or loss or classified as held for trading are carried at amortized cost. Accrued interest is reported under the respective balance sheet position. Premiums and discounts are accrued over the term of the respective liability.

In cases where the interest rate risk on a liability is covered by a fair value hedge, the carrying amount is adjusted to reflect the changes in value arising from the interest rate risk.

Securitized liabilities

The difference between the issue price and the settlement amount for securitized liabilities carried at amortized cost is distributed over the term of the liability as a write-up or write-down.

Securitized liabilities are presented after the deduction of securities previously issued by the company and subsequently repurchased. In cases where the interest rate risk on a securities issue is covered by a fair value hedge, the carrying amount is adjusted to reflect the changes in value arising from the interest rate risk. The classification of securitized liabilities as at fair value through profit or loss is intended to prevent an accounting mismatch by measuring these instruments in the same way as derivative financial instruments, i.e. based on the fair value option.

Trading liabilities

Trading liabilities are held to utilize short-term fluctuations in market prices

Derivative instruments held for trading are carried at fair value. The market price or near-market rates (Bloomberg, Reuters) represent the fair value for quoted products. If these rates are not available, forwards are measured using internal prices based on present value calculations and options are measured with appropriate option pricing models. The instruments are recorded under trading assets when the fair value is positive and under trading liabilities when the fair values is negative. The fair values of derivatives without accrued interest are used for this purpose. Positive and negative fair values are not offset.

The liabilities arising from accrued interest on derivatives held for trading are also reported under trading liabilities. The change in the value of the clean price is recognized through profit or loss and included under net trading income.

Gains and losses on sale and measurement of trading liabilities and interest income and expenses from trading derivatives are reported on the income statement under net trading income.

Other liabilities

Other liabilities consist primarily of liabilities that do not result from a core banking relationship, i.e. primarily accounts payable, taxes payable and other liabilities. The negative fair values of derivative financial instruments that are not held for trading and the liabilities arising from accrued interest on these derivatives are also reported under this position.

The contractual obligation to transfer profit or loss to Raiffeisen-Holding NÖ-Wien, the parent company of RLB NÖ-Wien, was also included in this position up to 31 December 2013. The underlying contract for the transfer of profit or loss was terminated as of 30 June 2014.

Provisions

Provisions are created when there is a legal or constructive obligation to a third party arising from past events whose settlement is expected to result in a future outflow of resources. In addition, it must be possible to reliably estimate the amount of the obligation. A provision is not created if a reliable estimate is not possible. The amount of the recognized obligation is based on the best possible estimate of the future outflow of resources, which is derived from a range of possible outcomes for the fulfilment of the obligation under the best possible objective viewpoint. The obligation must be considered highly probable (i.e. more likely than not) to permit the recognition of a provision. Since the preparation of financial statements involves the use of estimates – above all with respect to the evaluation of provisions – provisions are generally connected with a high degree of uncertainty. Consequently, the actual expenses can deviate from the amount of the recognized provisions. Non-current provisions are only discounted when the present value differs materially from the nominal value and when the estimate of the factors required for the calculation is reliable.

All employee-related provisions (post-employment, termination and jubilee benefits as well as part-time work by older staff) are calculated in accordance with IAS 19 (2011) – Employee Benefits – based on the projected unit credit method.

In connection with post-employment benefits, a distinction is between two types of plans:

- Defined contribution plans:

Contributions are made to a pension fund on behalf of a group of employees. The fund administers the contributions and distributes the pensions. There are no further obligations for the company, and employees carry the risk associated with the pension fund's investments. The company only commits to making a certain contribution to the fund and not to paying a specific pension in the future. Payments to the pension fund under such plans are recognized as current expenses.

- Defined benefit plans:

The RLB NÖ-Wien Group has legally and irrevocably committed to providing a group of employees with defined benefit plans (pension statute, special agreements) that specify the amount of the future pension. These plans are partly unfunded, i.e. the funds required to cover the obligations remain in the company, and partly funded, i.e. the funds are accumulated through a pension fund or insurance. Statutory pension commitments were last made to employees of the former RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung on 30 June 1990 and to employees of the former RAIFFEISENBANK WIEN AG on 31 January 1996. The benefit entitlements under the pension statues that are financed by the pension fund are established at retirement and then transferred to a defined contribution plan. No further contributions are required for these beneficiaries. This elimination from the actuarial calculations is reported separately. The company has an unlimited contribution obligation for the remaining employees with pension fund commitments, i.e. additional contributions must be made during the benefit phase if the payments are not covered.

The calculation of the pension provision does not include a factor for employee turnover because the agreements are based on individual contracts and irrevocable commitments with respect to the post-employment benefits

The termination benefit obligations for employees who joined the company up to and including 2002 – which comprise the present value of the total obligation and the entitlements earned during the period – are calculated according to the projected unit credit method. The company is required to pay termination benefits in accordance with the collective agreement for salaried employees in the Raiffeisen organization's auditing associations and provincial banks and in accordance with individual contractual commitments. The termination benefit obligations for employees who joined the company after 1 January 2003 are transferred to an employee benefit fund based on a defined contribution system. The company makes contributions to the employee benefit fund based on legal requirements. The company's obligation ends with these contributions.

In addition to invalidity rates, mortality rates and factors arising in connection with the termination of employment at retirement, the risk that the company would be required to pay premature termination benefits is reflected in annual turnover rates based on the length of service. These rates are derived from internal statistics for the early end of the employment relationship. The latest actuarial parameters are used to counter the longevity risk for the pension fund and the calculation of the related provisions.

The same applies analogously to the jubilee provision. Under the collective agreement for the salaried employees of the Raiffeisen organization's auditing associations and regional banks and by company agreement, employees are entitled to jubilee benefits when they reach 25 and 35 years of service.

Individual agreements were concluded for part-time work by older staff, which provide for regulated part-time work within the framework of § 27 of the Austrian Unemployment Insurance Act ("Arbeitslosenversicherungsgesetz"). The amount of compensation during part-time work by older staff equals a percentage of the gross monthly salary for full-time employment. In accordance with legal regulations, the employer also commits to making compensatory salary payments and social insurance contributions based on the monthly salary for full-time employment. The provision for part-time work by older staff is calculated according to the length of each commitment. Turnover rates are not included.

All changes in the value of the net obligations are recognized during the applicable reporting period. Actuarial gains and losses are recorded under other comprehensive income. The net interest cost and service cost are reported on the income statement under general administrative expenses.

The actuarial parameters used to calculate provisions for termination and post-employment benefits are described in detail under note (26) Provisions.

Tier 2 capital

Tier 2 capital reflects the requirements defined in Part 2 Section I Article 4 of Regulation (EU) No. 575/2013 concerning prudential requirements for credit institutions and investment firms (Capital Requirements Regulation (CRR)). All Tier 2 capital and subordinated bonds that no longer meet the CRR requirements for Tier 2 capital must be reported under securitized liabilities (see detailed information on the "Change in balance sheet presentation"). The recognized amount reflects the deduction of securities previously issued and subsequently repurchased by the company. In cases where the interest rate risk on an issue is covered by a fair value hedge, the carrying amount is adjusted by the change in value resulting from the interest rate risk (basis adjustment). The related accrued interest is also reported under this position.

Tier 2 capital is also classified as at fair value through profit or loss when it is measured in the same way as interest rate-based derivative financial instruments or a specific portfolio of assets, i.e. using the fair value option, and this classification is intended to prevent an accounting mismatch.

Equity

Equity comprises paid-in capital (i.e. capital provided to the company in the form of subscribed capital, participation capital as defined in § 23 (4) of the Austrian Banking Act, in the version published in Federal Gazette BGBL I 2013/184, and capital reserves) and earned capital (i.e. retained earnings, liability reserves, profit carried forward, net profit for the year and other comprehensive income, i.e. the results not recorded through profit or loss from cash flow hedge accounting, the available-for-sale reserve, the revaluation reserve for actuarial gains and losses on employee-related provisions, the proportional share of other comprehensive income from investments in entities accounted for using the equity method and the deferred taxes recognized under other comprehensive income).

Non-controlling interests in the equity of fully consolidated subsidiaries are reported separately under this item.

Income tax

Income tax is calculated and recognized according to the balance sheet liability method in agreement with IAS 12. Deferred taxes are recognized on temporary differences between the recognized carrying amounts and the respective tax bases which will reverse in subsequent periods. Deferred taxes are also recognized to adjust the current tax expense reported on the consolidated income statement to profit/(loss) for the year as if the consolidated financial statements had formed the tax base. The recognition of deferred tax assets and deferred tax liabilities anticipates the future tax consequences of present and past events. Deferred tax assets and deferred tax liabilities are offset for each taxable unit. Deferred taxes are recognized on tax loss carryforwards and other deferred tax assets when it is probable that the respective tax unit will generate sufficient taxable income in the future.

Since the 2005 assessment year, RLB NÖ-Wien has been a member of a corporate tax group established in accordance with § 9 of the Austrian Income Tax Act ("Körperschaftsteuergesetz") with Raiffeisen-Holding NÖ-Wien as the head of the group. A tax contribution agreement was concluded between RLB NÖ-Wien and the head of the group. The corporate tax group with Raiffeisen-Holding NÖ-Wien as the head of the group comprised RLB NÖ-Wien and 54 (2013: 70) other group members during the 2014 assessment year. The tax base for the entire group equals the total income of the head of the group plus the allocated taxable income of the group members after the maximum allowable deduction of the tax loss carryforwards held by the head of the group. RLB NÖ-Wien is charged a proportional share of group corporate income tax, which is assessed at the level of the head of the group, Raiffeisen-Holding NÖ-Wien. A tax charge based on the contractually agreed rate is payable to the head of the group, Raiffeisen-Holding NÖ-Wien, on the untaxed portion of the taxable income recorded by RLB NÖ-Wien. A loss recorded by RLB NÖ-Wien for the year results in a negative tax contribution.

Deferred taxes are calculated at the current corporate tax rate of 25%. The valuation reserve included under equity (cash flow hedge reserve, available-for-sale reserve, revaluation reserve for actuarial gains and losses on employee-related provisions) is also adjusted to reflect the proportional share of deferred taxes.

Income tax assets and liabilities are recorded under other assets or other liabilities. Deferred tax assets and deferred tax liabilities are recorded under other assets or provisions. Current and deferred income-based taxes are reported on the income statement under income tax, while non-income-based taxes are reported under other operating profit/(loss). Deferred taxes are not discounted.

Income statement

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 rate method and accrued accordingly. This position also includes all interest and dividend income from securities and the profit/(loss) from non-consolidated companies and investments. Dividends are recognized when the company is legally entitled to payment.

The impairment allowance balance includes all income and expenses related to the recognition of impairment charges to loans and advances to other banks and customers and in connection with other credit risks that are reflected in provisions.

Net fee and commission income covers the income and expenses connected with the provision of services to which the company is legally entitled.

Net trading income includes all realized gains, losses and valuation results from trading in securities, currencies and derivatives as well as the interest income and interest expenses arising from derivatives held for trading. Interest and dividend income from securities held for trading and the related refinancing costs are recognized under net interest income.

Profit/(loss) from investments in entities accounted for using the equity method makes a significant contribution to consolidated profit and is presented as a separate line item.

Profit/(loss) from financial investments includes all realized gains and losses and valuation results from other securities. Revaluation gains and losses on derivatives that are measured in the same way as securities and securitized and subordinated liabilities designated as at fair value through profit or loss, i.e. based on the fair value option, are also reported here to avoid an accounting mismatch. In addition, this position includes the revaluation results from held-to-maturity financial instruments and available-for-sale financial assets, which were recognized for reasons of impairment or the reversal of impairment.

General administrative expenses include staff costs, other administrative expenses and depreciation and amortization of intangible assets and property and equipment.

Other operating profit/(loss) includes all revaluation gains and losses on other derivatives in the banking book as well as the Group's other operating profit/(loss).

Repo transactions

Under "genuine" repurchase transactions (repo transactions), the RLB NÖ-Wien Group sells assets to a contract partner and, at the same time, agrees to repurchase these assets on a specific date at a specific price. The assets remain on the Group's balance sheet and are generally measured according to the rules for the respective valuation category. An obligation equal to the amount of the payments received is recognized as a liability at the same time.

A reverse repo transaction involves the purchase of an asset with a parallel commitment to sell the asset at a future date in return for payment. These types of transactions are reported on the balance sheet under loans and advances to other banks or loans and advances to customers. Interest expense on repo transactions and interest income from reverse repo transactions are accrued over the applicable term and recorded under net interest income.

Under "non-genuine" or "pseudo" repo transactions, the seller is required to repurchase the asset, but does not have the right to demand its return. The buyer has the sole right to decide over the return transfer of the asset. This right to retransfer the asset represents a put option for the buyer, in which the seller acts as the writer of the option. If the put option is deeply in the money, the seller does not derecognize the securities because the related opportunities and risks are retained. If the put option is deeply out of the money, repurchase is highly unlikely and the security must be derecognized. If the put option is neither deeply in nor out of the money, an assessment must be made as to whether the transferring company (seller) continues to retain control over the asset. If the security is traded on an active market, the transfer of control can be assumed and the security is derecognized. Financial assets that are not traded on an active market remain on the seller's balance sheet.

Securities lending

This type of transaction involves the transfer of securities by a lender to a borrower with the obligation to retransfer the same type, quality and volume of securities at the end of the agreed term or on termination of the agreement. The principles for genuine repo transactions apply analogously to securities lending transactions. The loaned securities remain on the lender's balance sheet and are measured in accordance with IAS 39. Borrowed securities are neither recognized nor measured.

Trust activities

Transactions involving the management or placement of assets for third party accounts are not recognized on the balance sheet. Commission payments arising from such transactions are recognized under net fee and commission income.

Leasing

RLB NÖ-Wien is not active in the leasing business as a lessor, but only holds leases in which the Group acts as the lessee. The relevant leases for the Group, namely motor vehicle and real estate leasing, are recognized and measured as operating leases in accordance with IAS 17. The resulting lease payments are recorded on the income statement under general administrative expenses.

Foreign currency translation

Foreign currency translation is based on the rules defined by IAS 21. Accordingly, non-euro monetary assets and liabilities are translated at the applicable market exchange rates (generally, the ECB reference rate) as of the balance sheet date. Non-monetary assets and liabilities that are not measured at fair value are translated at the rates in effect on the acquisition date. Non-monetary assets and liabilities measured at fair value are translated at the market rates (generally, the ECB reference rate) in effect on the balance sheet date.

Income statement positions are immediately translated into the functional currency at the exchange rate in effect on the date the items arise.

Judgments and estimates

The preparation of the consolidated financial statements involves the exercise and appropriate use of judgments in the application of accounting policies and assumptions that influence the recognition of assets and liabilities, the disclosure of contingent liabilities as of the balance sheet date and the presentation of income and expenses during the reporting period.

The exercise of judgment by management in applying the various accounting policies is also based on the goal for the consolidated financial statements, which is to provide meaningful information on the company's asset, financial and earnings position as well as changes in the asset and financial position.

Judgments and estimates are used primarily in the determination of the following: the fair value of selected financial instruments; the recognition of impairment allowances for future credit default cases and interest rebates; the creation of provisions for pensions, termination benefits and similar obligations; the recognition and measurement of other provisions and deferred tax assets; the determination of discounted cash flows in connection with impairment testing; and the determination of the useful life of non-current assets. The actual recognized amounts may differ from these estimates.

Fair value of financial instruments

The fair value of financial instruments that are not traded on an active market is established with a valuation method or pricing model. In general, valuation methods and models involve estimates that are dependent on the instrument's complexity and the availability of market-based data. The valuation categories and valuation models are described in the section on financial instruments. Additional information is provided in note (32) Fair value of financial instruments.

Impairment allowance for credit default cases and interest rebates

Financial assets measured at amortized cost are tested for impairment as of each balance sheet date to determine whether the recognition of an impairment charge through profit or loss is required. In particular, this testing is designed to determine whether there is objective evidence of impairment due to loss events that occurred after initial recognition. The determination of the amount of the impairment allowance also requires estimates for the amount and timing of future cash flows. A more detailed description and presentation of the impairment allowances is included in notes (2) Impairment allowance balance, (15) Impairment allowance balance and (30) Risks arising from financial instruments.

Provisions for pensions, termination benefits and similar obligations

The costs of defined benefit plans are determined by means of actuarial methods. The actuarial valuation is based on assumptions for the discount rates, the future level of salaries, the theoretical retirement age, life expectancy and future increases in pensions. The assumptions and estimates used to calculate the long-term employee benefit obligations are explained in the section on provisions. Quantitative information is provided in note (26) Provisions.

Non-financial assets

Non-financial assets such as investments in entities accounted for using the equity method, property and equipment and intangible assets with finite useful lives are tested for impairment when there is evidence of a loss in value. This is the case, above all, when events or a change in general conditions – for example, the deterioration of the economic climate – point to a possible decline in the value of assets. The determination of the recoverable amount in connection with impairment testing requires judgements and estimates by management.

Changes in the underlying conditions and assumptions can lead to significant differences in the carrying amounts.

The RLB NÖ-Wien Group has no goodwill or intangible assets with an indefinite useful life that are subject to annual impairment testing.

Deferred tax assets

Deferred tax assets are recognized when it is probable that sufficient taxable profit will be available in the future to utilize the tax loss carryforwards or deductible temporary differences. The related assessments require significant judgements and assessments by management.

The scope of consolidation of the RLB NÖ-Wien Group includes RLB NÖ-Wien as well as two other subsidiaries. These subsidiaries are non-operating intermediate holding companies which, in part, had no deductible temporary differences. Deferred tax assets are not recognized on deductible temporary differences for these subsidiaries because there will be no taxable profits in the future.

The determination of the reportable amounts of deferred tax assets in the RLB NÖ-Wien Group is based on information for forecasted business results that was approved by the Managing Board and on historical data for taxes and profitability.

Deferred taxes are not shown separately on the income statement or balance sheet. Details are provided in notes (10) Income tax and (20) Other assets and on schedule C. Consolidated statement of changes in equity.

Change in Presentation

The change in the qualification rules for equity positions within the CRR framework led to the reclassification of carrying amounts under equity and liabilities in 2014. The Tier 2 capital bonds and subordinated bonds previously included under subordinated capital, which do not qualify for classification as Tier 2 capital under the new CRR rules, are now reported under securitized liabilities on the balance sheet. The previous balance sheet position "subordinated capital" was renamed Tier 2 capital. The prior year data were not adjusted.

The following reclassifications were made during the reporting year:

€'000	**2014**
Subordinated capital (subordinated liabilities) reclassified to Tier 2 capital	686,282
Subordinated capital (subordinated liabilities) reclassified to securitized liabilities (issued bonds)	81,452
Subordinated capital (Tier 2 capital) reclassified to Tier 2 capital	149,878
Subordinated capital (Tier 2 capital) reclassified to securitized liabilities (issued bonds)	33,768

Restatement

The calculation of the employee-related provisions was previously based on a standard interest rate, which was developed by weighting the respective volumes and terms. In 2014 the calculation of the interest rate was changed to permit a differentiation between the terms of the post-employment benefits and the terms of the other employee-related provisions (termination and jubilee provisions). The terms within these two groups are still weighted by their respective volumes. This differentiated approach for the above-mentioned groups was necessary, above all, due to the substantial variances that currently characterize the market yields for different terms. The resulting calculation rates are described below.

The calculation of the post-employment benefit provisions also includes a change in the parameter for beneficiaries with STATUT or KV 6 commitments. This change is intended to reflect the transfer of the previous coverage provisions from the defined benefit system to a defined contribution system on retirement for the above-mentioned groups. This was not reflected in the previous financial statements and the reported provision was therefore too high. The following parameters for beneficiaries with STATUT or KV 6 commitments were therefore changed as follows in comparison with the previous year:

- Application of a 4.0% interest rate during the benefit phase. In the previous year, the interest rate (3.0%) determined in accordance with IAS 19 was also used for the benefit phase.
- No future pension increases were included (2013: 2.5%).

This restatement had no effect on the assets recognized on the consolidated financial statements as of 31 December 2012.

This restatement led to the following changes to provisions and equity on the consolidated financial statements as of 31 December 2012:

€'000	31 December 2012	Restatement of provisions for staff benefits	Restatement 31.12.2012
Provisions	157,658	(4,024)	153,634
Total borrowed capital	*29,888,602*	*(4,024)*	*29,884,578*
Attributable to equity holders of the parent	2,421,659	4,024	2,425,683
Equity	*2,421,715*	*4,024*	*2,425,739*
Total liabilities	32,310,317	0	32,310,317

The restatement had no effect on the consolidated income statement for the 2012 financial year.

On the consolidated financial statements as of 31 December 2013, the restatement had the following effects on other assets:

€'000	31 December 2013	Restatement of provisions for staff benefits	Restatement 31.12.2013
Other assets	1,340,577	(3,154)	1,337,423
Of which deferred tax assets	23,922	(3,154)	20,768
Total assets	29,070,193	(3,154)	29,067,039

The restatement also had the following effects on provisions and equity on the consolidated financial statements as of 31 December 2013:

€'000	31 December 2013	Restatement of provisions for staff benefits	Restatement 31.12.2013
Provisions	166,857	(11,946)	154,910
Total borrowed capital	*26,715,267*	*(11,946)*	*26,703,321*
Attributable to equity holders of the parent	2,354,871	8,793	2,363,663
Equity	*2,354,925*	*8,793*	*2,363,718*
Total liabilities	29,070,193	(3,154)	29,067,039

On the income statement for the 2013 financial year, the restatement had the following effects on general administrative expenses and income tax:

€'000	01.01.-31.12.2013	Restatement of provisions for staff benefits	Restatement 01.01.-31.12.2013
General administrative expenses	(214,095)	(17)	(214,112)
Profit/(loss) for the year before tax	*125,103*	*(17)*	*125,086*
Income tax	20,294	(509)	19,785
Profit/(loss) for the year before non-controlling interests	145,397	(526)	144,871
Of which attributable to equity holders of the parent	145,399	(526)	144,873
Of which non-controlling interests in profit	(2)	0	(2)

The following table shows the effects of the restatement on actuarial gains and losses from the revaluation of the post-employment provisions and on deferred taxes for the 2013 financial year:

€'000	01.01.-31.12.2013	Restatement of provisions for staff benefits	Restatement 01.01.-31.12.2013
Actuarial gains and losses on the revaluation of provisions for staff benefits	4,731	7,939	12,670
Deferred tax	(2,549)	(2,645)	(5,194)

New standards and interpretations

The following new or revised standards and interpretations are effective for financial years beginning on or after 1 January 2014 and were applied in preparing these consolidated financial statements:

New Standards and Interpretations		Effective for Financial Years Beginning on or After	Adopted by the EU
New Standards			
IAS 27	Separate Financial Statements (revised 2011)	1 January 2014	Yes
IAS 28	Investments in associates and joint ventures (revised 2011)	1 January 2014	Yes
IFRS 10	Consolidated Financial Statements	1 January 2014	Yes
IFRS 11	Joint Arrangements	1 January 2014	Yes
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014	Yes
Amendments to Standards			
IAS 27	Separate Financial Statements (revised 2011) - Investment entities	1 January 2014	Yes
IAS 32	Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	1 January 2014	Yes
IAS 36	Impairment of Assets - Disclosures on the recoverable amount of non-financial assets	1 January 2014	Yes
IAS 39	Financial Instruments: Recognition and Measurement - Novation of derivatives and continuation of hedge accounting	1 January 2014	Yes
IFRS 10	Consolidated Financial Statements - Investment entities	1 January 2014	Yes
IFRS 10	Consolidated Financial Statements - Transition guidance	1 January 2014	Yes
IFRS 11	Joint Arrangements - Transition guidance	1 January 2014	Yes
IFRS 12	Disclosure of Interests in Other Entities - Investment entities	1 January 2014	Yes
IFRS 12	Disclosure of Interests in Other Entities - Transition guidance	1 January 2014	Yes
New Interpretations			
IFRIC 21	Levies	1 January 2014	Yes

*) The initial mandatory application was postponed to a later date than indicated by the IASB for EU-based companies that report according to IFRS. This date is relevant for the RLB NÖ-Wien Group and is therefore not indicated here.

The company did not elect to use the option for the premature application of individual new or amended standards and interpretations.

The new IAS 27 – Separate Financial Statements (revised 2011) – now only includes the unchanged requirements for separate financial statements. The other parts of IAS 27 – Consolidated Financial Statements – were replaced by IFRS 10.

The revised IAS 28 includes subsequent changes resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.

IFRS 10 replaces the consolidation rules in IAS 27 and SIC 12 by introducing a single consolidation model for all companies based on a new and comprehensive definition of control which is independent of the type of investee (i.e. independent of whether the company is controlled by the voting rights of investors or by other contractual agreements, as is generally the case with special purpose entities). The requirements for separate financial statements remain part of the revised IAS 27. The other parts of IAS 27 were replaced by IFRS 10.

The requirements for offsetting defined in IAS 32 were retained in principle and more precisely explained through additional application guidelines.

The changes to IAS 36 – Impairment of Assets – involve the disclosure of additional information on the determination of the recoverable amount of impaired assets if this amount is based on fair value less selling costs.

Following the changes to IAS 39 – Financial Instruments: Recognition and Measurement – Novation of derivatives and continuation of hedge accounting – derivatives can still be designated as hedges in existing hedge relationships in spite of novation. However, the novation to a central counterparty must be based on legal and/or regulatory requirements.

IFRS 11 introduces new accounting requirements for joint arrangements that replace IAS 31. The option to use the proportionate consolidation method for jointly controlled entities was eliminated.

IFRS 12 bundles and redefines the disclosures for interests in other entities. It covers fully consolidated and non-consolidated companies, associates and joint arrangements.

IFRIC 21 – Levies – provides guidelines for recognizing a liability as a levy that is imposed by a government. The recognition requirements also apply to interim financial reports.

The application of IFRS 10, IFRS 11 and IFRS 12 did not lead to a change in the scope of consolidation of the RLB NÖ-Wien Group or the measurement policies in 2014.

The changes in accounting policies have no effect on the presentation of the earnings, financial or asset position of the RLB NÖ-Wien Group.

The following new or revised standards and interpretations had been issued by the IASB or IFRIC, but are not yet fully effective in the EU:

New Provisions		Effective for Financial Years Beginning on or After	Adopted by the EU
New Standards			
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	No
IFRS 14	Regulatory Deferral Account	1 January 2016	No
IFRS 15	Income from contracts with customers	1 January 2017	No
Amendments to Standards			
IAS 1	Presentation of Financial Statements	1 January 2016	No
IAS 16	Property, Plant and Equipment - Clarification of acceptable depreciation methods	1 January 2016	No
IAS 16	Property, Plant and Equipment - Agriculture: biological assets	1 January 2016	No
IAS 19	Employee Benefits - Defined benefit plans - employee contributions	1 July 2014	Yes
IAS 27	Separate Financial Statements - Application of the equity method in separate financial statements	1 January 2016	No
IAS 28	Investments in Associates - Sale or contribution of assets between an investor and an associate or joint venture	1 January 2016	No
IAS 28	Investments in Associates - Investment entities: application of the consolidation exemption	1 January 2016	No
IAS 38	Intangible assets - clarification of acceptable amortization methods	1 January 2016	No
IAS 41	Agriculture: biological assets	1 January 2016	No
IFRS 10	Consolidated Financial Statements - Sale or contribution of assets between an investor and an associate or joint venture	1 January 2016	No
IFRS 10	Consolidated Financial Statements - Investment entities: application of the consolidation exemption	1 January 2016	No
IFRS 11	Joint Arrangements - Accounting for the acquisition of shares in a joint operation	1 January 2016	No
IFRS 12	Disclosure of Interests in Other Entities - Investment entities: application of the consolidation exemption	1 January 2016	No
Various	Improvements to the International Financial Reporting Standards 2010-2012	1 July 2014	Yes
Various	Improvements to the International Financial Reporting Standards 2011-2013	1 July 2014	Yes
Various	Improvements in International Financial Reporting Standards 2012-2014	1 January 2016	No

*) The initial mandatory application was postponed to a later date than indicated by the IASB for EU-based companies that report according to IFRS. This date is relevant for the RLB NÖ-Wien Group and is therefore not indicated here.

The company did not elect to use the option for the premature application of individual new or amended standards and interpretations.

The changes to IAS 1 are intended to eliminate hurdles for the exercise of judgment in the presentation of financial statements.

The changes to IAS 16 and I AS 38 present guidelines for the methods that can be used to depreciate property, plant and equipment and to amortize intangible assets, above all with respect to revenue-based depreciation methods.

The amendments to IAS 16 and IAS 41 reclassify fruit-bearing plants that are not subject to further significant biological changes to the scope of application of IAS 16. This harmonizes the accounting treatment with property, plant and equipment.

The changes to IAS 19 – Employee Benefits – clarify the classification of contributions by employees and third parties during the service period and also provide relief when the amount of the contributions is independent of the length of service.

IAS 27 was amended to again permit the application of the equity method as an accounting option for shares in subsidiaries, joint ventures and associates in the separate financial statements of an investor.

The introduction of IFRS 9 provides new regulations, among others, for the classification and measurement of financial instruments and the recognition of impairment to financial assets. It is intended to replace IAS 39 in its current form and requires mandatory application for financial years beginning on or after 1 January 2018.

The final version of IFRS 9, which was issued by the IASB on 24 July 2014, identifies only three categories for the classification of financial instruments: at amortized cost, at fair value with the recording of changes in other comprehensive income without recognition through profit or loss and at fair value with the recognition of changes through profit or loss and inclusion on the income statement.

The new rule retains the fair value option for the recognition and measurement of financial instruments. Changes in the own credit risk on financial liabilities designated at fair value are to be recorded under other comprehensive income in the future.

The latest version of IFRS 9 also introduces a new impairment model. Not only the losses actually incurred, but also the losses expected on a financial instrument must be acounted for at the time of initial recognition. These changes will lead to an increase in the impairment allowance balance.

The new standard also introduces a different hedge accounting model that is intended to bring hedge accounting more in line with risk management. This goal is to be met through the expansion of the scope of hedged items and hedging instruments that qualify for hedge accounting as well as the prospective evaluation of the effectiveness of hedges – instead of the 80 - 125% interval defined by IAS 39 as the benchmark for effectiveness – and expanded disclosure requirements.

Given the business activities of the RLB NÖ-Wien Group, IFRS 9 is expected to have a significant impact on the consolidated financial statements. From the current point of view, IFRS 9 will lead, above all, to a change in the classification and measurement of financial assets and to higher impairment allowance balances.

The changes to IFRS 7 resulting from IFRS 9 will result in expanded disclosure requirements, above all in the areas of impairment and hedge accounting.

The amendments to IFRS 10 and IAS 28 clarify that the amount of the proceeds recognized on transactions with an associate or joint venture depends on whether the sold or contributed assets represent a business operation.

The changes to IFRS 10, IFRS 12 and IAS 28 address the circumstances arising in connection with the application of the consolidation exemption for investment entities.

The acquirer of shares in a jointly controlled operation that represents a business operation as defined in IFRS 3 must apply all principles from IFRS 3 and other IFRSs related to the accounting treatment of business combinations as long as these principles do not contradict the IFRS 11 guidelines.

The amendments to IFRS 14 – the initial adoption of IFRSs in connection with regulatory deferral accounts – have no effect on the consolidated financial statements because the RLB NÖ-Wien Group is not a first-time IFRS adopter.

IFRS 15 regulates when and at what amount revenue is to be recognized and replaces IAS 18 – Revenue, IAS 11 – Construction Contracts and a number of revenue-based interpretations. The application of IFRS 15 is mandatory for all IFRS reporters and applies to all contracts with customers – in general, with the exception of contracts for leasing arrangements, financial instruments and insurance policies.

With the exception of IFRS 9, the above changes in accounting requirements are not expected to have a significant effect on the presentation of the asset, financial or earnings position.

Details on the Consolidated Income Statement

(1) Net interest income

€'000	2014	2013
Interest income	*541,228*	*551,291*
from loans and advances to other banks	82,156	93,345
from loans and advances to customers	244,285	244,380
from trading assets and liabilities	1,991	2,708
From other variable-yield securities	138,397	152,185
from derivative financial instruments	74,395	58,652
Other	4	21
Current income	*6,505*	*18,207*
from shares and other variable-yield securities	4,101	10,751
from equity investments in subsidiaries	1,069	4,958
from other equity investments	1,335	2,498
Total interest and similar income	*547,732*	*569,497*
Interest expenses	*(372,339)*	*(423,720)*
on deposits from other banks	(88,275)	(108,937)
on deposits from customers	(59,484)	(76,665)
on securitized liabilities	(153,348)	(160,016)
on subordinated debt capital	(45,026)	(30,685)
from derivative financial instruments	(26,128)	(47,325)
Other	(79)	(92)
Total interest expenses and similar charges	*(372,339)*	*(423,720)*
Net interest income	**175,393**	**145,777**

Interest and similar income and expenses are recognized on an accrual basis.

Interest income includes interest income (unwinding) of TEUR 4,479 (2013: TEUR 5,856) from impairment-adjusted loans and advances to customers and other banks.

Total interest income from and interest expenses for financial assets and liabilities which were not designated as at fair value through profit or loss and were measured using the effective interest rate method:

€'000	2014	2013
Interest income	439,889	455,669
Interest expenses	(333,817)	(349,917)

(2) Impairment allowance balance

€'000	2014	2013
Individual impairment allowances	*(82,886)*	*(59,831)*
Addition to impairment allowances	(116,543)	(95,951)
Reversal of impairment allowances	32,239	44,949
Direct write-offs	(398)	(10,200)
Recoveries of loans and advances previously written off	1,816	1,371
Collective impairment allowances to the portfolio	*6,994*	*(4,030)*
Addition to impairment allowances	(1,010)	(7,546)
Reversal of impairment allowances	8,004	3,516
Off-balance sheet obligations	*(8,227)*	*(2,520)*
Addition to impairment allowances	(13,182)	(7,592)
Reversal of impairment allowances	4,954	5,072
Total	**(84,120)**	(66,381)

1) The decline in the collective impairment allowances to the portfolio resulted from the presentation of the impairment allowances for off-balance sheet positions on the balance sheet under provisions.

Detailed information on the impairment allowance is provided in note (15) Impairment allowance.

(3) Net fee and commission income

€'000	2014	2013
Fee and commission income	*94,979*	*96,345*
Payment services	35,031	35,924
Loan processing and guarantee operations	11,030	14,113
Securities operations	26,510	26,467
Foreign exchange, notes-and-coin and precious-metals business	5,102	4,950
Other banking services	17,308	14,890
Fee and commission expenses	*(28,431)*	*(27,175)*
Fiduciary activities	(4,052)	(2,115)
Payment services	(15,814)	(15,903)
Loan processing and guarantee operations	(2,444)	(3,184)
Securities operations	(4,546)	(4,288)
Foreign exchange, notes-and-coin and precious metals business	(1,102)	(1,024)
Other banking services	(473)	(660)
Net fee and commission income	**66,548**	69,170

(4) Net trading income

Net trading income includes the interest income from and interest expenses on derivatives held for trading as well as realized and unrealized changes in the fair value of trading portfolios. Interest and dividend income and the interest cost of funding securities held for trading are reported under net interest income.

€'000	2014	2013
Interest rate contracts	***(1,514)***	***(883)***
Of which from securities	6,694	(1,886)
Of which from derivative contracts	(8,208)	1,003
Currency contracts	***2,825***	***3,399***
Equity and index contracts	***907***	***1,844***
Of which from securities	882	1,762
Of which from derivative contracts	25	82
Other contracts	***1,712***	***537***
Total	**3,930**	**4,898**

(5) Profit/(loss) from investments in entities accounted for using the equity method

€'000	2014	2013
Group interest in annual profits or losses	(117,984)	153,411
Revaluation gains and losses	(67,000)	0
Total	**(184,984)**	**153,411**

The negative results from investments in entities accounted for using the equity method is attributable primarily to the loss recorded by RZB which, in turn, was caused by the loss recorded by Raiffeisen Bank International AG (RBI). An increase in the impairment allowance balance in Ukraine due to the political tensions in this region, unfavourable legislation in Hungary and impairment charges to goodwill, among others, had a negative effect on the consolidated results of RBI. The investment in RZB was tested for impairment following the occurrence of several triggering events (including a rating downgrade, negative effects on earnings). In accordance with IAS 36.30, the recoverable amount was determined as the value in use based on the present value of the expected cash flows (DCF method) from the operating subsidiaries. The five-year forecasts for the operating units in the units in the RZB Group, which were used in the calculations, were based on forecasts approved by the respective management and applicable at the time of the impairment tests. The cash flows realizable from the valuation object (the operating subsidiaries) were discounted on the basis of a risk-adjusted capitalization rate. For RBI - the most important asset of RZB - an 11.7% cost of capital was used. The measures to raise the CET1 ratio to 12% by the end of 2017, which were presented in an ad-hoc announcement on 9 February 2015, were reflected in the calculation of the value in use. Valuation uncertainties related to the planned strategic reorientation were included by the management of RLB NÖ-Wien through a discount in determining the value in use. These factors led to the recognition of an impairment charge of EUR 67 million (2013: EUR 0 million).

(6) Profit/(loss) from financial investments

€'000	2014	2013
Net gains/(losses) on financial instruments classified as held to maturity	***63***	***238***
Of which revaluation gains and losses	0	(5,681)
Of which gains and losses on disposal	63	5,919
Net gains/(losses) on financial instruments classified as available for sale and measured at fair value	***14,677***	***8,432***
Of which revaluation gains and losses	(6,600)	(8,438)
Of which gains and losses on disposal	21,277	16,870
Net gains/(losses) on financial instruments classified as available for sale and measured at cost	***(2,508)***	***(33,663)***
Of which revaluation gains and losses	(2,509)	(33,681)
Of which gains and losses on disposal	1	19
Net gains/(losses) on investments in entities accounted for at equity	***362***	***35***
Of which gains and losses on disposal	362	35
Net gains/(losses) from unlisted securities classified as loans and receivables	***706***	***(6,217)***
Of which revaluation gains and losses	0	(6,781)
Of which gains and losses on disposal	706	563
Net gains/(losses) on financial instruments designated at fair value through profit or loss	***6,298***	***13,606***
Of which revaluation gains and losses	1,845	38,492
Of which gains and losses on disposal	4,453	(24,886)
Gain/(loss) on liabilities measured at amortized cost	***(1,394)***	***30,109***
Of which revaluation gains and losses	0	28,700
Of which realized gain/(loss)	(1,394)	1,409
Total	**18,204**	**12,540**

Net gains/(losses) on financial instruments designated at fair value through profit or loss include the profit or loss from financial instruments designated at fair value through profit or loss based on the fair value option. Consequently, the revaluation results from derivatives and securitized and subordinated liabilities designated at fair value through profit or loss based on the fair value option are also reported under this position to avoid an accounting mismatch.

In 2013 the revaluation gains and losses on financial investments included a revaluation loss of EUR 28.7 million on subscribed participation capital. This was contrasted by a corresponding revaluation gain of EUR 28.7 million on a securities issue because the redemption of the bond is limited to the amount of the servicing or repayment of the subscribed participation capital. The revaluation gains and losses on financial instruments designated as at fair value through profit or loss represent the net results from fluctuations in value. The net gains/(losses) on financial instruments classified as available for sale do not include any increases in value (2013: TEUR 1,178). All other valuation results represent impairment charges.

(7) General administrative expenses

€'000	2014	2013*)
Staff costs	*(98,936)*	*(114,324)*
Of which wages and salaries	(72,036)	(81,043)
Of which social security costs	(18,752)	(20,788)
Of which voluntary fringe benefits	(1,806)	(1,895)
Of which expenses for termination and post-employment benefits*)	(6,341)	(10,598)
Other administrative expenses	*(95,137)*	*(94,551)*
Of which building rental, maintenance and operating costs	(18,307)	(21,407)
Of which IT costs	(34,144)	(31,457)
Of which advertising and entertainment expenses	(10,836)	(13,663)
Of which other items	(31,851)	(28,024)
Depreciation/amortization/write-offs of property and equipment and intangible assets	*(4,421)*	*(5,237)*
Of which of property and equipment	(2,122)	(2,296)
Of which of intangible assets	(2,299)	(2,941)
Total	**(198,494)**	(214,112)

*) The prior year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

Rental and leasing expenses of TEUR 15,423 (2013: TEUR 17,835) are included under other administrative expenses.

Other administrative expenses also include the fees paid to the auditors of the Group companies, which are classified as follows:

2014 €'000	KPMG Austria GmbH	Austrian Raiffeisen Association
Audit of the annual financial statements and consolidated financial statements	148	598
Other auditing services	26	103
Other services	61	94
Total	**235**	**794**

2013 €'000	KPMG Austria GmbH	Austrian Raiffeisen Association
Audit of the annual financial statements and consolidated financial statements	194	521
Other auditing services	15	231
Tax consulting services	11	0
Other services	1	33
Total	221	785

(8) Other operating profit/(loss)

Other operating profit/(loss) comprises, among others, the income and expenses resulting from the following: non-banking activities, the bank levy, damages and actual and uncertain obligations arising from compensation for damages related to potential customer complaints. This position also includes the income and expenses resulting from the disposal of property and equipment and intangible assets. Changes in the value of derivatives recognized through profit or loss in accordance with the rules for hedge accounting are also included here. Other operating profit/(loss) also contains revaluation gains and losses on derivative financial instruments that are not held for trading or accounted for as hedging instruments as defined in IAS 39.

€'000	2014	2013
Effect of hedge accounting	***6,006***	***914***
Of which revaluation gains and losses on hedging instruments in fair value hedges	(20,265)	(86,239)
Of which revaluation gains and losses on hedged items in fair value hedges	26,271	87,153
Net gains/(losses) from other derivatives	***(46,568)***	***30,660***
Of which from interest rate derivatives	(46,285)	35,841
Of which from currency derivatives	126	(4,395)
Of which from equity and index contracts	29	0
Of which credit derivatives	(439)	(787)
Other operating income	***23,225***	***21,132***
Of which income from services and reimbursed costs	14,219	15,281
Of which other items	9,007	5,850
Other operating expenses	***(41,615)***	***(32,922)***
Of which damages and compensation for damages	(15,610)	(13,151)
Of which arising from the solidarity association (Solidaritätsverein)	(780)	0
Bank levy	(25,428)	(19,079)
Of which other items	202	(692)
Total	**(58,953)**	19,784

(9) Profit/(loss) from financial instruments

€'000	2014	2013
Net gains/(losses) on financial instruments designated at fair value through profit or loss	***(26,599)***	*40,737*
Of which from financial instruments held for trading	(39,456)	19,651
Of which from financial instruments designated at fair value through profit or loss	12,857	21,086
Net gains/(losses) on financial instruments classified as available for sale	***103,733***	*69,766*
Of which reclassified from other comprehensive income to profit or loss for the financial year	15,723	16,552
Of which recognized to profit or loss for the financial year	88,010	53,215
Net gains/(losses) on financial instruments classified as held to maturity	***27,326***	*37,493*
Net gains/(losses) on financial instruments classified as loans and receivables	***251,258***	*267,668*
Net gains/(losses) on liabilities measured at cost	***(335,212)***	*(319,809)*
Total	***20,506***	*95,857*

The net gains/(losses) from each valuation category defined in IFRS 7.20(a) comprise the gains and losses from valuation and sale, interest income and expenses, dividends and other distributions. The revaluation gains and losses on available-for-sale financial instruments which are recorded under other comprehensive income are disclosed in the reconciliation to total comprehensive income.

(10) Income tax

€'000	2014	2013*)
Current income tax	***11,389***	*3,921*
Of which tax contribution	11,392	3,933
Of which current domestic tax	(3)	(8)
Of which current foreign tax	0	(4)
Deferred taxes*)	***(21,863)***	*15,864*
Total	**(10,474)**	19,785

*) The prior year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

Detailed information on deferred taxes is presented under note (20) Other assets.

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

€'000	2014	2013
Profit/(loss) for the year before tax	(262,475)	125,086
Theoretical income tax expense based on the domestic tax rate of 25%	65,619	(31,272)
Effect of the lower tax contribution rate 1	(11,617)	6,894
Tax reduction based on tax-exempt income from equity investments and other tax-exempt income	1,989	41,484
Increase in taxes based on non-tax deductible expenses	(48,185)	(2,561)
Use of tax loss carryforwards and remeasurement of deferred tax items	(27,328)	3,097
Other	9,048	2,143
Actual tax burden	**(10,474)**	19,785

1) The tax contribution rates agreed defined by the group taxation agreement are lower than the Austrian corporation tax rate. This line item shows the resulting effect on the actual income tax burden.

(11) Segment reporting

The modification of the method used to allocate intragroup charges at the beginning of 2014 led to a shift in earnings between the individual segments. The most important changes involve the presentation of the return on equity, which is now allocated to the individual segments based on the legally defined minimum capital requirement. The related allocation of surplus capital led to higher net interest income in the Management Services Segment and a corresponding decrease in the other segments. Another major change concerned the new modelling of liquidity profits on sight deposits in the Corporate Customers Segment, which resulted in the shift of net interest income from this segment to the Financial Markets Segment.

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 on the basis of origin. Income includes net interest income, net fee and commission income, net trading income and other operating profit/(loss), whereby net interest income is calculated on a market interest rate basis.

The interest income from equity is determined on the basis of 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 following segments were defined for reporting purposes:

- The Retail Banking Segment (personal and business banking customers), which covers the Group's retail operations in Vienna

This target group includes private individuals, small and medium-sized businesses and self-employed persons. The RLB NÖ-Wien branches and offices in Vienna include retail banking branches, offices for high net worth personal banking customers (Private Banking Vienna) and special competence centres for trade and business customers.

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 Customers Segment covers business with corporate customers in the Centrope region, the public sector, institutional clients and international operations.

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).

International Operations - a head office department - is responsible for processing export loans and foreign investments (e.g. export loans from export funds and Oesterreichische Kontrollbank (OeKB) and OeKB equity loans) as well as the structuring and settlement of letters of credit, collections and guarantees for Austrian and international clients. In addition, International Operations 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 and Organization Segment is responsible for the Group's treasury activities, above all earnings from the management of the banking book (profit from 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 Investments Segment includes the banking-related equity investments, in particular the investment in RZB.

This segment consist primarily of the portfolio of equity investments in banks and other financial institutions. It also includes the investment in the RZB Group, which is carried at equity, with its related activities in Central and Eastern Europe. The results from the shares held directly in Raiffeisen Informatik GmbH are also reported here.

- As shown on the organizational chart, the Management Services Segment consists of two business units: Raiffeisen banks/management service and risk management/finance.

This segment provides various services to support the other segments in their market efforts, in particular through suitable marketing activities. The services provided for the Raiffeisenkasse banks within the scope of the Austrian Raiffeisen organization are reported under this segment. Also included here are the income and expenses that could not be allocated to another segment.

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

Return on equity is calculated by dividing profit before tax by the average capital employed and shows the return on the capital used by the respective segment.

The cost:income ratio shows a segment's cost efficiency. It is calculated by dividing general administrative expenses by the total of net interest income, net fee and commission income, net trading income, profit from investments in entities accounted for using the equity method and other operating profit/(loss) (i.e. without profit/(loss) from financial investments and the impairment charges on loans and advances).

The RLB NÖ-Wien Group operates primarily in the Centrope region and here, above all, in the greater Vienna area.

2014 €'000	**Retail Banking**	**Corporate customers**	**Financial Markets**	**Investments**	**Management Services**	**Total**
Net interest income	72,686	109,681	31,359	(48,018)	9,685	175,393
Impairment allowance balance	(10,973)	(73,500)	353	0	0	(84,120)
Net interest income after impairment charges	61,713	36,181	31,712	(48,018)	9,685	91,273
Net fee and commission income	38,527	22,782	(5,067)	0	10,306	66,548
Net trading income	1,819	627	68	0	1,416	3,930
Profit/(loss) from investments in entities accounted for using the equity method	0	0	0	(184,984)	0	(184,984)
Profit/(loss) from financial investments	0	920	19,429	(2,145)	0	18,204
General administrative expenses	(90,755)	(39,284)	(15,644)	(2,610)	(50,201)	(198,494)
Of which staff costs	(51,853)	(23,935)	(9,199)	(592)	(13,357)	(98,936)
Of which other administrative expenses	(36,729)	(14,945)	(5,264)	(1,970)	(36,229)	(95,137)
Of which amortization	(2,173)	(404)	(1,181)	(48)	(615)	(4,421)
Other operating profit/(loss)	(2,325)	(2,463)	(36,316)	(20)	(17,829)	(58,953)
Profit/(loss) for the year before tax	**8,979**	**18,763**	**(5,818)**	**(237,777)**	**(46,622)**	**(262,475)**
Average risk-weighted assets, €m	1,619	7,345	1,636	1,892	170	12,662
Average allocated equity, €m	129	588	131	597	632	2,077
Return on equity before tax (%)	7.0	3.2	(4.4)	(39.8)	(7.4)	(12.6)
Cost:income ratio	82.0	30.1	> 100	> 100	> 100	> 100

In 2014 the Investments Segment included non-recurring effects from impairment charges to the profit/(loss) from investments in entities accounted for using the equity method. Additional information is provided in note (5) Profit/(loss) from investments in entities accounted for using the equity method.

In the Management Services Segment, other operating profit/(loss) includes the bank levy and a major part of the provisions for damages and uncertain obligations arising from potential compensation for damages. Additional information is provided in note (8) Other operating profit/(loss).

2013 €'000	Retail Banking	Corporate customers	Financial Markets	Investment s	Manageme nt Services	Total
Net interest income	75,421	132,573	(13,878)	(48,955)	616	145,777
Impairment allowance balance	(9,475)	(55,048)	(1,858)	0	0	(66,381)
Net interest income after impairment charges	65,946	77,525	(15,736)	(48,955)	616	79,396
Net fee and commission income	36,073	26,070	(2,667)	0	9,694	69,170
Net trading income	1,933	1,146	247	0	1,572	4,898
Profit/(loss) from investments in entities accounted for using the equity method	0	0	0	153,411	0	153,411
Profit/(loss) from financial investments	0	(7,165)	16,000	3,705	0	12,540
General administrative expenses	(92,776)	(40,766)	(17,147)	(2,460)	(60,963)	(214,112)
Of which staff costs	(55,542)	(24,773)	(7,261)	(663)	(26,086)	(114,325)
Of which other administrative expenses	(34,983)	(15,589)	(7,996)	(1,774)	(34,209)	(94,551)
Of which amortization	(2,251)	(404)	(1,890)	(23)	(668)	(5,236)
Other operating profit/(loss)	5,368	(4,845)	28,636	(22)	(9,353)	19,784
Profit/(loss) for the year before tax	**16,544**	**51,965**	**9,333**	**105,679**	**(58,435)**	**125,086**
Average risk-weighted assets, €m	1,747	7,865	2,293	1,960	401	14,266
Average allocated equity, €m	194	874	255	1,027	45	2,395
Return on equity before tax (%)	8.5	5.9	3.7	10.3	-	5.2
Cost:income ratio	78.1	26.3	>100	2.4	>100	54.5

Details on the Consolidated Balance Sheet

(12) Cash and balances with central banks

€'000	2014	2013
Cash and balances with central banks	60,682	404,646
Total	**60,682**	404,646

(13) Loans and advances to other banks

€'000	2014	2013
Demand deposits	647,770	608,008
Time deposits	5,341,518	5,779,902
Other loans and advances	1,899,009	2,126,624
Debt instruments	5,480	5,480
Other	43,567	55,718
Total	**7,937,345**	8,575,731

Loans and advances to other banks are classified by region as follows:

€'000	2014	2013
Austria	7,175,031	7,831,073
Foreign countries	762,314	744,657
Total	**7,937,345**	8,575,731

With the exception of loans and advances hedged against interest rate risk through a fair value hedge, the above loans and advances to other banks are classified as loans and receivables.

(14) Loans and advances to customers

Loans and advances to customers are classified as follows:

€'000	2014	2013
Current accounts	1,387,061	1,452,380
Cash advances	1,479,498	1,122,302
Loans	9,464,816	8,365,373
Debt instruments	82,416	15
Other	3,776	64,512
Total	**12,417,567**	11,004,581

Loans and advances to customers are classified as follows in accordance with the CRR definition:

€'000	2014	2013
Public sector exposures	2,023,468	1,108,554
Retail exposures	1,701,528	1,679,042
Corporate customers	8,692,570	8,216,984
Total	**12,417,567**	11,004,581

Loans and advances to customers are classified by region as follows:

€'000	2014	2013
Austria	10,964,125	9,715,423
Foreign countries	1,453,441	1,289,158
Total	**12,417,567**	11,004,581

With the exception of loans and advances hedged against interest rate risk through a fair value hedge, the above loans and advances to customers are classified as loans and receivables.

(15) Impairment allowance balance

2014 €'000	At 1 January	Added	Reversed	Used	At 31 December
Individual impairment allowances	*272,385*	*116,543*	*(32,239)*	*(38,877)*	*317,812*
Loans and advances to other banks	495	670	0	(395)	770
Thereof domestic	0	670	0	0	670
Of which in foreign countries	495	0	0	(395)	100
Loans and advances to customers	271,890	115,873	(32,239)	(38,482)	317,042
Of which in Austria	251,914	80,672	(30,324)	(28,716)	273,546
Of which in foreign countries	19,976	35,201	(1,915)	(9,766)	43,496
Collective impairment allowances to the portfolio[1)]	*25,942*	*1,010*	*(8,003)*	*0*	*18,949*
Loans and advances to other banks	1,758	0	(724)	0	1,034
Loans and advances to customers	24,184	1,010	(7,279)	0	17,915
Impairment allowance balance (loans and advances) [2]	*298,327*	*117,553*	*(40,242)*	*(38,877)*	*336,761*
Risks arising from off-balance-sheet liabilities [3]	*23,029*	*13,182*	*(4,954)*	*(254)*	*31,003*
Total	**321,356**	**130,735**	**(45,196)**	**(39,131)**	**367,764**

1) The decline in the portfolio impairment charges resulted from the presentation of the impairment charges to off-balance sheet positions on the balance sheet under provisions.
2) Risks arising from the credit business are reported under the impairment allowance balance.
3) Risks arising from off-balance sheet obligations are reported under provisions.

2013 €'000	At 1 January	Added	Reversed	Used	At 31 December
Individual impairment allowances	*296,765*	*95,951*	*(44,951)*	*(75,380)*	*272,385*
Loans and advances to other banks	1,020	0	(39)	(486)	495
Of which in foreign countries	1,020	0	(39)	(486)	495
Loans and advances to customers	295,745	95,951	(44,912)	(74,894)	271,890
Of which in Austria	275,069	83,420	(39,700)	(66,875)	251,914
Of which in foreign countries	20,676	12,531	(5,212)	(8,019)	19,976
Collective impairment allowances to the portfolio	*21,913*	*7,545*	*(3,516)*	*0*	*25,942*
Loans and advances to other banks	1,345	413	0	0	1,758
Loans and advances to customers	20,568	7,132	(3,516)	0	24,184
Risk allowances from the credit business[1)]	*318,678*	*103,496*	*(48,467)*	*(75,380)*	*298,327*
Risks from off-balance-sheet obligations[2)]	*20,679*	*7,592*	*(5,072)*	*(170)*	*23,029*
Total	339,357	111,088	(53,539)	(75,550)	321,356

1) Risks arising from the credit business are reported under the impairment allowance balance.
2) Risks arising from off-balance sheet obligations are reported under provisions.

(16) Trading assets

Trading assets include the following held-for-trading securities and derivative financial instruments:

€'000	2014	2013
Bonds and other fixed-interest securities	***168,534***	***77,622***
Of which public-sector debt instruments eligible for rediscounting	11,743	235
Of which bonds and other securities from other issuers	156,791	77,386
Positive fair values of derivative contracts	***406,419***	***188,583***
Of which interest rate derivatives	376,502	146,262
Of which currency derivatives	29,917	42,321
Accruals arising from derivatives	***33,809***	***34,305***
Of which interest rate derivatives	33,809	34,305
Total	**608,763**	300,509

(17) Security and equity investments

€'000	2014	2013
Bonds and other fixed-interest securities	*5,166,792*	*4,959,161*
Classified as held to maturity	645,698	771,331
Of which public-sector debt instruments eligible for rediscounting	207,416	219,448
Of which other debt instruments issued by the public sector	5,768	5,722
Of which bonds and other securities from other issuers	432,513	546,161
Designated as at fair value through profit or loss	819,241	1,025,817
Of which public-sector debt instruments eligible for rediscounting	51,706	96,649
Of which other debt instruments issued by the public sector	7,716	12,088
Of which bonds and other securities from other issuers	759,818	917,080
Classified as available for sale, measured at fair value	3,701,854	3,162,013
Of which public-sector debt instruments eligible for rediscounting	2,767,241	2,106,852
Of which bonds and other securities from other issuers	934,614	1,055,161
Shares and other variable-yield securities	*68,029*	*174,505*
Designated as at fair value through profit or loss	28,738	55,027
Of which shares	1,126	1,089
Of which units in investment funds	19,336	45,797
Of which other variable-yield securities	8,275	8,142
Classified as available for sale, measured at fair value	39,292	119,478
Of which shares	2,215	27,207
Of which other variable-yield securities	37,077	92,271
Equity investments	*66,379*	*64,132*
Classified as available for sale, measured at fair value	43,324	43,471
Of which other equity investments	43,324	43,471
Classified as available for sale, measured at cost	23,055	20,661
Of which equity investments in unconsolidated subsidiaries[1]	10,484	8,090
Of which equity investments in associates not accounted for at equity	3,991	3,218
Of which other equity investments	8,579	9,353
Total	**5,301,201**	5,197,798

1) This position includes participation capital of TEUR 277 (2013: TEUR 277) in Raiffeisen-Holding NÖ-Wien.

Securities and equity investments are assigned to the following valuation categories:

€'000	2014	2013
Designated as at fair value through profit or loss	***847,978***	***1,080,845***
Bonds and other fixed-interest securities	819,241	1,025,817
Shares and other variable-yield securities	28,738	55,027
Classified as available for sale	***3,807,525***	***3,345,622***
Measured at fair value	3,784,470	3,324,961
Bonds and other fixed-interest securities	3,701,854	3,162,013
Shares and other variable-yield securities	39,292	119,478
Equity investments	43,324	43,471
Measured at cost	23,055	20,661
Equity investments	23,055	20,661
Classified as held to maturity	***645,698***	***771,331***
Bonds and other fixed-interest securities	645,698	771,331
Total	**5,301,201**	**5,197,798**

In 2008 bonds issued by Austrian and foreign banks with a total nominal value of TEUR 157,740 and a fair value of TEUR 156,727 were reclassified from the trading portfolio to held-to-maturity financial investments. The estimated effective interest rates on the reclassification date ranged from 3.0% to 5.9%. The expected realizable cash flows amounted to TEUR 172,944. Up to the reclassification date, the valuation gains and losses recorded under net trading income for the reclassified financial instruments equalled TEUR 378 in 2008 (2007: TEUR -213).

In 2011 RLB NÖ-Wien reclassified bonds from the trading portfolio to the category of available-for-sale financial assets. This change in classification reflected an adjustment of the investment strategy from short-term trading to planned retention. The reclassification was based on fair value as of the reclassification date and involved bonds issued by Austrian and foreign banks with a nominal value of TEUR 154,022 and a fair value of TEUR 150,604. The estimated effective interest rates of the reclassified financial instruments ranged from 1.0% to 6.6% on the reclassification date. The expected realizable cash flows amounted to TEUR 172,637. Up to the reclassification date, the valuation gains and losses recorded under net trading income for the reclassified financial instruments equalled TEUR -304 for 2011 (2010: TEUR -390).

In 2013 bonds were reclassified from held-to-maturity financial investments to available-for-sale financial assets. The investment strategy for the involved securities was changed from long-term retention to plans for sale due to the more stringent requirements defined by the regulatory authorities for capital (reduction in risk-weighted assets or direct deductions from capital) and for liquidity coverage ratios. This situation meets the criteria for an exception as defined in IAS 39.AG22. The reclassification took place at the carrying amount determined in accordance with the principles applicable to held-to-maturity financial investments on the reclassification date. The securities were reclassified at an amount of TEUR 129,268.

As of 31 December 2014 the carrying amount of the securities reclassified from the trading portfolio in 2008 and 2011 equalled TEUR 34,348 (2013: TEUR 88,295) and the fair value equalled TEUR 34,444 (2013: TEUR 88,378). If these securities had not been reclassified due to the change in retention plans, TEUR 136 (2013: TEUR 1,639) of unrealized revaluation results would have been recorded under net trading income in 2014. After the reclassification date, interest income of TEUR 797

(2013: TEUR 1,309) and proceeds on sale of TEUR 74 were recognized in 2014 (2013: TEUR 813). Similar to the previous year, no impairment charges were recognized to the reclassified securities in 2014.

(18) Intangible assets

€'000	**2014**	**2013**
Acquisition costs		
At 1 January	***50,856***	*49,260*
Additions	724	1,697
Disposals	(246)	(102)
At 31 December	***51,333***	*50,856*
Depreciation		
At 1 January	***(43,418)***	*(40,480)*
Disposals	167	3
Depreciation during the financial year	(2,299)	(2,941)
At 31 December	***(45,550)***	*(43,418)*
Carrying amounts		
At 1 January	***7,438***	*8,780*
At 31 December	***5,783***	*7,438*

Intangible assets consist primarily of software. The elimination of intragroup investments and equity during the consolidation did not result in any goodwill.

(19) Property and equipment

€'000	Land and buildings used by the Group for its own purposes	Other Property and Equipment
Acquisition costs		
At 1 January 2014	***2,661***	***29,062***
Additions	0	2,526
Disposals[1]	(268)	(2,126)
At 31 December 2014	***2,393***	***29,462***
Depreciation		
At 1 January 2014	***(2,083)***	***(21,579)***
Disposals	251	1,982
Depreciation during the financial year	(50)	(2,072)
At 31 December 2014	***(1,882)***	***(21,669)***
Carrying amounts		
At 1 January 2014	***577***	***7,483***
At 31 December 2014	***510***	***7,793***

1) This amount includes subsequent changes to acquisition or production cost.

€'000	Land and buildings used by the Group for its own purposes	Other Property and Equipment
Acquisition costs		
At 1 January 2013	*2,642*	*28,956*
Additions	19	2,381
Disposals[1]	0	(2,275)
At 31 December 2013	*2,661*	*29,062*
Depreciation		
At 1 January 2013	*(2,027)*	*(21,327)*
Disposals	0	1,988
Depreciation during the financial year	(56)	(2,240)
At 31 December 2013	*(2,083)*	*(21,579)*
Carrying amounts		
At 1 January 2013	*614*	*7,628*
At 31 December 2013	*577*	*7,483*

1) This amount includes subsequent changes to acquisition or production cost.

Land and buildings used by the Group for its own purposes consist solely of investments (structural adaptations) in properties owned by third parties.

Obligations arising from the use of property and equipment not reported on the balance sheet total TEUR 15,182 (2013: TEUR 15,082) for the next financial year and TEUR 75,010 (2013: TEUR 73,783) for the next five financial years.

(20) Other assets

€'000	2014	2013*)
Tax receivables	*0*	*20,977*
Of which current tax receivables	0	209
Of which deferred tax assets*)	0	20,768
Positive fair values of derivative hedging instruments in fair value hedges	*510,386*	*225,113*
Of which interest rate derivatives	508,054	223,266
Of which equity and index derivatives	2,331	1,847
Positive fair values of derivative financial instruments designated as at fair value through profit or loss	*9,329*	*11,971*
Of which interest rate derivatives	9,326	11,967
Of which equity and index derivatives	2	4
Positive fair values of other derivative financial instruments	*752,906*	*664,555*
Of which interest rate derivatives	738,897	578,133
Of which currency derivatives	13,979	85,708
Of which equity and index derivatives	29	0
Of which credit derivatives	0	713
Interest accruals arising from derivative financial instruments	*193,012*	*217,410*
Of which interest rate derivatives	192,154	215,856
Of which currency derivatives	710	1,349
Of which equity and index derivatives	148	158
Of which credit derivatives	0	47
Miscellaneous other assets	*168,550*	*197,397*
Total	**1,634,182**	1,337,423

*) The prior year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

Derivative financial instruments that meet the requirements of IAS 39 for hedge accounting are reported as hedges. The fair value of these derivatives is stated here without accrued interest (clean price).

In accordance with IAS 39, this position also includes the positive fair values of derivative financial instruments that are not held for trading and do not represent a hedging instrument for a fair value hedge or cash flow hedge as defined in IAS 39.

The derivative financial instruments designated as at fair value through profit or loss are measured in the same way as securities, securitized liabilities and subordinated liabilities, i.e. based on the fair value option.

Deferred tax assets

Deferred taxes are classified as follows:

€'000	**2014**	**2013*)**
Deferred tax assets*)	0	20,768
Net deferred tax assets	**0**	**20,768**

*) The prior year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

The net total of deferred taxes resulted from the following balance sheet positions:

€'000	**2014**	**2013*)**
Impairment allowance balance	4,737	6,486
Securities and equity investments	0	15,620
Deposits from other banks	23,080	18,569
Deposits from customers	29,403	4,758
Securitized liabilities	41,403	0
Other liabilities	341,597	240,858
Provisions*)	14,432	9,631
Other balance sheet items	45,169	6,094
Deferred tax assets	***499,821***	*302,016*
Loans and advances to other banks	7,867	5,098
Securities and equity investments	10,151	25,125
Financial investments	135,179	
Other assets	312,133	218,180
Other balance sheet items	19,508	32,845
Deferred tax liabilities	***484,838***	*281,248*
Impairment of deferred tax assets	***14,983***	*0*
Net deferred tax assets	**0**	20,768

*) The prior year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

RLB NÖ-Wien has recorded tax losses for the past three years. In accordance with IAS 12.35, the recognition of deferred tax assets is only permitted when there is convincing evidence that sufficient taxable profit will be available in the future. The latest forecasts for taxable results indicate that taxable profit will only be available towards the end of the forecast period. Given the fact that these forecasts are based on parameters that can be significantly influenced by regulatory framework conditions which are still uncertain at the present time, the Managing Board does not believe the evidence for future taxable profit is sufficiently substantial and the estimated deferred tax assets were not recognized.

Deferred tax assets of approx. TEUR 58,065 (2013: TEUR 7,981) were not recognized in the consolidated financial statements for unused tax loss carryforwards and deductible temporary differences because their realization does not appear possible within a reasonable period. In addition, deferred tax liabilities were not recognized on temporary differences of EUR 805 million (2013: EUR 1,307 million) in accordance with IAS 12.39.

(21) Deposits from other banks

These deposits are classified as follows:

€'000	2014	2013
Demand deposits	3,254,188	2,974,649
Time deposits	6,967,567	5,289,960
Borrowed funds	612,562	764,403
Total	**10,834,318**	9,029,012

€'000	2014	2013
Austria	10,060,097	8,134,631
Foreign countries	774,220	894,381
Total	**10,834,318**	9,029,012

With the exception of the deposits that are hedged against interest rate risk through a fair value hedge, the deposits reported here are carried at amortized cost.

(22) Deposits from customers

The following table shows the classification of deposits from customers by product group:

€'000	2014	2013
Sight deposits	4,613,295	4,804,850
Time deposits	1,025,704	1,188,765
Savings deposits	1,838,733	2,286,719
Total	**7,477,732**	8,280,334

The deposits from customers are classified as follows based on the CRR definition:

€'000	2014	2013
Public sector exposures	580,663	718,555
Retail exposures	4,079,610	4,343,404
Corporate customers	2,119,978	2,649,902
Other	697,480	568,473
Total	**7,477,732**	8,280,334

The regional classification of these deposits is shown below:

€'000	2014	2013
Austria	6,294,704	7,180,554
Foreign countries	1,183,027	1,099,779
Total	**7,477,732**	8,280,334

With the exception of the deposits that are hedged against interest rate risk through a fair value hedge, the deposits reported here are carried at amortized cost.

(23) Securitized liabilities

€'000	2014	2013
Measured at amortized cost	***6,091,560***	*6,046,963*
Issued bonds	4,869,371	5,074,295
Other securitized liabilities	1,222,189	972,668
Designated as at fair value through profit or loss	***109,073***	*636,390*
Issued bonds	109,073	583,838
Other securitized liabilities	0	52,552
Total	**6,200,633**	6,683,353

The Tier 2 capital bonds and subordinated bonds that no longer qualify as Tier 2 capital under the new CRR rules are now reported under securitized liabilities. The prior year amounts were not adjusted. Additional information on the reclassification is provided in the section on changes in presentation under significant accounting policies.

The securitized liabilities designated as at fair value through profit or loss are measured in the same way as the interest rate-based derivative financial instruments, i.e. based on the fair value option, to avoid an accounting mismatch. Of the changes in the fair value of these liabilities during 2014, TEUR -121 (2013: TEUR -1,112) are attributable to changes in the default risk. The comparable cumulative amount is TEUR -4,080

(2013: TEUR -1,923). The carrying amount of these liabilities is TEUR 1,743 (2013: TEUR 9,773) higher than the contractually agreed repayment amount. With the exception of the liabilities hedged against interest rate risk in a fair value hedge, the other securitized liabilities are carried at amortized cost. Also included here are securities that are listed on the Vienna Stock Exchange.

(24) Trading assets

Trading liabilities comprise the following derivative instruments held for trading purposes:

€'000	**2014**	2013
Negative fair values of derivative contracts	***394,461***	*161,382*
Of which interest rate derivatives	365,878	129,870
Of which currency derivatives	28,583	31,512
Accruals arising from derivatives	***34,004***	*32,931*
Of which interest rate derivatives	34,004	32,931
Total	**428,466**	194,313

(25) Other liabilities

€'000	2014	2013
Tax liabilities	***10,175***	***9,935***
Of which current tax liabilities	10,175	9,935
Negative fair values of derivative hedging instruments in fair value hedges	***562,098***	***256,560***
Of which interest rate derivatives	562,098	256,514
Of which equity and index derivatives	0	46
Negative fair values of derivative financial instruments designated as at fair value through profit or loss	***44,532***	***41,126***
Of which interest rate derivatives	44,532	41,126
Negative fair values of other derivative financial instruments	***831,367***	***710,004***
Of which interest rate derivatives	815,888	622,380
Of which currency derivatives	15,479	87,350
Of which credit derivatives	0	274
Interest accruals arising from derivative financial instruments	***125,889***	***163,977***
Of which interest rate derivatives	125,469	163,276
Of which currency derivatives	398	640
Of which equity and index derivatives	22	43
Of which credit derivatives	0	18
Contractual transfer of profit or loss	***0***	***60,008***
Miscellaneous other liabilities	***76,060***	***90,570***
Total	**1,650,121**	1,332,180

Derivative financial instruments are reported as hedging instruments when the requirements of IAS 39 for hedge accounting are met. The fair value of the above derivatives does not include accrued interest (clean price). In accordance with IAS 39, this position also includes the negative fair values of derivative financial instruments that are not held for trading or designated as a hedging instrument for a fair value hedge or a cash flow hedge in accordance with IAS 39. The derivative financial instruments classified at fair value through profit or loss are measured in the same way as securities or securitized and subordinated liabilities, i.e. using the fair value option.

The profit or loss remaining after the addition to the contractually agreed reserves as defined by the Austrian Commercial Code/Austrian Banking Act were transferred to or accepted by Raiffeisen-Holding NÖ-Wien, the core shareholder of RLB NÖ-Wien, up to 2013 based on the contract for the transfer of profit and loss that was concluded with Raiffeisen-Holding NÖ-Wien and remained in effect up to 30 June 2014. The amount of the transfer was recognized as a liability. The contract with Raiffeisen-Holding NÖ-Wien for the transfer of profit and loss was terminated by mutual agreement on 30 June 2014.

(26) Provisions

€'000	2014	2013
Termination benefits	32,222	27,752
Post-employment benefits	39,615	30,463
Jubilee benefits and part-time work by older staff	6,596	5,427
Taxes	0	4
Of which current	0	4
Other	68,692	91,265
Total	**147,126**	154,911

Employee-related provisions

The following tables show the individual parameters for the calculation of the post-employment provision:

2014	Discount rate in the entitlement phase	Discount rate in the benefit phase	Salary increase for active employees	Future post-employment increases
Beneficiary with STATUR, resp. KV6 commitment	4.0%	3.0% - 4.5%[1)]	0.0%	0.0%
Other beneficiaries	1.8%	3.0% - 4.5%[1)]	2.5%	0.0%

Restatement 2013[2)]	Discount rate in the entitlement phase	Discount rate in the benefit phase	Salary increase for active employees	Future post-employment increases	Turnover discounts
Beneficiary with STATUT, resp. KV6 commitment	3.25%	4.0%	3.0% - 4.5%[1)]	0.0%	0.0%
Other beneficiaries	3.25%	3.25%	3.0% - 4.5%[1)]	2.5%	0.0%

Published 2013	Discount rate in the benefit phase	Salary increase for active employees	Future post-employment increases	Turnover discounts
Beneficiary with STATUR, resp. KV6 commitment	3.0%	3.0% - 4.5%[1)]	2.5%	0.0%
Other beneficiaries	3.0%	3.0% - 4.5%[1)]	2.5%	0.0%

1) Detailed information on the salary increases for active employees: employees paid outside the scope of collective agreements: 3.0% (2013: 3.0%); employees paid within the scope of collective agreements: 4.0% (2013: 4.0%); employees paid under a transition collective agreement: 4.5% (2013: 4.5%); Managing Board: individual
2) The prior year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.

The biometric basis for the calculation of the employee-related provisions is formed by "AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler" in the version for salaried employees. The calculation reflects the earliest possible retirement age for men and women. With respect to the provision for part-time work by older staff, the financing period represents the time from the actual commitment to the start of the retirement phase.

Similar to the previous year, the preliminary investment results for 2014 and the related estimates indicate that no subsequent contributions will be required.

The development of the termination benefit obligations is as follows:

€'000	2014	2013
Present value of the defined benefit obligations at 1 January	27,752	29,983
Service cost	1,306	1,496
Interest cost	731	652
Termination benefit payments	(853)	(1,683)
Transfer to Group	0	(245)
Actuarial (gain) loss for the financial year	3,286	(2,452)
Due to experience-based adjustments	(914)	(1,071)
Due to change in demographic assumptions	(32)	63
Due to Change in Financial Assumptions	4,232	(1,444)
Present value of defined benefit obligations at 31.12.	**32,222**	27,752

The development of the post-employment obligations is as follows:

€'000	2014	2013
Present value of the defined benefit obligations at 1 January	63,686	74,640
Service cost	1,126	1,474
Interest cost	2,021	1,826
Transferred to defined contribution plan	(675)	(1,266)
Payments to beneficiaries	(2,987)	(3,284)
Actuarial (gain) loss for the financial year	10,939	(9,705)
Due to experience-based adjustments	(610)	(3,921)
Due to Change in Financial Assumptions	11,549	(5,784)
Present value of the defined benefit obligations at 31 December	**74,109**	63,686

The following table shows the development of plan assets:

€'000	2014	2013
Fair value of the plan assets at 1 January	33,223	35,826
Expected return on the plan assets	1,083	896
Transferred to defined contribution plan	(693)	(4,226)
Contributions to plan assets	1,341	1,323
Taxes and costs for employer contributions	(57)	(106)
Retirement benefits paid from plan assets	(997)	(1,004)
Actuarial gain (loss) for the financial year	593	513
Due to experience-based adjustments	593	122
Fair value of the plan assets at 31 December	**34,493**	33,223

Reconciliation of the present value of the post-employment obligations and the fair value of the plan assets to recognized provisions:

€'000	2014	2013
Present value of the defined benefit obligations at 31 December	74,109	63,686
Fair value of the plan assets at 31 December	34,493	33,223
Net obligation (as per balance sheet on 31.12.)	**39,615**	30,463

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

€'000	2014	2013
Present value of the defined post-employment benefit obligations at 31 December	***74,109***	*63,686*
Of which obligations to active eligible employees	23,855	19,458
Of which obligations to former eligible employees	2,073	1,405
Of which obligations to retirees	48,181	42,823

The structure of the plan assets is as follows:

in %	2014	2013
Bonds and other fixed-interest securities	48.67	49.25
Shares and other variable-yield securities	30.34	32.10
Property	3.07	3.59
Other	17.93	15.06
Total	**100.00**	100.00

€'000	Active Market		No active market	
	2014	2013	2014	2013
Bonds and other fixed-interest securities	16,787	16,368	0	0
Shares and other variable-yield securities	10,464	10,669	0	0
Property	0	0	1,059	1,187
Other	5,890	4,158	293	840
Total	**33,141**	31,195	**1,352**	2,027

In 2014 the plan assets included TEUR 325 of financial instruments issued by RLB NÖ-Wien (2013: TEUR 0).

The following sensitivity analysis for the post-employment and termination benefit obligations shows the effect on the present value of the defined benefit obligation (DBO) caused by a change in the major actuarial assumptions. For these calculations, one major measurement parameter was changed at a time while the other parameters were left unchanged ("ceteris parabus"). Correlations between the parameters were not taken into account.

31 December 2014	Change in the parameter	Effect on DBO in %	Change in the parameter	Effect on DBO in %
Provisions for post-employment benefits				
Discount rate	0.75%	(10.62)	(0.75)%	12.75
Retirement age	1 year	(0.78)	(1) Jahr	0.77
Assumption for increase in the entitlement phase	0.25%	0.82	(0.25)%	(0.80)
Assumption for increase in current benefits	0.25%	3.13	(0.25)%	(3.00)
Remaining life expectancy	1 year	4.06	(1) Jahr	(4.23)
Provisions for termination benefits				
Discount rate	0.75%	(7.15)	(0.75)%	8.02
Retirement age	1 year	(0.13)	(1) Jahr	0.25
Increase in assessment base	0.25%	2.50	(0.25)%	(2.42)
Turnover	1.00%	(5.06)	(1.00)%	1.90

31 December 2013	Change in the parameter	Effect on DBO in %	Change in the parameter	Effect on DBO in %
Provisions for post-employment benefits				
Discount rate	0.75%	(9.96)	(0.75)%	11.85
Retirement age	1 year	(1.15)	1 year	1.18
Assumption for increase in the entitlement phase	0.25%	0.79	(0.25)%	(0.76)
Assumption for increase in current benefits	0.25%	2.95	(0.25)%	(2.82)
Remaining life expectancy	1 year	1.85	1 year	(1.95)
Provisions for termination benefits				
Discount rate	0.75%	(7.10)	(0.75)%	7.96
Retirement age	1 year	(1.06)	1 year	1.18
Increase in assessment base	0.25%	2.51	(0.25)%	(2.43)
Turnover	1.00%	(4.63)	(1.00)%	1.30

The weighted remaining term of the obligations is as follows:

in years	2014	2013
Post-employment benefits	16.5	17.9
Termination benefits	10.1	10.0

The following table shows the changes in the provisions for jubilee benefits and part-time work by older staff:

€'000	2014	2013
Present value of the defined benefit obligations at 1 January	5,427	5,527
Obligations transferred without recognition through profit or loss	4	(12)
Service cost	710	384
Interest cost	143	120
Payments	(592)	(383)
Actuarial (gain) loss for the financial year	904	(209)
Present value of the defined benefit obligations at 31 December	**6,596**	5,427

Estimate of the amounts that will be paid into the plan in the following year (adjusted for the amount of payments from plan assets):

€'000	2015
Post-employment benefits	326

The expenses for defined contribution plans are classified as follows:

€'000	2014	2013
Expenditure on defined contribution plans	***1,640***	*1,646*
Of which on defined contribution plans (post-employment fund)	1,051	1,043
Of which on staff benefit fund (Mitarbeitervorsorgekasse)	589	603

(27) Other provisions

The other provisions changed as follows:

€'000	2014	2013
At 1 January	91,265	79,306
Added	31,887	26,697
Released	(9,638)	(9,476)
Used	(44,821)	(5,262)
At 31 December	**68,693**	91,265

The other provisions represent provisions for guarantees of TEUR 24,734 (2013: TEUR 18,067), provisions for restructuring costs of TEUR 2,297 (2013: TEUR 4,532) and provisions for damages and uncertain obligations arising from compensation for damages of TEUR 26,964 (2013: TEUR 56,357) which could results from customer complaints (also including pending legal proceedings).

(28) Tier 2 capital

€'000	2014	2013[1)]
Measured at amortized cost	*927,645*	*984,890*
Designated as at fair value through profit or loss	*48,711*	*44,329*
Total	**976,356**	1,029,219

1) 31 December 2013: subordinated liabilities TEUR 745,246, Tier 2 capital TEUR 283,973.

The Tier 2 capital bonds and subordinated bonds that no longer qualify as Tier 2 capital under the new CRR rules are now reported under securitized liabilities. The prior year amounts were not adjusted. Additional information on the reclassification is provided in the section on changes in presentation under significant accounting policies.

Tier 2 capital is classified at fair value through profit or loss when this designation prevents or substantially reduces accounting mismatches.

This applies to Tier 2 capital that is measured in the same way as interest rate-based derivative financial instruments, i.e. using the fair value option. Of the total changes in the fair value of these liabilities, TEUR 431 (2013: TEUR -524) are related to changes in the default risk during 2014. The comparable cumulative amount is TEUR -1,230 (2013: TEUR 1,966). The carrying amount of these liabilities is TEUR 6,872 (2013: TEUR 11,255) lower than the contractually agreed repayment amount. With the exception of the liabilities hedged against interest rate risks in a fair value hedge, the other liabilities accounted for under this position are measured at amortized cost.

Tier 2 capital comprises 26 bonds and seven subordinated promissory note loans that were issued in euros. The terms of the bonds range from eight to 20 years, and the terms of the promissory note loans from 10 to 20 years.

The following bonds held by RLB NÖ-Wien exceed 10% of the total amount of the above-mentioned Tier 2 capital:

	Currency	Amount in €'000	Interest rate	Maturing on	Special cancellation rights
Subordinated bonds 2013(2023) isued by RLB NÖ-Wien	EUR	300,000	5.875%	27/11/2023	No

(29) Equity

€'000	2014	2013
Attributable to equity holders of the parent	***1,799,002***	***2,363,663***
Subscribed capital	214,520	214,520
Participation capital	76,500	76,500
Capital reserves	432,688	432,688
Retained earnings	1,348,243	1,639,955
Loss for the year	(272,949)	0
Non-controlling interests	***0***	***55***
Total	**1,799,002**	**2,363,718**

A resolution passed by the Annual General Meeting on 3 May 2013 authorized the Managing Board, with the consent of the Supervisory Board, to increase share capital by up to TEUR 25,000 by 3 May 2018 through the issue of up to 250,000 new registered shares. In 2008, RLB NÖ-Wien issued 765,000 registered participation certificates pursuant to § 23 (3) no. 8. in connection with (4) and (5) of the Austrian Banking Act (in the version published in Federal Gazette BGBL I 2013/184). One participation certificate represents a nominal value of EUR 100.00. The participation capital was issued for the duration of the company and based on the waiver of ordinary and extraordinary cancellation rights. The distributions from the participation capital are profit-based. The terms of the participation capital were amended in 2012 to reflect the Basel III requirements for the calculation of capital. There was no direct distribution on the participation capital in 2013 because of the changes in the terms for this instrument and the contract for the transfer of profit and loss.

The Managing Board was authorized by a resolution of the Annual General Meeting on 7 May 2010 to issue participation capital in accordance with § 23 (4) of the Austrian Banking Act (in the version published in Federal Gazette BGBL I 2013/184) within five years up to a total nominal amount of EUR 300 million.

The profit or loss remaining after the addition to the contractually agreed reserves as defined by the Austrian Commercial Code/Austrian Banking Act were transferred to or accepted by Raiffeisen-Holding NÖ-Wien, the core shareholder of RLB NÖ-Wien, up to 2013 based on the contract for the transfer of profit and loss that was concluded with Raiffeisen-Holding NÖ-Wien and remained in effect up to 30 June 2014. The amount of the transfer was recognized as a liability. The contract with Raiffeisen-Holding NÖ-Wien for the transfer of profit and loss was terminated by mutual agreement on 30 June 2014.

The capital management of the RLB NÖ-Wien Group represents an important part of medium-term planning, which is regularly reviewed and updated. The goal of capital management is to establish and maintain a sustainable capital base in order to provide timely support for the growth of the RLB NÖ-Wien Group. The definition of capital is based on the applicable regulatory requirements. In accordance with § 39a of the Austrian Banking Act, the legal due diligence obligations of financial institutions include maintaining a capital base that guarantees protection for all major banking transactions and banking risks (also see the comments on overall bank management – risk capacity in note (30) Risks arising from financial instruments (Risk Report)). The rules defined by Basel III for capital have been applied since 1 January 2014. The capital indicators of RBG NÖ-Wien were optimized by the IPS (Institutional Protection Scheme) in the sense of Art. 49 (3) and 113 (79) of the CRR. The legal minimum requirements for capital defined by the Austrian Banking Act were met by Raiffeisen-Holding NÖ-Wien at all times during the 2014 financial year at both the bank level and the credit institution group level.

RLB NÖ-Wien is part of the credit institution group of Raiffeisen-Holding NÖ-Wien which, as the ultimate parent company, is therefore responsible for compliance with regulatory requirements at the credit institution group level. The central management of the regulatory capital requirements for the credit institution group therefore take place primarily at the level of the credit institution group, i.e. in Raiffeisen-Holding NÖ-Wien. RLB NÖ-Wien defines the requirements for its capital management based on the management circumstances of the credit institution group.

Notes on Financial Instruments

(30) Risks arising from financial instruments (Risk Report)

The following section explains the disclosures on the nature and extent of risks arising from financial instruments as required by IFRS 7.B6:

Risk policy

The volatile economic environment in recent years has increased the importance of overall bank risk management, above all the capability of a credit institution to identify, measure, monitor and manage all material risks on a timely basis. RLB NÖ-Wien therefore views risk management as an active corporate function and an integral part of overall bank management. The focus lies primarily on the optimization of risks and earnings (returns) to manage opportunities and risks.

RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien have concentrated risk management at the Group level since mid-2013 by joining the risk management lines in both institutions together to create a single integrated Group risk management framework.

This integrated risk management organisation is characterized by the assignment of the related responsibilities to a single Managing Board member and director for both companies and by the creation of departments that service both companies. Accordingly, an Overall Bank/Group Risk Management Department and a subordinate Overall Group Risk/Overall Bank Risk Department were installed in Raiffeisen-Holding NÖ-Wien and RLB NÖ-Wien. A further substantial step to ensure the consistency of risk management was taken with the merger of the committee structures.

The risk management units and the Managing Board level are separated organizationally from the front office units to ensure independent, effective risk management. The basis for the integrated risk management of the financial institution group, and therefore also for the individual institutions, is formed by the risk policy defined by the management of Raiffeisen-Holding NÖ-Wien and the Managing Board of RLB NÖ-Wien together with the accompanying strategies. This risk policy includes, among others, the following elements:

- Risk management, risk strategy and risk appetite principles

- Limits for all relevant risks,
- Risk monitoring procedures.

Disclosure

The Raiffeisen-Holding NÖ-Wien Group has selected the Internet as the medium for its disclosures in accordance with Art. 431ff. of the CRR. The required disclosures are published and can be accessed on the homepage of Raiffeisen-Holding NÖ-Wien (www.rhnoew.at/eBusiness).

Risk management

RLB NÖ-Wien uses conventional risk management and controlling methods to safeguard the bank's profitability and security in the interest of its customers and owners. Clear responsibilities and the separation of functions between the front office and risk management form the foundation of risk management in the financial institution group. The Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien are supported by the independent Risk Management Overall Bank/Group Department and by various committees in performing their risk-related duties.

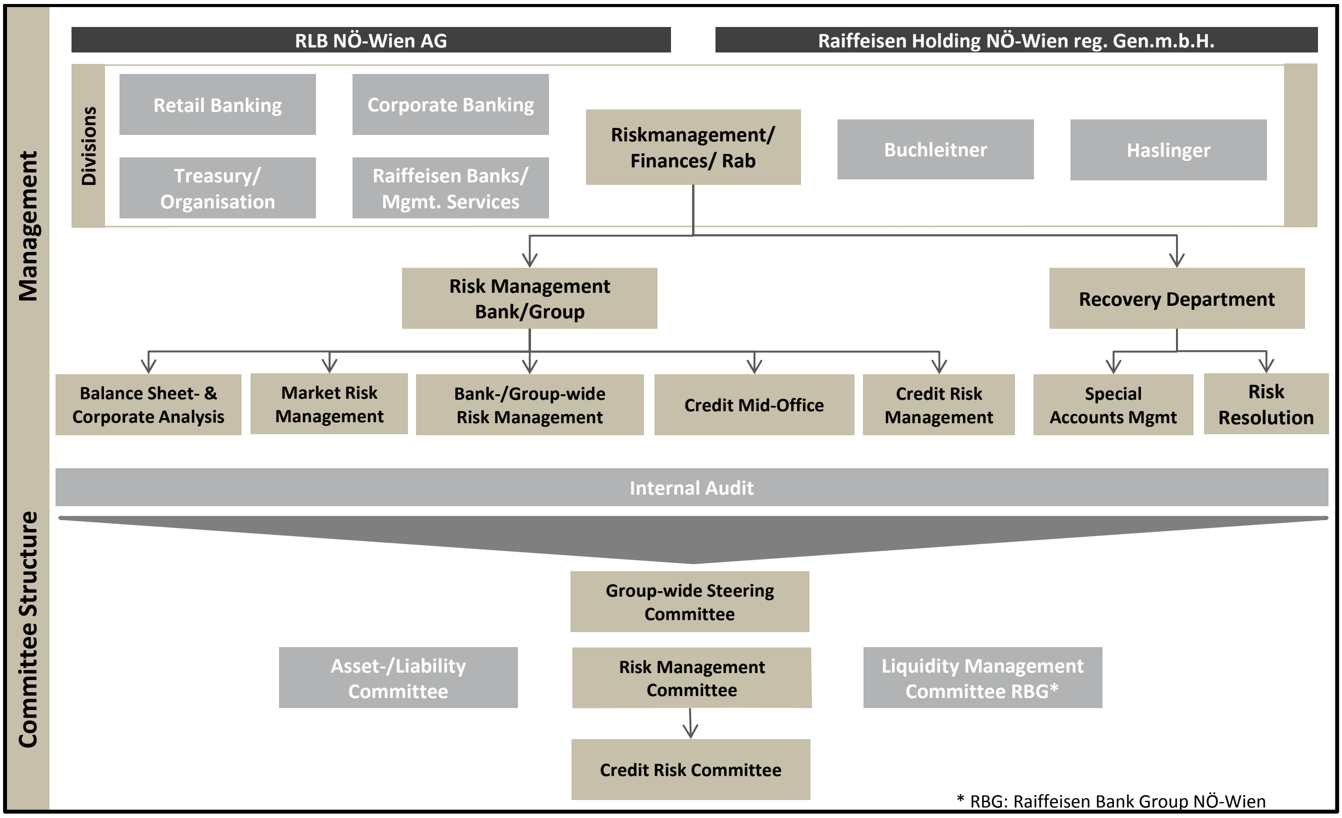
The goal of the Overall Bank Management Committee of the Raiffeisen-Holding financial institution group is to ensure the optimal management of the Group as well as RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien as individual institutions and RBG NÖ-Wien (with respect to liquidity). This goal is met through the regular, institutionalized, systematic and measure-oriented analysis of profitability, capital, liquidity and risk. This cross-institutional committee includes the management of Raiffeisen-Holding NÖ-Wien and the Managing Board of RLB NÖ-Wien. The heads of the Risk Management Overall Bank/Group, Finance, Overall Bank Management/Finance and Treasury Departments are also involved as required. The Overall Bank Management Committee meets once each quarter.

A Group-wide Risk Committee was installed by the Raiffeisen-Holding financial institution group as an addition to the Overall Bank Management Committee. This Risk Committee communicates the risk situation and the decisions taken by the Overall Bank Management Committee to the heads of the Front Office, Rehabilitation and Restructuring and Internal and Group Audit Departments. In addition, the Risk Committee is responsible for risk management. The committee therefore represents a key element of the bank's overall management and control.

In accordance with the legal requirements of the Austrian Banking Act and CRR regulations, the financial institution group - and therefore also both institutions - have set a goal to safeguard the bank's profitability and security in the interest of its customers and owners through the use of efficient risk management and controlling methods.

Risk management in the Raiffeisen-Holding NÖ-Wien Group relies on the regular analysis of risk capacity as the basis for integrated management (in the sense of linking the management of earnings and risk in all business segments). All relevant risks are strategically optimized and quantified in line with capital and the use of appropriate limit systems. The financial institution group has oriented its organization and processes on the requirements of the Internal Capital Adequacy Assessment Process (ICAAP). The CRR regulations for the calculation of capital requirements took effect on 1 January 2014. RLB NÖ-Wien also calculated regulatory capital requirements according to this new standard approach (in accordance with Art. 111 CRR, previously in accordance with § 22a of the Austrian Banking Act).

The organizational structure of the risk management units in the Risk Management and Finance Division since 1 October 2014 is shown below:



The Risk Management Overall Bank/Group Department is integrated in the Risk Management/Finance Business Unit together with the following departments: Overall Bank Risk/Overall Group Risk, Credit Risk Management, Balance Sheet and Enterprise Analysis, Major Investment Controlling, Credit Mid-Office and Market Risk Management. It reports directly to the responsible member of the Managing Board, which ensures that the Risk Management Overall Bank/Group Department remains independent of the front office units.

Risk analyses are prepared by the responsible units in the head office departments within the scope of the internal risk controlling process. The Risk Management Overall Bank/Group Department is responsible for aggregated risk analyses in the following areas: credit, market, credit spread, liquidity and equity investments as well as operational, macroeconomic and other risks. The second organizational level in the risk process is formed by the Rehabilitation and Restructuring Department with the Special Workout and Risk Administration Departments, which also report to the Managing Board member responsible for Risk Management and Finance.

The bank's risk appetite is defined by the overall bank risk limits set by the Managing Board. The Overall Bank Risk/ Overall Group Risk Department continuously monitors risks and adherence to limits at the overall bank level on the basis of the risk capacity analysis.

The ICAAP Manual (Internal Capital Adequacy Assessment Process) of Raiffeisen-Holding NÖ-Wien-Group defines and describes the duties, committees, reports, procedures and organizational units involved in the risk management process. This information is updated annually by the Overall Bank Risk/Overall Group Risk Department and approved by the Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien. This process covers the review of all risks to which the credit institution group is exposed as part of a risk assessment process and the transfer of the results to a Group-wide risk map. The resulting risk map is part of the ICAAP Manual. This procedure guarantees a coordinated process for identifying, measuring, limiting, reporting and documenting risks and creates a uniform understanding of the risk situation in the Raiffeisen-Holding NÖ-Wien Group.

The Internal Audit Department of RLB NÖ-Wien and the Internal and Group Audit Department of Raiffeisen-Holding NÖ-Wien review the effectiveness of the internal control system and working procedures, processes and the related internal controls at RLB NÖ-Wien as an integral part of the risk controlling and risk management system.

Management of overall bank risk – risk capacity

The central analysis of the bank's overall risk situation, including all relevant risks, takes place in the form of a risk capacity analysis that is the responsibility of the Overall Bank Risk/Overall Group Risk Department.

In keeping with the business strategy of RLB NÖ-Wien, the following risks are defined as material:

- Credit risk
- Equity investment risk
- Market risk
- Credit spread risks
- Liquidity risk
- Operational risks
- Macroeconomic risks
- Other risks

The coverage potential and risks are presented in two scenarios: a going concern scenario (extreme case: confidence interval of 99%) that is designed to ensure the company's continued existence, and a gone concern scenario (liquidation) based on regulatory requirements that has a confidence level of 99.9% and guarantees that sufficient capital would be available to protect creditors after the deduction of all risks. This scenario has also been the management scenario for RLB NÖ-Wien since 2013.

The risk capacity analysis and the capacity utilization analysis of the related limit system (risk appetite) also represent a source of information and basis for decisions by the Managing Board in connection with the management of risk activities to protect the company's continued existence and optimal realization of its earnings potential. Accordingly, the risk capacity analysis represents a quantitative summary of the risk appetite based on the risk policy and its objective to limit risk activities to an appropriate level.

The central activities of overall risk management not only include risk capacity analyses, but also scenario analyses and capital planning and allocation. In keeping with branch standards, risk management at RLB NÖ-Wien has included stress tests at the individual risk level and the overall bank level for several years. Bad case and worst case scenarios were calculated for all relevant risk categories on the basis of macroeconomic parameters, and their effects on the bank's capital ratios were simulated. These two stress scenarios begin with a sovereign debt crisis and assume a resulting decline in growth (recession) in the eurozone, an increase in the unemployment rate, declining inflation, a further drop in interest rates and the devaluation of the EUR versus the USD and CHF within two different ranges. The analyses of the stress tests provide added insight and lead to the development of measures for risk management.

In 2014, the ECB (supported by the Austrian National Bank) carried out an extensive evaluation of the involved banks before assuming the supervisory function. This evaluation and review process (Comprehensive Assessment) also included RLB NÖ-Wien and involved an Asset Quality Review (AQR) and an ECB stress test that covered the bank's assets and major incurred risks. RLB NÖ-Wien started its professional and proactive preparations for the AQR and stress tests in autumn 2013 and completed this process in spring 2014. The results of the Comprehensive Assessment were published throughout Europe on 26 October 2014. RLB NÖ-Wien passed the stress test with good results, whereby neither adjustments to the existing capital requirements nor additional measures to raise capital or restructure were required.

The potential impairment charges identified by the AQR sampling of individual cases were generally dealt with and recognized in the consolidated financial statements during 2014. The results of the Comprehensive Assessment also flowed into the Supervisory Review and Evaluation Process (SREP) that was carried out in the Raiffeisen-Holding NÖ-Wien Group for the first time. This procedure is currently based on the national methodology defined by the Austrian National Bank. The ECB issued an official notification on 10 March 2015 as part of this procedure, which included the first definition of a Common Equity Tier 1 ratio (CET1) and a total capital ratio for the Raiffeisen-Holding NÖ-Wien Group. These requirements were also met. At the suggestion of the AQR auditor, RLB NÖ-Wien is working on the implementation of a Collective Provision Model for 2015 (for immaterial loans and advances in the event of default). The calculations made to date have shown that the application of this model will not lead to an increase in the provisions and therefore not have any negative effects on the CET1.

The guidelines for the creation and reversal of provisions were expanded to reflect the policy for regulating present value calculations and best possible estimates, in particular for a larger number of positions. These principles took effect for the 2014 financial year.

Credit risk

RLB NÖ-Wien defines credit risk as the risk that a borrower might only make contractually required payments in part or not at all.

The largest risk category for RLB NÖ-Wien is formed by the credit risks arising from loans and advances to other banks, corporate customers, provinces and personal and business banking customers. Credit risk covers the results of traditional lending operations (losses through loan defaults and the resulting loan management due to a decline in creditworthiness) as well as the risks arising from trading in and acquiring market risk instruments (counterparty default risk on derivatives).

Credit risk also includes the country or transfer risk caused by distressed sovereign states and the counterparty risk arising from derivative transactions. Country and transfer risk involves the inability of a debtor to discharge an obligation because of a country’s sovereign actions. Transfer risk also includes the risk that a distressed country's debt might be rescheduled (i.e. deferred for several years) under an intergovernmental agreement. This risk is limited separately.

RLB NÖ-Wien controls counterparty risk through individual limits and incorporates these risks in credit risk measurement and management. The risk arising from these transactions is minimized with offsetting procedures (offsetting of receivables and liabilities) and collateral agreements (exchange of collateral).

In keeping with the risk policy, risk strategy and risk capacity of RLB NÖ-Wien (including all related risks), economic capital is allocated to the individual types of risk. Economic capital therefore represents the capital required to cover the respective risks based on the defined risk appetite of RLB NÖ-Wien. Economic capital is restricted to the risk category level, while credit risk involves limits and management at the business segment level. Concentration risks in the credit business are minimized by a detailed line and limit system.

The strategic credit management process covers the formulation and implementation of appropriate risk-related strategic goals and measures by the Managing Board. This represents an integral part of the company and segment strategies and is integrated with all (sub-)strategies. The process also defines which segments are authorized to make loans and which products can be used for this purpose.

Credit risk is the most important category of risk for RLB NÖ-Wien. The risk management process includes accompanying support by the Risk Management Overall Bank/Group Department during the approval process and the term of the loan. This support is provided by the Credit Mid-Office, Credit Risk Management, Balance Sheet and Enterprise Analysis Departments and, for customer commitments requiring special assistance, by the Rehabilitation and Restructuring Department through its Special Workout and Risk Administration Departments. The primary responsibilities of the Risk Management Department include support and control during the initial evaluation, assessment and management of credit risk as well as reorganization and restructuring and, under certain circumstances, the liquidation of problem loans.

The credit risk to which RLB NÖ-Wien is exposed is monitored and analyzed at both the individual customer loan and portfolio level. Credit risk management and credit decisions are based on the strategic principles approved by the Managing Board of RLB NÖ-Wien, which cover credit checks, the evaluation of sub-risks (including country risk, special consideration of banking risk), collateral and risk/return requirements.

RLB NÖ-Wien has installed an extensive credit limit system at the overall bank level and at the individual bank, country and corporate customer level. The evaluation of individual commitments is also designed to ensure that the bank's approval ceilings remain below regulatory limits. This means commitments greater than or equal to 7.5% of total capital must be submitted to the Supervisory Board for approval, even though this is not required by law.

The risk content of a commitment is recorded in an extensive rating system which includes various models for the different customer segments. For the risk assessment process, all customers are assigned to nine active credit classes based on these rating and scoring models. Default cases are classified in three classes according to the provisions of CRR/CRD IV. RLB NÖ-Wien validates all rating systems at least once each year and implements performance improvement measures where necessary. New methods are developed by means of statistical methods and only used after extensive initial validation. The rating systems include quantitative factors from the financial statements as well as qualitative factors (soft facts). A number of the rating/scoring systems also have automated components that deal with performance patterns.

The credit process and the involvement of experts from the Risk Management Overall Bank und Market Services Assets/Liabilities Departments cover all necessary monitoring measures that are directly or indirectly integrated in the related work processes. As part of the credit risk management process, the analysis of risky loans includes the pre-approval involvement of the Credit Risk Management Department and the Balance Sheet and Enterprise Management Department. The special reviews of banks and exposures involving country risk remain the responsibility of the Country and Bank Analysis Unit, which is integrated in the Credit Risk Management Department.

In addition to the determination of internal ratings during the loan approval process, all collateral received is appraised and checked according to a special assessment catalogue that includes defined risk discounts. This catalogue is regularly reviewed and updated. Collateral is recorded in a separate data management system and reassessed on a regular basis. A central collateral management group, which was established within the Credit Risk Management Department, is responsible for preparing and monitoring valuation guidelines and processes. Mortgage-backed collateral is appraised by specially trained staff members or certified external appraisers. Collateral management in connection with derivative transactions is carried out on a daily basis by the Financial Services Department.

RLB NÖ-Wien implemented a new early warning system in 2014. It defines the criteria under which a commitment must be placed under detailed supervision because of its risk content. Early warning in connection with loans is understood, above all, to mean the handling and special monitoring of credit transactions with a negative change in the risk assessment as the result of specific circumstances, but does not include classification as non-performing. The goal is to quickly identify problem exposures in order to introduce suitable measures as early as possible. The Risk Management Department prepares a quarterly report for the Managing Board on the loan portfolio that is under detailed management, which also shows the changes in its composition.

The periodic updating of ratings and the evaluation of collateral also include the regular recognition of any necessary impairment allowances. Impairment charges are recognized to loans that are expected to become uncollectible, taking any collateral received into account, and provisions are created for off-balance sheet receivables. In identifying and calculating impairment charges, RLB NÖ-Wien follows the requirements defined by IAS 39.58ff. The discounted cash flow (DCF) method is used to calculate all material credit receivables. The receivables not reduced through impairment charges are included in the calculation of the portfolio impairment allowances. The risk parameters used in the calculation are validated.

RLB NÖ-Wien uses a default database to identify default cases and to manage loans. All default cases are documented in this database, which also records the related costs and incoming payments. RLB NÖ-Wien applies the CRR definition of default in full, whereby all loans and advances to a customer are considered involved (customer point of view). The information in this database represents an important factor for the calculation and validation of risk parameters (PDs and LGDs). Special crisis cases are handled and settled as required by designated problem loan committees.

The Credit Mid-Office Department is responsible for credit risk controlling and prepares regular reports and ad-hoc analyses for this purpose. These reports provide different assessments of the transactions exposed to credit risk. In addition to the portfolio data, the credit risk reports also show the changes in the portfolio and, together with the results of the risk capacity analysis, form the basis for appropriate management impulses and measures.

The measurement of credit risk includes both expected and unexpected losses. The expected loss is calculated with validated risk parameters and forms the basis for the standard risk costs used in pre-calculations and follow-up calculations (management performance calculations). This procedure ensures that pricing is in line with the respective risks.

The unexpected loss (economic capital) arising from credit risk is measured and managed at the overall portfolio level using an internal portfolio model. RLB NÖ-Wien calculates its credit value at risk with a market valuation model, whereby the distribution of losses is generated by a Monte Carlo simulation. The risk parameters are consistent with the calculation of the expected losses. The resulting credit value at risk flows into the bank's risk capacity analysis for the extreme case and liquidation scenarios (99% and 99.9% confidence level, respectively). In connection with risk capacity, RLB NÖ-Wien bases its credit value at risk calculations on a horizon of one year. The standard calculations for unexpected losses are supplemented by the calculation and review of sensitivity analyses and stress scenarios. Internal models are used to analyze and simulate changes in macroeconomic factors with respect to their influence on the risk parameters.

The credit exposure presented below was derived from the following balance sheet items:

- Cash and balances with the central bank
- Loans and advances to other banks
- Loans and advances to customers
- Trading assets
- Securities and equity investments
- Other assets
- Contingent liabilities
- Credit commitments

The credit exposure represents the gross amount, excluding impairment allowances, collateral and the effects of netting, and therefore equals the maximum value of the receivables. It includes both on-balance sheet and off-balance sheet credit exposures before the application of weighting factors. This definition is also used in the following tables in the risk report – unless expressly indicated otherwise.

The following table reconciles the balance sheet positions to the credit exposure:

€ '000 Balance sheet items	2014 Balance sheet items	2014 Credit exposure	2013 Balance sheet items	2013 Credit exposure
Cash and balances with the central bank	60,682	14,205	404,646	353,482
Loans and advances to other banks	7,937,345	7,937,345	8,575,731	8,575,731
Loans and advances to customers	12,417,567	12,417,567	11,004,581	11,004,581
Trading assets	608,763	608,763	300,509	300,509
Securities and equity investments	5,301,201	5,233,695	5,197,798	5,132,577
Intangible assets	5,783	0	7,438	0
Other assets	1,634,182	1,463,121	1,337,423	1,117,040
Contingent liabilities	1,077,375	1,098,858	1,163,228	1,163,228
Credit commitments	5,426,669	5,430,679	5,149,144	5,149,144
Total	**34,469,566**	**34,204,233**	33,140,497	32,796,292

In comparison to the 2013 consolidated financial statements, deposits with the Austrian National Bank are reported as credit risk-relevant items on the balance sheet under cash and balances with the central bank. Credit commitments are also reported separately. Off-balance sheet credit exposures are presented at their gross amount (i.e. before the deduction of provisions) in contrast to note (40) Contingent liabilities.

The detailed analysis of the credit portfolio takes place through a classification in rating levels, whereby a separate customer rating is prepared for each category of receivables. Centrally validated, internal risk classification processes (rating and scoring models) are used to determine the credit rating. The default probability for the various rating levels is determined separately for each business segment. Therefore, the probabilities assigned to the same rating classification in the various business segments (e.g. 1.5 for corporate customers, 1.5 for credit institutions and 1.5 for sovereign entities) are not directly comparable. The classification of receivables in the following tables reflects the CRR logic and divides the credit portfolio into the following groups: Corporates (corporate customers), Retail (personal banking customers, small and medium-sized businesses), Banks and Sovereigns (states and public institutions).

Credit portfolio – Corporates

The corporate customer portfolio is rated by means of a corporate customer rating model which includes both quantitative and qualitative factors. This rating model has a statistical base and is validated at least once each year. In order to better differentiate the risk content of the customer group, the rating model for SMUs was modified slightly according to the size of the customer. Project financing is also integrated in the corporate customer segment. Separate project rating is used for these customers, but the ratings are also mapped to the default probability of the corporate customers.

The following tables shows the credit exposure for corporate customers according to the nine performing rating classes 0.5 - 4.5, respectively the three default classes. Collateral is presented after internal haircuts:

€'000 Internal Rating		2014	PER CENT	Collateral	Item-by-item allowances for impairment	2013	PER CENT	Collateral	Item-by-item allowances for impairment
0.5	Minimal Risk	0	0.0	0	0	0	0.0	0	0
1	Excellent credit standing	1,863,865	12.7	392,676	0	2,309,011	16.7	557,585	0
1.5	Very good credit standing	4,996,008	34.1	1,444,793	0	4,657,192	33.7	1,306,902	0
2	Good credit standing	3,721,227	25.4	1,591,081	0	3,251,816	23.5	1,378,971	0
2.5	Average credit standing	2,004,522	13.7	924,613	0	1,609,895	11.6	821,516	0
3	Mediocre credit standing	1,060,697	7.2	656,174	0	960,321	6.9	669,604	0
3.5	Weak credit standing	168,239	1.1	116,968	0	350,375	2.5	287,130	0
4	Very weak credit standing	165,094	1.1	157,138	0	182,025	1.3	143,736	0
4.5	Doubtful/high default risk	15,046	0.1	13,499	0	5,681	0.0	5,383	0
5	Default	27,905	0.2	27,462	0	19,105	0.1	16,841	792
5.1	Default	416,236	2.8	132,043	185,521	342,059	2.5	107,449	155,166
5.2	Default	92,233	0.6	35,196	60,996	49,734	0.4	10,553	26,461
	Unrated	105,746	0.7	48,345	0	82,165	0.6	39,546	0
	Total	**14,636,816**	**100.0**	**5,539,986**	**246,517**	13,819,379	100.0	5,345,215	182,419

The impairment allowances shown in the above table include only the individual impairment charges to non-performing exposures (NPE). In addition to the individual impairment allowances, a portfolio impairment allowance of TEUR 20,621 was also recognized to the performing corporate customer portfolio in 2014 (2013: TEUR 20,450). Therefore, nearly 86% of the credit exposure of the corporate customer group is in the investment grade range (credit rating: 0.5 - 2.5).

The following table shows the corporate customer portfolio classified by branch:

€'000 Branch	2014	PER CENT	2013	PER CENT
Real estate and housing	3,621,331	24.7	3,174,337	23.0
Manufacturing	2,336,177	16.0	1,888,316	13.7
Retail	1,493,593	10.2	1,367,280	9.9
Finance and insurance	1,235,771	8.4	1,336,406	9.7
Construction	890,845	6.1	942,874	6.8
Other business services	861,309	5.9	1,013,072	7.3
Energy supply	765,159	5.2	868,596	6.3
Freelance professionals/techn. services	654,499	4.5	549,467	4.0
Public administration	542,098	3.7	540,628	3.9
Information and communication	416,989	2.8	183,892	1.3
Water supply and waste disposal	287,802	2.0	259,518	1.9
Transportation	262,913	1.8	275,717	2.0
Healthcare and social services	211,043	1.4	229,192	1.7
Mining	209,084	1.4	222,247	1.6
Hotel trade and gastronomy	185,152	1.3	209,030	1.5
Other	663,051	4.5	758,809	5.5
Total	**14,636,816**	**100.0**	13,819,379	100.0

Most of the loans in the real estate and housing category were used for residential construction (subsidized and privately financed). RLB NÖ-Wien has adapted its internal organization (incl. risk management) to this area of business through a focus on real estate financing and also monitors this concentration separately.

The classification of the corporate customer portfolio by region is shown below:

€'000 Country/Region	2014	PER CENT	2013	PER CENT
Austria	12,410,851	84.8	11,607,164	84.0
EU-remainder	1,787,769	12.2	1,846,896	13.4
Non-EU	438,196	3.0	365,319	2.6
Total	**14,636,816**	**100.0**	13,819,379	100.0

Most of the corporate customer exposure is generated with corporate customers in Austria. The corporate customer portfolio is supplemented by foreign commitments, primarily in the EU (above all in the Czech Republic, Slovakia and Hungary).

Credit portfolio – Retail

The retail portfolio covers personal banking customers as well as small- and medium-sized businesses. Small- and medium-sized businesses are ranked by way of a corporate customer rating system. Personal banking customers are rated with a statistical scoring process that includes both an application and a performance component. All rating models have a statistical base and are validated at least once each year.

The following table shows the credit exposure for retail customers according to the individual rating classes. Collateral is presented after internal haircuts:

€'000 Internal Rating		2014	PER CENT	Collateral	Item-by-item allowances for impairment	2013	PER CENT	Collateral	Item-by-item allowances for impairment
0.5	Minimal Risk	0	0.0	0	0	0	0.0	0	0
1	Excellent credit standing	187,541	9.6	104,440	0	187,424	9.6	99,491	0
1.5	Very good credit standing	374,226	19.1	211,025	0	344,998	17.7	192,064	0
2	Good credit standing	389,152	19.9	242,063	0	401,067	20.6	238,380	0
2.5	Average credit standing	459,929	23.5	282,258	0	438,599	22.5	263,804	0
3	Mediocre credit standing	262,850	13.4	148,657	0	261,504	13.4	148,822	0
3.5	Weak credit standing	114,005	5.8	63,453	0	136,661	7.0	81,453	0
4	Very weak credit standing	31,813	1.6	23,623	0	36,430	1.9	25,606	0
4.5	Doubtful/high default risk	6,852	0.3	4,485	0	8,398	0.4	5,994	0
5	Default	12,097	0.6	6,407	0	8,506	0.4	4,551	5
5.1	Default	74,796	3.8	21,768	50,653	79,681	4.1	22,271	53,528
5.2	Default	44,235	2.3	9,398	34,999	42,605	2.2	7,569	34,555
	Unrated	1,384	0.1	451	0	1,368	0.1	342	0
	Total	**1,958,878**	**100.0**	**1,118,029**	**85,653**	1,947,241	100.0	1,090,348	88,087

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

€'000 Segment	2014	PER CENT	2013	PER CENT
Personal banking customers	1,081,808	55.2	1,072,265	55.1
Small- and medium-sized businesses	877,070	44.8	874,976	44.9
Total	**1,958,878**	**100.0**	1,947,241	100.0

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

€'000 Currency	2014	PER CENT	2013	PER CENT
Euro	1,723,965	88.0	1,684,966	86.5
Swiss franc	222,269	11.3	247,625	12.7
Japanese yen	7,620	0.4	9,135	0.5
US dollar	3,246	0.2	4,117	0.2
Czech krone	1,007	0.1	1,157	0.1
Other currencies	772	0.0	241	0.0
Total	**1,958,878**	**100.0**	1,947,241	100.0

Foreign currency credits in Swiss francs declined by a further TEUR 25,356 in 2014. New foreign currency credits to consumers are generally not granted. RLB NÖ-Wien monitors the foreign exchange risk and the risk arising from repayment vehicles very closely.

Credit portfolio – Credit institutions

The credit portfolio for credit institutions is rated in accordance with a standard sector-wide measurement and rating procedure for banks which is based on the RBI/RZB model. In RLB NÖ-Wien, these ratings are managed and reviewed by a separate group in the Risk Management/Finance (Country and Bank Analysis) Department.

The following table shows the credit exposure for credit institutions according to the individual rating classes. Collateral is presented after internal haircuts:

€'000 Internal Rating		2014	PER CENT	Collateral	Item-by-item allowances for impairment	2013	PER CENT	Collateral	Item-by-item allowances for impairment
0.5	Minimal Risk	289,941	2.4	136,602	0	274,160	2.1	136,526	0
1	Excellent credit standing	319,284	2.6	0	0	301,301	2.3	0	0
1.5	Very good credit standing	10,067,065	83.2	0	0	10,968,093	85.5	74,895	0
2	Good credit standing	796,167	6.6	0	0	546,288	4.3	0	0
2.5	Average credit standing	364,916	3.0	2,387	0	240,521	1.9	0	0
3	Mediocre credit standing	158,728	1.3	0	0	428,901	3.3	9,999	0
3.5	Weak credit standing	57,615	0.5	0	0	40,028	0.3	0	0
4	Very weak credit standing	44,136	0.4	142	0	12,030	0.1	435	0
4.5	Doubtful/high default risk	0	0.0	0	0	425	0.0	0	0
5	Default	0	0.0	0	0	0	0.0	0	0
5.1	Default	4,887	0.0	0	670	0	0.0	0	0
5.2	Default	108	0.0	0	100	209	0.0	0	100
	Unrated	1,265	0.0	0	0	12,140	0.1	0	0
	Total	**12,104,112**	**100.0**	**139,131**	**770**	12,824,095	100.0	221,856	100

The large concentration in credit rating class 1.5 is caused primarily by the three-level organization of the Raiffeisen sector and the related liquidity drawdown. This credit rating class consists primarily of RBI/RZB and loans to Raiffeisen banks in Lower Austria.

The following table shows the distribution of the credit exposure arising from credit institutions by country:

€'000 Top 5 Countries Financials	2014	PER CENT	2013	PER CENT
Austria	10,137,056	83.7	11,093,073	86.5
Great Britain	642,549	5.3	500,937	3.9
Germany	353,099	2.9	248,773	1.9
France	237,890	2.0	110,617	0.9
Netherlands	116,486	1.0	94,605	0.7
EU-remainder	439,153	3.6	554,179	4.3
Non-EU	177,879	1.5	221,911	1.7
Total	**12,104,112**	**100.0**	12,824,095	100.0

Additional information on the country exposure is provided in the section on "Country risk“.

Credit portfolio – Public sector

The credit portfolio for public institutions (states, provinces, municipalities and other public institutions) is rated in accordance with a standard sector-wide measurement and rating procedure for banks which is based on the RBI/RZB model. In RLB NÖ-Wien, these ratings are managed and reviewed by a separate group in the Risk Management/Finance (Country and Bank Analysis) Department.

The following table shows the credit exposure for public sector institutions according to the individual rating classes. Collateral is presented after internal haircuts:

€'000 Internal Rating		2014	PER CENT	Collateral	Item-by-item allowances for impairment	2013	PER CENT	Collateral	Item-by-item allowances for impairment
0.5	Minimal Risk	4,056,124	73.7	0	0	3,399,193	80.8	27,950	0
1	Excellent credit standing	1,161,377	21.1	73,324	0	541,682	12.9	68,079	0
1.5	Very good credit standing	10,106	0.2	0	0	10,139	0.2	0	0
2	Good credit standing	43,354	0.8	0	0	209,594	5.0	0	0
2.5	Average credit standing	173,885	3.2	0	0	1,936	0.0	0	0
3	Mediocre credit standing	3,893	0.1	0	0	20,652	0.5	0	0
3.5	Weak credit standing	0	0.0	0	0	1,429	0.0	0	0
4	Very weak credit standing	67	0.0	35	0	3,292	0.1	50	0
4.5	Doubtful/high default risk	1,922	0.0	0	0	76	0.0	42	0
5	Default	670	0.0	0	0	0	0.0	0	0
5.1	Default	47,868	0.9	2,780	2,332	11,686	0.3	3,701	686
5.2	Default	5,160	0.1	0	1,110	5,888	0.1	0	1,093
	Unrated	0	0.0	0	0	8	0.0	7	0
	Total	**5,504,427**	**100.0**	**76,140**	**3,442**	4,205,577	100.0	99,829	1,779

The major part of the exposure arising from public institutions is held within a liquidity buffer in Austrian and German government bonds.

€'000 Top 5 Countries Sovereigns	2014	PER CENT	2013	PER CENT
Austria	3,528,561	64.1	3,003,398	71.4
Germany	564,550	10.3	391,852	9.3
Luxembourg	373,265	6.8	11,080	0.3
Finland	280,065	5.1	126,212	3.0
France	261,517	4.8	208,099	4.9
EU-remainder	492,578	8.9	457,202	10.9
Non-EU	3,891	0.1	7,734	0.2
Total	**5,504,427**	**100.0**	4,205,577	100.0

Additional information on the country exposure is provided in the section on "Country risk“.

Problem loans

The problem loan portfolio is continuously monitored and managed by the Rehabilitation and Restructuring Department, which is part of the Risk Management/Finance Group. This department distinguishes between reorganization cases (going concern) and settlement cases (gone concern). Support on legal issues is provided internally by the Legal Department and by external experts. The reorganization and settlement staff are specially trained and experienced in the restructuring or settlement of problem loan commitments. They make an important contribution to the presentation and analysis as well as the recognition of impairment allowances (write-offs, impairment charges or provisions) and can generally reduce the losses on problem loans through their early involvement.

The length of the payment delay is an important factor for estimating the collectability of receivables. The following table shows the volume of overdue receivables in each customer group for various time periods:

2014 €'000 Receivables categories	Not overdue					Overdue	Total
		Up to 31 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	
Financials	12,104,112	0	0	0	0	0	12,104,112
Corporates	14,041,886	431,492	41,489	24,861	44,740	52,348	14,636,816
Retail Customers	1,756,999	86,174	19,418	5,616	9,373	81,298	1,958,878
Sovereigns	5,464,407	2,718	0	0	37,302	0	5,504,427
Total	**33,367,404**	**520,384**	**60,908**	**30,477**	**91,414**	**133,646**	**34,204,233**

2013 €'000 Receivables categories	Not overdue					Overdue	Total
		Up to 31 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	
Financials	12,824,095	0	0	0	0	0	12,824,095
Corporates	13,055,903	584,196	94,309	12,879	24,139	47,954	13,819,379
Retail Customers	1,733,680	88,320	26,361	7,350	8,913	82,618	1,947,241
Sovereigns	4,191,139	9,627	4,811	0	0	0	4,205,577
Total	31,804,816	682,143	125,481	20,229	33,051	130,572	32,796,292

The following table shows the share of non-performing exposures. The definition of non-performing exposure was adjusted for both reporting periods to reflect the EBA Technical Standard "On Supervisory reporting on forbearance and non-performing exposures under Article 99(4) of Regulation (EU) No. 575/2013“:

€ '000 Receivables categories	NPE 2014	2013	NPE ratio in % 2014	2013	NPE coverage ratio I in % 2014	2013	NPE coverage ratio II in % 2014	2013
Banks	4,995	209	0.0	0.0	15.4	47.7	15.4	47.7
Corporates	560,519	448,639	3.8	3.2	44.0	40.7	82.1	76.9
Retail Customers	145,966	134,632	7.5	6.9	58.7	65.4	91.2	93.0
Sovereigns	53,698	17,575	1.0	0.4	6.4	10.1	11.6	31.2
Total	**765,178**	601,056	**2.2**	1.8	**44.0**	45.3	**78.4**	79.1

The non-performing exposure (NPE) ratio for the total credit exposure equalled 2.2% as of 31 December 2014 (2013: 1.8%).

RLB NÖ-Wien has implemented processes to identify customers with payment problems at an early point in time and to restructure loans with a positive outlook. Restructured receivables are classified as "performing“ as long as the restructuring is not carried out because of the customer's credit standing. Contract amendments not related to the credit standing are not designated as forbearance. Borrowers are classified as non-performing if restructuring measures lead to a debt reduction or if an economic loss is expected. All restructuring measures recognized for solvency reasons are classified as such in the system. These receivables are marked with a forbearance flag and monitored constantly. The new EBA standard "On Supervisory reporting on forbearance and non-performing exposures under Article 99(4) of Regulation (EU) No. 575/2013“ was implemented in full during 2014.

Coverage Ratio I is defined as the impairment allowance (individual) based on the NPE in relation to the total NPE, while Coverage Ratio II equals the individual impairment allowance plus collateral (after haircuts) based on the NPE in relation to the total NPE. The Coverage Ratio I equalled 44.0% (2013: 45.3%) and the Coverage Ratio II 78.4% (2013: 79.1%).

The following tables show the share of solvency-related restructuring by customer group and within the performing and non-performing exposures. The balance of individual impairment allowances on the non-performing exposures and the balance of the portfolio impairment allowances for the performing exposures are also shown.

2014 €'000 Receivables categories	Total exposure	Performing			Non-Performing			Totel foreborne
		Exposure	hereof foreborne	Portfolio impairment allowance	Exposure	hereof foreborne	Item-by-item allowances for impairment	
Financials	12,104,112	12,099,117	0	1,199	4,995	0	770	0
Corporates	14,636,816	14,076,297	319,889	20,621	560,519	334,196	246,517	654,085
Retail Customers	1,958,878	1,812,912	35,353	3,915	145,966	34,718	85,653	70,071
Sovereigns	5,504,427	5,450,729	0	148	53,698	0	3,442	0
Total	**34,204,233**	**33,439,055**	**355,242**	**25,883**	**765,178**	**368,914**	**336,382**	**724,156**

2013 €'000 Receivables categories	Total exposure	Performing			Non-Performing			Totel foreborne
		Exposure	hereof foreborne	Portfolio impairment allowance	Exposure	hereof foreborne	Item-by-item allowances for impairment	
Financials	12,824,095	12,823,885	0	1,732	209	0	100	0
Corporates	13,819,379	13,370,740	130,212	20,450	448,639	238,419	182,419	368,631
Retail Customers	1,947,241	1,812,609	31,991	3,537	134,632	14,833	88,087	46,824
Sovereigns	4,205,577	4,188,002	0	222	17,575	0	1,779	0
Total	32,796,292	32,195,236	162,203	25,942	601,056	253,252	272,385	415,455

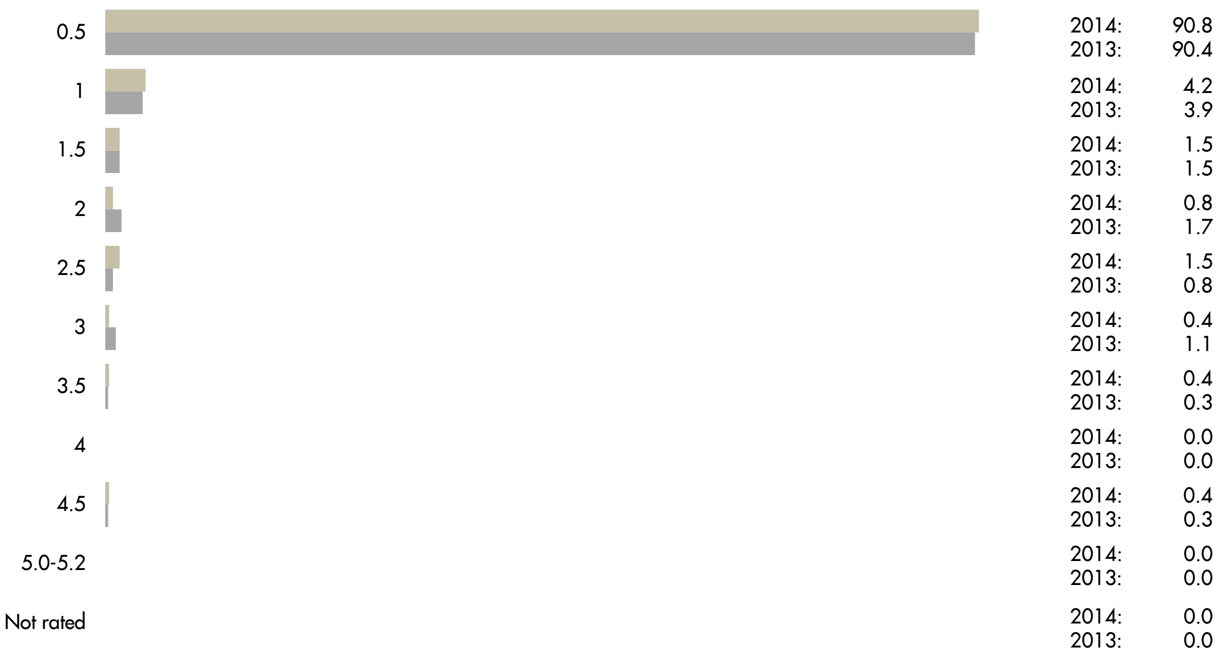
The most important results of the individual analyses performed within the framework of the AQR were incorporated in the impairment allowances recognized during 2014.

Country risk

Country risk covers transfer and convertibility risk as well as political risk. RLB NÖ-Wien actively manages country risk by means of an extensive country limit system, which assigns total limits for individual countries and sub-limits for various types of transactions based on country analyses. The monitoring of the country limits is the responsibility of a separate unit (country and bank analysis) in the Credit Risk Management Department.

The following graph shows the distribution of exposure by internal country rating for the 2014 and 2013 financial years:

Exposure by Internal Country Rating in %

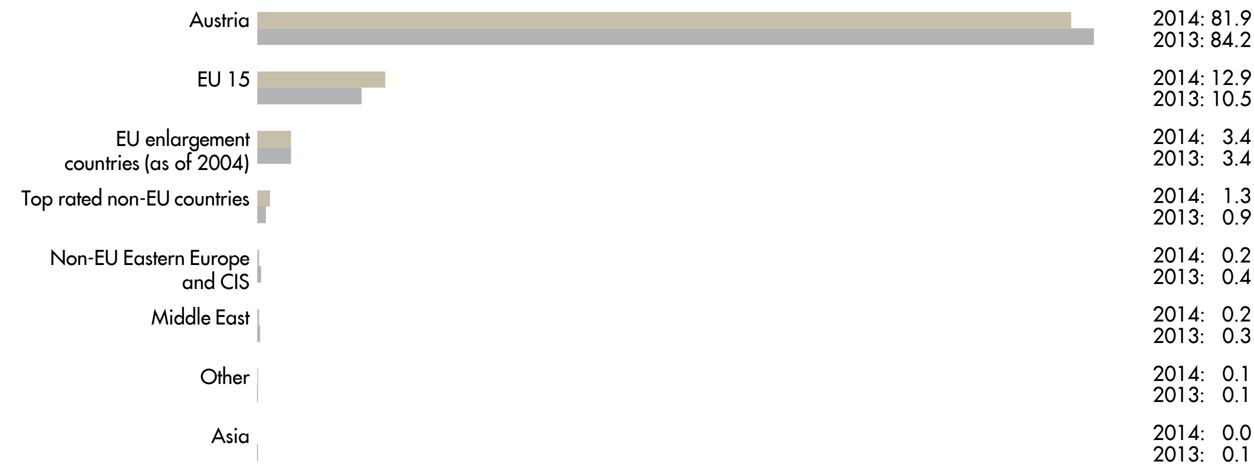


The risk concentration at RLB NÖ-Wien is also monitored in connection with country risk and controlled by separate country limits. At year-end 2014, 94.2% (2013: 91.0%) of the approved country limits were within the investment grade range and 80.4% (2013: 78.6%) within the three best rating classes of 0.5 to 1.5. Major changes resulted from the upgrading of the USA and the Netherlands from 1.0 to 0.5 and the downgrading of Italy from 2.0 to 2.5.

RLB NÖ-Wien reacted to the economic changes in Europe on a timely basis with a massive reduction of the country limits and the complete suspension of individual lines. In addition, all issuers' lines from Greece, Portugal, Spain and Ireland were suspended at the beginning of May 2010. The granting of new loans to customers in Russia was virtually discontinued in mid-2014.

The credit exposure by region is analyzed below based on the following graph, which shows the distribution for 2014 and 2013. The position "Top rated non-EU countries" includes countries like the USA, Japan and Singapore.

Exposure by Region in %



Country risk is included in the evaluation of the risk associated with individual loans by RLB NÖ-Wien. Country risk at the overall bank level is managed and limited by a country limit system that is based on internal country ratings. As part of its sector cooperation, RLB NÖ-Wien also draws, among others, on the following resources of RBI for the analysis of the country risks covered by the credit risk assessment:

- the Analysis FI & Countries Department
- access to the country and bank rating pool database

Collateral management

In order to minimize credit risks, the risk strategy for loans and advances to customers includes collateral as an important element. Real collateral (property, cash, securities etc.) and personal collateral in the form of guarantees are used to reduce risk. The value of the collateral represents an important part of the credit decision as well as the ongoing credit management. The assets acceptable as collateral are listed in a separate Group catalogue and related valuation guidelines. Standardized methods defined centrally by the Risk Management Department are used to calculate the value of the collateral. This value includes any internal haircuts for the type, quality and liquidity of the collateral as well as the realization period and related costs. In 2014, a central Collateral Management Department was installed in the Risk Management Department.

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

€'000 Collateral Category	2014	PER CENT	2013	PER CENT
Land register	4,202,012	61.1	3,685,148	54.5
Securities	319,968	4.7	274,413	4.1
Savings/current/deposit accounts	194,842	2.8	272,898	4.0
Insurance	154,117	2.2	157,539	2.3
Other rights and claims	776,741	11.3	698,982	10.3
Guarantees	1,225,605	17.8	1,668,268	24.7
Total	**6,873,286**	**100.0**	6,757,248	100.0

The collateral categories are not defined according to the collateral base (after haircuts) to ensure a uniform presentation). Instead, the collateral received from customers is presented in the above table based on the internally calculated values (after haircuts and according to the exposure covered). The comparable values from 2013 were adjusted accordingly.

Most of the collateral represents mortgages on property, which consist primarily of buildings used for residential or commercial purposes. These assets are appraised regularly by the risk management staff or external experts. The majority of the properties are located in the core market of Vienna and Lower Austria. RLB NÖ-Wien does not directly purchase any collateral provided by customers. In cases where collateral cannot be realized immediately, the bank has holdings that can carry out these types of transactions. Any proceeds from the realization of collateral are offset against the outstanding loan balance. These loan segments are treated as secured before realization.

Market risk

Market risk represents the threat of a loss caused by fluctuations in market prices and any related rates and parameters. RLB NÖ-Wien differentiates between the following sub-risks:

- Interest rate risks
- Foreign currency risks
- Price risks
- Volatility risks
- Credit spread risks

The Treasury Department of RLB NÖ-Wien maintains a trading book that is used to record stock, interest rate and foreign currency transactions. Transactions in the medium- to long-term range are settled through the banking book. The market risk arising from customer transactions is transferred to and managed centrally by the Treasury Department based on the transfer price method.

The market risk arising from the trading and banking books is determined by the value at risk (VaR – the potential loss at a given probability over a specified holding period) as well as a number of sensitivity indicators, e.g. changes in foreign exchange and interest rates (delta, gamma, vega).

VaR is calculated by the "SAS Risk Management for Banking" system based on historical simulation. The going concern scenario and a one-sided confidence interval of 99% are used for daily reporting. Trading book portfolios are calculated for a holding period of one day and banking book portfolio for a holding period of one year (250 trading days). In contrast, management (limitation) is based on a gone concern scenario with a one-sided confidence interval of 99.9% and a general holding period of one year (250 trading days).

The following table shows the VaR calculated for the risk capacity analysis over the entire market risk of RLB NÖ-Wien classified by the type of risk (excl. credit spread risk):

€'000	VaR at 31/12/2014	Average-VaR	VaR at 31/12/2013
Currency risk	9,771	5,092	1873*
Interest rate risk	72,273	96,333	48,109*
Price risk	6,761	13,271	32,096*
Volatility risk	11,579	8,963	8,047*
Total	**69,721**	**101,983**	50,393*

* VaR as of 31 December 2013 was calculated with a confidence interval of 99%.

An analysis of the VaR must reflect the following assumptions and limitations:

- The VaR uses historical data to estimate future changes in market conditions. However, not all possible future scenarios can be included, especially if the market is affected by major changes like an increase in volatilities.
- The VaR allows for correlations between individual risk factors, but these risk factors can be negatively affected by difficult market conditions.
- The VaR does not provide any information on the possible amount of a loss over and above the applied confidence interval.
- The VaR is estimated for longer holding periods on the basis of daily observations. The underlying assumptions are that the composition of the portfolio will remain constant and there will be no autocorrelation in the risk factors.
- The VaR is calculated on the basis of positions at the end of the day and does not take any positions during the day into account.

The reliability of the VaR approach, which is based on historical data, is verified by daily backtesting and supplemented and continuously refined by weekly stress tests.

Since the VaR only quantifies the maximum possible loss of a portfolio under normal market conditions, a series of stress tests is used to examine the effects of extreme market fluctuations that cannot be covered by the VaR methodology.

The stress tests serve as a supplement to the VaR calculations and expose the portfolio to unlikely but plausible events. These types of events can be expressed by a series of strong fluctuations on the financial markets. The scenarios reflect assumptions by the Austrian National Bank, rating agencies and RLB NÖ-Wien and include the following:

- Interest rate movements (reversals, shifts and combinations of reversals and shifts)
- Price movements (shares, FX)
- Changes in credit spreads
- Interest rate and price volatilities

RLB NÖ-Wien therefore uses a comprehensive risk management approach for the entire trading and banking book. Market risks are managed consistently across all trading and banking books.

The Market Risk Management Department also values market positions on a daily basis, verifies compliance with limits and prepares analyses and reports for the trading book and the banking book portfolios managed by the Treasury Department. The market risk for the individual portfolios and for the entire bank are also limited as follows:

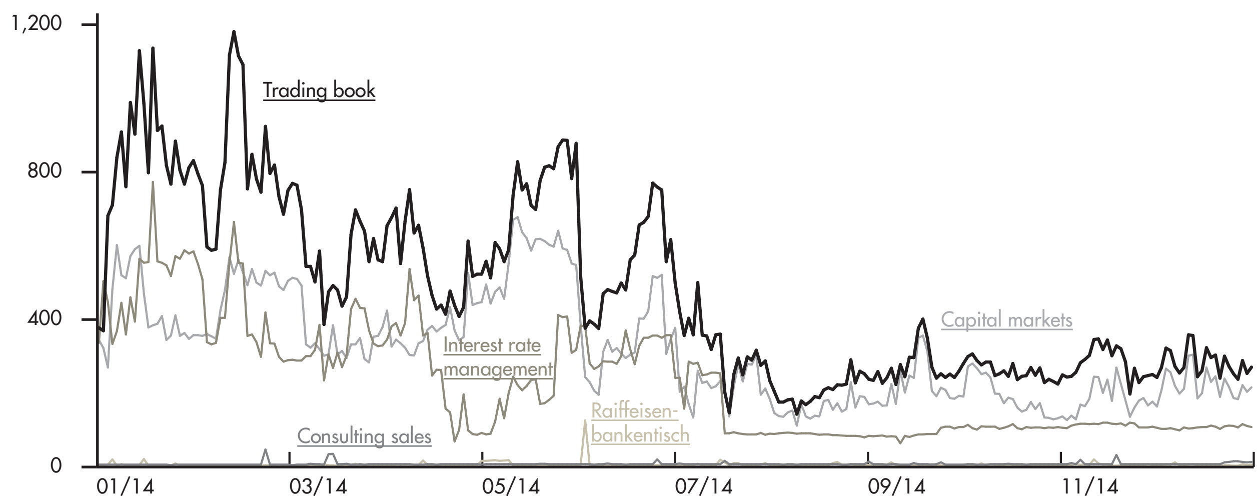
- VaR limits
- Sensitivity limits
- Stop/loss and reporting limits

In addition to these risk limits, treasury transactions are regulated by an extensive line and limit system which comprises the treasury limit structure and the product, limit and market catalogue. The treasury limit structure is recommended by the Risk Management Overall Bank Department and approved by the Managing Board.

Market risk in the trading book

The Managing Board of RLB NÖ-Wien and the portfolio managers receive a daily VaR and profit & loss report that shows the utilization of limits in the trading book as a whole and for the included sub-portfolios.

Value at Risk in the Trading Book in 2014 €´000



The above graph shows the daily risk of the trading book and the sub-portfolios for interest rate management, capital markets, consulting sales and the "Raiffeisenbankentisch". The calculation is based on a VaR of 99% and a holding period of one day.

The VaR for the trading book is managed primarily by the Interest Rate Management and Capital Markets (foreign exchange, securities and share trading) Departments. The Consulting Sales and "Raiffeisenbankentisch" Departments concentrate on intermediary transactions and therefore do not contribute to risk.

As shown on the above graph, the VaR for the trading book remained within the EUR 2 million limit throughout the 2014 financial year. The average VaR utilization equalled 37.29% in the first quarter and declined to 30.33% during the second quarter. The average VaR fell further to 15.31% in the third and fourth quarters due to the closing of the Interest Rate Management Department's portfolio after a stop-loss limit was exceeded.

An analysis over the entire 2014 financial year shows a decline in the VaR utilization from 30.91% in the first quarter to 27.77% at the end of the second quarter and 13.89%

at the end of the third quarter. There were no significant events during the final quarter of the year and the VaR closed at a utilization of 13.39%.

The following table shows the VaR (99%, 1 day) for the market risk in the trading book, classified by the type of risk:

€'000	VaR at 31/12/2014	Average-VaR	VaR at 31/12/2013
Currency risk	145	102	68
Interest rate risk	247	489	420
Price risk	100	90	86
Volatility risk	40	41	394
Total	**267**	**500**	371

Market risk in the banking book

The Managing Board of RLB NÖ-Wien and the portfolio managers receive a daily VaR report that shows the utilization of limits in the banking book portfolios managed by the Treasury Department. Interest rate risk is managed centrally by the Interest Rate Management Department, which is part of the Treasury Department. This staff is responsible for the systematic aggregation and management of all interest rate positions. The interest rate risk for the entire banking book is managed with a gap analysis, whereby the results flow into the VaR and scenario analyses prepared by the Market Risk Management Department. The VaR calculation reflects a gone concern scenario and a one-sided confidence level of 99.9%. The scenario analyses are based on recommendations by the Austrian Financial Market Authority and Austrian National Bank as well as the Basel Committee on Banking Supervision. The market risks in the banking book are reported at the monthly meetings of the Asset/Liability Committee, which establishes the bank's interest rate projections and interest rate positioning. The following interest rate gaps reflect the structure of the bank's interest-dependent operations and, therefore, the Asset/Liability Committee's interest rate projections. Positions with a positive value indicate an asset-based fixed interest risk (i.e. an overhang of asset items), while a negative value represents a liability overhang.

The following table shows the interest rate gaps on the commitments held by RLB NÖ-Wien as of 31 December 2014 in TEUR:

Interest Rate Gap	> 6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
€	(665,045)	101,313	551,519	(22,400)
US$	(10,745)	(381)	(258)	1
¥	(36,946)	0	0	0
SFr	(281,381)	8,840	9,795	(517)
Other	(323)	(209)	0	0

The following table shows the interest rate gaps on the commitments held by RLB NÖ-Wien as of 31 December 2013 in TEUR:

Interest Rate Gap	> 6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
€	(1,108,892)	(280,893)	305,039	286,285
US$	(121,778)	1	102	1
¥	2,271	104	0	0
SFr	(635,265)	(19,048)	10,828	(1,212)
Other	3,566	61	0	0

Risk is managed in accordance with interest rate projections. The performance and risk analysis of the banking book is based on total return, which means the results from maturity transformation and the present value of the change in the RLB NÖ-Wien banking book are monitored to ensure the long-term flexibility and profitability of maturity transformation activities. For the presentation of the present value risk, gaps like fixed interest bonds and refinancing are handled and measured. Positive values are viewed as bonds, while negative values are seen as refinancing. A VaR calculation is used to show the present value of the banking book. Non-linear products like interest rate options are also taken into account at the individual position level.

The following table shows the VaR (99.9%, 250 days) for the market risk in the banking book, classified by the type of risk (excl. credit spread risk):

€'000	VaR at 31/12/2014	Average-VaR	VaR at 31/12/2013
Currency risk	339	938	615*
Interest rate risk	62,223	91,045	43,657*
Price risk	5,751	11,410	32,524*
Volatility risk	10,348	7,726	5,245*
Total	**60,629**	**95,710**	48,390*

* VaR as of 31 December 2013 was calculated with a confidence interval of 99%.

The following table shows the change in the present value of the banking book of RLB NÖ-Wien in TEUR as of 31 December 2014 that would have resulted from a parallel increase of one basis point in the interest rate (a positive sign signifies a present value gain from the interest rate increase, while a negative sign represents the theoretical loss). This change in present value corresponds to the basis point value:

Interest Rate Gap	> 6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
€	63.64	(35.56)	(200.75)	50.59
US$	0.91	0.06	0.08	0.00
¥	2.76	0.00	0.00	0.00
SFr	17.30	(1.34)	(2.92)	2.66
Other	0.03	0.04	0.00	0.00

The change in the present value of the banking book of RLB NÖ-Wien in TEUR as of 31 December 2013 that would have resulted from a parallel increase of one basis point in the interest rate:

Interest Rate Gap	> 6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
€	96.03	56.23	(239.85)	85.70
US$	7.48	0.00	(0.04)	0.00
¥	(0.18)	(0.02)	0.00	0.00
SFr	65.49	3.83	(4.16)	2.01
Other	(0.36)	(0.01)	0.00	0.00

Regulatory standards require the monthly simulation of the effects of interest rate shocks on the economic capital requirements for the banking book and trading book. The stress test is based on a sudden and unexpected parallel shift of +200 basis points in interest rates.

The derivatives used to manage interest rate risk in the banking book are aggregated in functional units. The risk content of these units is calculated every day and is part of the daily reporting to the Managing Board. A detailed overview of the structure of these transactions is provided in note (31) Derivative financial instruments.

Credit spread risk

Credit spread risks can result from the credit standing as well as the risk premium. The part related to the customer's credit standing is reflected in credit risk through migration risk in the Conditional Value at Risk (CVaR) calculation. The component related to the risk premium has been determined by the Market Risk Management Department since January 2014. In accordance with the requirements of the supplement to the ICAAP guideline, the risk modelling for securities in the banking book generally excludes the traditional lending business. The relevant risk factors for the calculation of the credit spread include the following: rating, currency, issuer's sector, guarantees and collateral, remaining term of the product and the issuer's country. The credit spread VaR calculation is based on a historical simulation with equally weighted time series. The credit spread risk is calculated on a monthly basis according to a gone concern scenario for a holding period of one year. Most of the credit spread risk is related to investments in Austrian government bonds and bonds issued by European banks. In line with the conservative approach, securities issued by RLB NÖ-Wien are not included in the credit spread risk calculation. The credit spread risk is calculated independent of other market risks, and correlation effects are therefore not taken into account.

The calculated credit spread risk is also included in and limited as part of the quarterly risk capacity analysis.

€'000	VaR at 31/12/2014	Average-VaR	VaR at 31/12/2013
Credit spread risk	385,749	373,330	n.v.

Foreign currency risk

The foreign currency risk of RLB NÖ-Wien is managed centrally by two units in the Treasury Department, specifically by the Treasury Interest Rate Management and Capital Markets Departments. The resulting foreign currency risk is minimized by a detailed limit system used by these departments, which includes VaR, sensitivity and stop-loss limits. The volume of reportable open currency positions is also monitored. Consequently, all foreign currency positions are continuously monitored, controlled and managed.

Liquidity risk

Liquidity risk represents the risk that the bank may not be able to meet its current and/or future financial obligations in full and/or on time and, in the event of insufficient market liquidity, transactions may not be possible or may only be possible on less favourable terms.

Liquidity risk comprises the following sub-risks:

- Insolvency risk (liquidity risk in the narrow sense of the term)
- Liquidity maturity transformation risk (liquidity risk in the broader sense of the term)

Insolvency risk includes maturity risk (an unplanned extension of the capital commitment period for loans and advances) and withdrawal risk (the premature withdrawal of deposits, unexpected drawdowns on committed credit lines). Liquidity maturity transformation risk comprises market liquidity risk (assets cannot be sold at all or only on less favourable terms) and refinancing risk (follow-up funding is impossible or only possible on less favourable terms). In addition, liquidity risk also includes the risk of regulatory sanctions and penalties for non-compliance with minimum requirements (e.g. minimum reserves).

The central focus of RLB NÖ-Wien is to ensure financial solvency at all times. In order to meet this goal, RLB NÖ-Wien together with Raiffeisen-Holding NÖ-Wien and the Raiffeisen banks in Lower Austria have implemented an appropriate limit system.

Compliance with limits at the credit institution group level is reported to and monitored by the Asset/Liability Committee on a monthly basis. This committee deals with the issue of liquidity risk as reflected in the following content:

- Funding strategy
- Liquidity costs
- Liquidity returns
- Liquidity report and its results
- Recommendations to the Managing Board
- Cooperation with the LIMA committee

The Liquidity Management Committee (LIMA Committee) serves as the central management committee for RBG NÖ-Wien. RLB NÖ-Wien has taken over liquidity management for RBG NÖ-Wien (Raiffeisen-Holding NÖ-Wien, RLB NÖ-Wien and the Lower Austrian Raiffeisen banks) and prepares regular liquidity profiles. The measurement procedures for liquidity risk are based on the aggregated data for RBG NÖ-Wien, and the appropriate amounts are included in the risk capacity analysis for the Raiffeisen-Holding NÖ-Wien Group and RLB NÖ-Wien. RBG NÖ-Wien has concluded a liquidity management agreement that meets legal requirements and uses a liquidity risk model which reflects this agreement. The risk calculation meets the terms of the Capital Requirements Regulation and Directive (CRR/CRD IV), the Implementing Technical Standards of the EBA and the Credit Instituting Risk Management Directive, which implements the CRD IV in Austrian law. Accordingly, 2014 was influenced by the monitoring phase for the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) (initial reporting as of 31 March 2014) and the implementation of asset encumbrance (initial reporting as of 31 December 2014).

Liquidity management, including funds planning and issuing activities, takes place centrally in the Treasury Department for the entire Raiffeisen Bankengruppe NÖ-Wien. Liquidity risk is calculated by the Market Risk Management Department based on a scenario analysis that covers the following situations:

- Normal case
- Reputation crisis
- System crisis
- Combined crisis

Under the normal case, the capital maturity statement is presented within the current market environment (going concern approach). This presentation is changed in crisis cases through different assumption for the market environment and the resulting effects on the capital maturity statement (on- and off-balance sheet positions). The assumption under the reputation crises is that the Raiffeisen name would be damaged (e.g. negative media reporting). A system crisis represents a general crisis without the direct involvement of Raiffeisen in a particular emergency situation. The combined crisis is a combination of the reputation and system crises. The underlying assumption for all scenarios is that no new business will be carried out due to the current situation.

The risk analysis involves comparing the existing liquidity gaps (inflow and outflow overhangs) for each of the defined maturity bands with the respective liquidity buffer – which comprises a pool of highly liquid assets (fungible securities, credit claims, etc.) – in light of the defined scenarios.

In general, a strong focus is placed on safeguarding liquidity over a defined survival period. This period must be covered by the available liquidity buffer of RLB NÖ-Wien and is derived from the existing limit system. The minimum survival period equals one month (CEBS Guidelines on Liquidity Buffers & Survival Periods, Guideline 3).

The measurement model is regularly revised and adapted to reflect changing circumstances. An extensive catalogue of daily early warning indicators for liquidity is also used.

RLB NÖ-Wien has installed a detailed limit system to manage liquidity risk. In line with EBA requirements, it distinguishes between three liquidity ratios:

- Operational liquidity maturity transformation
- Structural liquidity maturity transformation
- Gap over assets

Operational liquidity maturity transformation (O-LFT) describes operational liquidity from one to 18 months. It represents the ratio of assets to liabilities in the accumulated maturity bands within this period. The calculation of assets for the O-LFT ratio also includes off-balance sheet items and the liquidity buffer. This indicator shows whether a bank will be able to meet its short-term payment obligations without new business (funding rollovers).

The second model, structural liquidity maturity transformation (S-LFT), represents the long-term liquidity position of all participants in RBG NÖ-Wien for maturities of 18 months and longer. It equals the ratio of assets to liabilities for maturity bands from 18 months to over 15 years on a band-by-band basis and in aggregated form. The calculation of assets for the S-LFT ratio also includes off-balance sheet items and the liquidity buffer. This indicator shows the matched maturity refinancing of long-term assets.

The third indicator used to monitor liquidity risk is the gap over assets (GoA) ratio. It compares the net positions in each maturity band to balance sheet assets and shows any excessive funding risk within a specific maturity band.

In addition to these indicators, the short-term funding limit is also calculated and reported for RLB NÖ-Wien on a daily basis by the Market Risk Management Department. It compares the daily refinancing requirements in the interbank market with the available fungible securities.

The stronger focus on operating liquidity by RLB NÖ-Wien is also reflected in weekly liquidity reports to the Austrian National Bank. Expected incoming payments are compared with expected outgoing payments and with the available liquidity buffer (dynamic approach).

An appropriate emergency plan was also prepared to deal with potential crises and will implemented as required by the LIMA Committee.

The following table shows the structural liquidity of RLB NÖ-Wien as of 31 December 2014:

Maturity Band in TEUR	Gap (Absolute)	GoA	GoA Limit	Accumulated from Behind	S-LFT	S-LFT Limit
18 months	(246,820)	(0.9)%	(10.0)%	(3,150,458)		
2 years	(389,489)	(1.5)%	(10.0)%	(2,903,638)	123.7%	> 80%
3 years	(211,886)	(0.8)%	(10.0)%	(2,514,148)	121.7%	> 70%
5 years	1,168,885	4.5%	(10.0)%	(2,302,262)		
7 years	(1,488,024)	(5.7)%	(10.0)%	(3,471,147)	123.0%	> 60%
10 years	(2,111,056)	-	-	(1,983,123)		
15 years	233,973	-	-	127,933		
20 years	27,558	-	-	(106,040)		
30 years	53,133	-	-	(133,598)		
> 30 years	(186,731)	-	-	(186,731)	145.0%	> 50%

The following table shows the structural liquidity of RLB NÖ-Wien as of 31 December 2013:

Maturity Band in TEUR	Gap (Absolute)	GoA	GoA Limit	Accumulated from Behind	S-LFT	S-LFT Limit
18 months	151,477	0.6%	(10.0)%	(3,952,581)		
2 years	(336,838)	(1.3)%	(10.0)%	(4,104,059)	130.8%	> 80%
3 years	(705,918)	(2.7)%	(10.0)%	(3,767,221)	134.5%	> 70%
5 years	184,217	0.7%	(10.0)%	(3,061,303)		
7 years	(1,688,401)	(6.4)%	(10.0)%	(3,245,519)	132.8%	> 60%
10 years	(2,005,088)	-	-	(1,557,118)		
15 years	418,217	-	-	447,970		
20 years	(20,417)	-	-	29,753		
30 years	153,591	-	-	50,170		
>30 years	(103,421)	-	-	(103,421)	131.3%	> 50%

The following tables provide detailed information on the payment obligations arising from the derivative financial products whose netted undiscounted payment flows will lead to outflows of funds (net balances of outgoing and incoming payments). The classification is based on the remaining term of the contractual payment flows.

The following table shows the undiscounted cash flows from the derivatives held by RLB NÖ-Wien as of 31 December 2014:

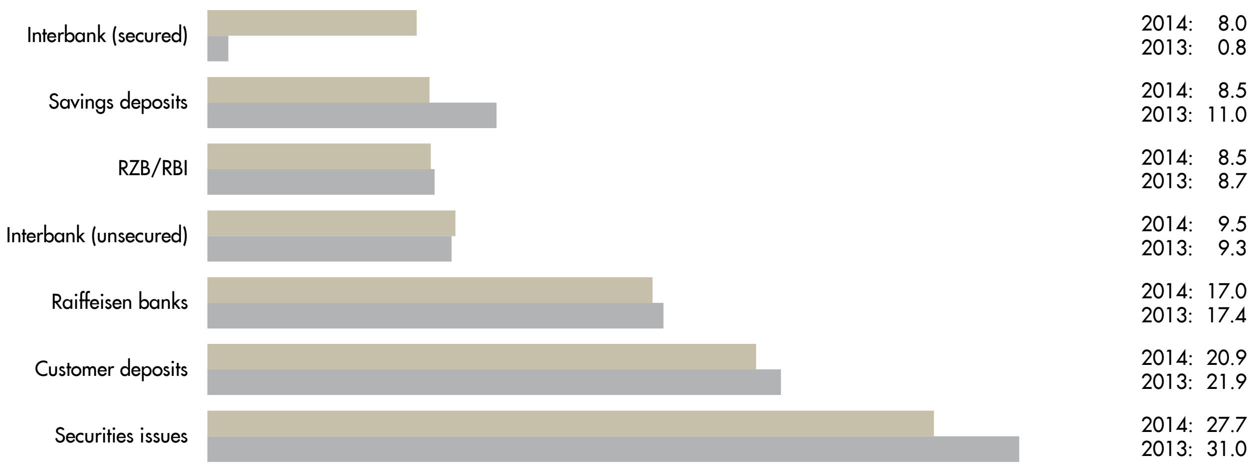
€'000	Carrying Amount	Contractual Cash Flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Derivative liabilities	***1,922,022***	***2,783,893***	***87,273***	***277,654***	***1,019,478***	***1,399,488***
Derivatives in the trading book	384,509	611,204	23,696	70,288	230,715	286,505
Derivatives designated in hedge relationships	602,757	978,342	18,138	44,175	268,568	647,461
Other derivatives	934,756	1,194,347	45,439	163,191	520,195	465,522

The following table shows the undiscounted cash flows from the derivatives held by RLB NÖ-Wien as of 31 December 2013:

€'000	Carrying Amount	Contractual Cash Flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Derivative liabilities	*988,641*	*2,442,607*	*97,840*	*294,246*	*998,708*	*1,051,813*
Derivatives in the trading book	137,260	455,238	24,672	56,777	188,592	185,197
Derivatives designated in hedge relationships	191,069	619,370	21,580	50,256	190,545	356,989
Other derivatives	660,312	1,367,999	51,588	187,213	619,571	509,627

The following graph shows the refinancing by RLB NÖ-Wien in 2014 in comparison with 2013, classified by the source of the funds:

Refinancing by Source in %



Note (33) includes a supplementary classification of the remaining terms to maturity at RLB NÖ-Wien and provides an overview of the bank's liquidity structure.

Equity Investment Risk

Equity investment risk can affect RLB NÖ-Wien in the following ways:

- Reduction in undisclosed reserves
- Lost dividends
- Write-downs to carrying amounts
- Losses on sale, transferred losses

In line with its focus as a full-service bank, RLB NÖ-Wien only holds strategic equity investments within the Raiffeisen sector and other equity investments that support banking operations.

The management and control of equity investments and the related risks are carried out by Raiffeisen-Holding NÖ-Wien within the framework of a service agreement. The management of equity investment risks begins with the identification of an acquisition target, generally in the form of due diligence work that is supported by external experts (business consultants, auditors, attorneys). For larger projects and equity investments with a weaker credit rating, the Overall Risk Department in Raiffeisen-Holding NÖ-Wien issues a risk assessment based on the opinion of the market departments.

RLB NÖ-Wien exercises significant influence over the operating activities of the equity investments by appointing officers to serve in management and on the supervisory and advisory boards.

The analysis and auditing of the financial statements and budgets and the assessment of strategic positioning through SWOT (Strengths, Weaknesses, Opportunities and Threats) analyses represent important measures and methods for the bank's periodic equity investment and risk controlling activities.

The risk potential and risk coverage assets for the equity investments are included quarterly in the regular risk capacity analysis prepared at the overall bank level based on expert opinions – as an extreme case (99%) and liquidation case (99.9%) –.

The following table shows the carrying amounts of the equity investments held by RLB NÖ-Wien together with the weighted and cumulative rating as of 31 December 2014 and 31 December 2013:

€ '000	Carrying Amount 31/12/2014	Percentage held	Rating	Carrying Amount 31/12/2013	Percentage held	Rating
Investments in other banks	1,904,116	98.3%	1.5	2,542,430	98.0	1.5
Investments in banking-related fields	33,739	1.7%	2.0	52,209	2.0	2.0
Total equity investments	**1,937,855**	**100.0%**	**1.5**	2,594,639	100.0	1.5

The Russia-Ukraine conflict has led to an ongoing difficult market environment for the equity investments held by RLB NÖ-Wien, in particular the investment in RZB/RBI.

There were no significant changes in the business environments of the banking-related equity investments.

Operational risks

RLB NÖ-Wien defines operational risks as the potential losses arising from

- System failures
- Process failures
- Errors caused by employees
- External risks

This definition also includes legal risks.

RLB NÖ-Wien regularly monitors operational risks and implements appropriate measures to ensure their reduction. This process is supported by ongoing staff training, emergency plans, backup systems and continuous process improvements. Procedural rules were implemented and instructions issued to minimize these risks. Cost-benefit considerations are taken into account in connection with all of these measures.

RLB NÖ-Wien maintains a loss database that contains historical data from 1999 onward and all current cases starting in 2001. This database creates the foundation for an operational risk management approach that exceeds basic indicators. The Managing Board receives quarterly reports on the development of recorded loss events. RLB NÖ-Wien takes part in projects carried out by the Austrian Raiffeisen organization to further develop various risk management systems.

In order to identify potentially significant risks with a low probability of occurrence, RLB NÖ-Wien carries out extensive risk assessments at the divisional and department levels in moderated workshops. The learning effect resulting from the careful analysis of losses can also help to reduce risk.

Risk self-assessments and loss events are classified according to internationally accepted methods. In addition to the self-assessment process and loss database, a further instrument to identify operational risks is the project launched in 2010 to pinpoint early warning key risk indicators for payment services and investment and retirement savings products. This project continues the bank's focus on the proactive management of operational risk.

Operational risk is calculated according to the basic indicator approach and included in the risk capacity analysis.

In order to ensure protection against operational risk as defined in Art. 312ff CRR ("Own funds requirements for operational risk"), RLB NÖ-Wien also uses the basic indicator approach described in Art. 315f CRR to calculate the minimum capital requirements and to disclose this information to the regulatory authority. The basic indicator approach does not create any further obligations for the bank to quantify operational risks.

Internal control system

RLB NÖ-Wien uses an internal control system (ICS). A detailed description of the ICS processes was prepared and forms the basis for the ongoing documentation of the bank's risk-relevant processes and the resulting control measures. Responsibilities and roles in the ICS and the related control activities are clearly defined. The risks considered relevant for the ICS are regularly evaluated and updated. Regular multi-stage reports are prepared on the effectiveness and maturity level of the ICS.

Other risks/macroeconomic risks

In conjunction with the risk capacity analysis, RLB NÖ-Wien incorporates other risks - both in the extreme case and liquidation case - as an approximation through a 5% discount to the quantified risks. The risks associated with equity investments are not part of this calculation because they are included in the risk assessment through the expert opinions on possible other risks and the effects of macroeconomic factors in the quantification of equity investment risks.

Risks arising from the macroeconomic environment (based on the bank's credit portfolio) are incorporated quarterly during the risk capacity analysis.

Institutional protection scheme

In accordance with the requirements of Art. 49 (3) and 113 (7) of the CRR, RLB NÖ-Wien concluded a contract for the development of an institutional protection scheme (IPS) at the federal level with RZB, the other Raiffeisen regional banks, Raiffeisen-Holding NÖ-Wien and several other RBG institutions in 2013. A similar contract was concluded by RLB NÖ-Wien together with Raiffeisen-Holding NÖ-Wien and 61 Lower Austrian Raiffeisen banks.

These contracts are designed to ensure that the parties have sufficient liquidity and solvency to prevent bankruptcy. Accordingly, the institutions are not required to deduct holdings in the capital instruments of the other contract parties from their own funds (Article 49(3) CRR) and can exclude the risk exposure of the other contract parties from their own calculations of risk-weighted exposure (Art. 113 (7) CRR).

The IPS contracts call for clear monitoring and the implementation of risk measures. Therefore, the IPS has suitable and uniformly regulated systems for the valuation and management of risks, which ensure a complete overview of the risk situations of the individual members and the IPS in total. These contracts also define the required committees and approval levels.

An extensive reporting system (balance sheet, income statement and risk report) was also implemented to support the management of the IPS. The information from this system flows into the decisions on further management measures.

These responsibilities are met by a separate Raiffeisen sector unit, Österreichische Raiffeisen-Einlagensicherung eGen. In order to perform the necessary tasks as efficiently as possible, an early warning system was installed in accordance with the contracts. This system is designed to ensure the timely identification and prevention of problem cases among the individual members and in the IPS as a whole.

Both institutional protection schemes were officially approved by the FMA in 2014.

Customer deposit protection association for the Raiffeisen sector

In addition to internal measures for the identification, measurement and management of risk, RLB NÖ-Wien is a member of the Raiffeisen customer deposit protection association. This organization of Raiffeisen banks, Raiffeisen regional banks, RZB and RBI mutually guarantees 100% of all customer deposits and securities issued by the association members. The customer deposit protection association has a two-tier organisation: at the regional level where, for example, Raiffeisen banks in Lower Austria provide reciprocal guarantees for customer deposits; and the federal customer deposit protection association ("Bundeskundengarantiegemeinschaft") which takes over when the respective regional protection scheme is insufficient. In this way, the customer deposit protection association of Raiffeisen banks, Raiffeisen regional banks, RZB and RBI creates a twofold safety net for customer deposits.

Solidarity association of Raiffeisen-Bankengruppe NÖ-Wien

RLB NÖ-Wien and the Lower Austrian Raiffeisen banks have established a solidarity association, which provides assistance for members with financial difficulties. This solidarity association represents a further security institution in addition to the Austrian and Lower Austrian Raiffeisen deposit protection schemes described below.

Deposit protection schemes in the Raiffeisen sector

Through Raiffeisen-Einlagensicherung Niederösterreich-Wien reg. Gen. mbH, RLB NÖ-Wien and the Lower Austrian Raiffeisen banks are members of Österreichische Raiffeisen-Einlagensicherung eGen. This deposit protection cooperative serves as the guarantee facility for the entire Austrian RBG as defined in §§ 93, 93a and 93b of the Austrian Banking Act. The early-warning system used to protect deposits in the Raiffeisen sector provides a high level of safety for depositors and investors that goes far beyond legislative requirements. This early-warning system is based on an extensive performance and risk reporting mechanism that is used by all Raiffeisen regional bank headquarters (including all Raiffeisen banks in the respective provinces) to submit information to Österreichische Raiffeisen-Einlagensicherung eGen and for analysis and monitoring.

The Austrian Raiffeisen Banking Group

The Austrian Raiffeisen Banking Group is the largest private banking group in this country. It includes 498 local Raiffeisen banks and eight regional headquarters as well as RZB and RBI in Vienna. The combined total of 1,608 banking outlets make it the densest banking network in Austria. Roughly 1.7 million Austrians are members, and therefore co-owners, of the Raiffeisen banks.

Statutory deposit guarantee scheme

Under the statutory deposit protection scheme, the maximum guarantee for personal deposits, deposits by small and medium-sized companies and deposits by non-natural persons has been set at TEUR 100 since 1 January 2011. There is also a list of specific exclusions from this deposit protection scheme that includes, among others, deposits by large corporations.

(31) Derivative financial instruments

The following tables show the derivative financial products outstanding as of the balance sheet date, classified by the respective term to maturity.

Derivative financial products not held for trading that are recorded on the balance sheet under other assets or other liabilities:

2014 €'000	Nominal amounts				Fair values	
	Term to Maturity					
	Up to 1 Year	From 1 to 5 Years	Over 5 Years	Total	Positive	Negative
Total	*9,619,204*	*15,421,842*	*8,661,900*	*33,702,946*	*1,462,012*	*(1,564,950)*
a) Interest rate contracts	***8,370,772***	***14,703,541***	***8,215,314***	***31,289,627***	***1,440,259***	***(1,546,052)***
(Exchange-traded contracts)						
Interest rate futures	85,400	0	0	85,400	0	(771)
(OTC products)						
Interest rate swaps	8,189,994	13,503,567	7,830,482	29,524,043	1,429,503	(1,526,537)
Interest rate options – calls	48,015	553,343	196,552	797,910	10,756	0
Interest rate options – puts	47,363	646,631	188,280	882,274	0	(18,744)
b) Exchange rate contracts	***1,223,454***	***672,135***	***0***	***1,895,589***	***19,269***	***(18,895)***
(OTC products)						
Currency forwards	152,971	0	0	152,971	922	(1,225)
Cross currency and cross currency interest rate swaps	1,070,483	672,135	0	1,742,618	18,347	(17,670)
c) Securities contracts	***24,978***	***46,166***	***446,586***	***517,730***	***2,484***	***(3)***
(OTC products)						
Equity and index options – calls	0	0	223,211	223,211	3	0
Equity and index options – puts	0	0	223,375	223,375	0	(3)
Other securities contracts	24,978	46,166	0	71,144	2,481	0

2013 €'000	Nominal amounts				Fair values	
	Term to Maturity					
	Up to 1 Year	From 1 to 5 Years	Over 5 Years	Total	Positive	Negative
Total	*13,550,817*	*13,946,988*	*12,401,935*	*39,899,740*	*1,102,029*	*(1,141,213)*
a) Interest rate contracts	*11,975,605*	*13,275,629*	*11,818,419*	*37,069,653*	*991,585*	*(1,048,660)*
(Exchange-traded contracts)						
Interest rate futures	144,500	0	0	144,500	1,586	0
(OTC products)						
Interest rate swaps	11,113,709	12,773,908	10,551,104	34,438,721	977,565	(1,033,925)
FRAs – calls	407,298	0	0	407,298	0	(3)
Interest rate options – calls	105,134	251,936	592,075	949,145	12,434	0
Interest rate options – puts	204,964	249,785	675,240	1,129,989	0	(14,732)
b) Exchange rate contracts	*1,444,829*	*596,426*	*136,930*	*2,178,185*	*107,714*	*(92,201)*
(OTC products)						
Currency forwards	88,763	0	0	88,763	1,513	(1,247)
Cross currency and cross currency interest rate swaps	1,350,110	590,426	89,130	2,029,666	34,161	(17,725)
Currency options – calls	1,978	3,000	0	4,978	478	0
Currency options – puts	1,978	3,000	0	4,978	0	(478)
Other foreign currency contracts and gold contracts	2,000	0	47,800	49,800	71,562	(72,751)
c) Securities contracts	*0*	*74,933*	*446,586*	*521,519*	*1,970*	*(60)*
(OTC products)						
Equity and index options – calls	0	0	223,211	223,211	8	0
Equity and index options – puts	0	0	223,375	223,375	0	(8)
Other securities contracts	0	74,933	0	74,933	1,962	(52)
d) Credit derivatives	*130,383*	*0*	*0*	*130,383*	*760*	*(292)*
(OTC products)						
Credit default swaps - secured party	28,000	0	0	28,000	0	(292)
Credit default swaps - securing party	102,383	0	0	102,383	760	0

Derivative financial products held for trading that are recorded on the balance sheet under trading assets or trading liabilities:

2014 €'000	Nominal amounts				Fair values	
	Term to Maturity					
	Up to 1 Year	From 1 to 5 Years	Over 5 Years	Total	Positive	Negative
Total	*1,602,210*	*3,179,136*	*4,078,359*	*8,859,705*	*438,855*	*(427,063)*
a) Interest rate contracts	***603,619***	***3,124,997***	***4,078,359***	***7,806,975***	***408,938***	***(398,480)***
(Exchange-traded contracts)						
Interest rate futures	33,400	0	0	33,400	0	(191)
(OTC products)						
Interest rate swaps	448,899	2,993,570	3,739,202	7,181,671	399,529	(389,338)
Interest rate options – calls	64,400	51,137	162,626	278,163	9,409	0
Interest rate options – puts	56,920	80,290	176,531	313,741	0	(8,951)
b) Exchange rate contracts	***998,591***	***54,139***	***0***	***1,052,730***	***29,917***	***(28,583)***
(OTC products)						
Currency options – calls	500,861	25,987	0	526,848	29,917	0
Currency options – puts	497,730	28,152	0	525,882	0	(28,583)

2013 €'000	Up to 1 Year	From 1 to 5 Years	Over 5 Years	Total	Positive	Negative
	Nominal amounts (Term to Maturity)				Fair values	
Total	*1,040,157*	*1,963,982*	*4,164,013*	*7,168,152*	*207,807*	*(178,863)*
a) Interest rate contracts	*416,311*	*1,821,922*	*4,164,013*	*6,402,246*	*165,486*	*(147,351)*
(Exchange-traded contracts)						
Interest rate futures	17,000	0	0	17,000	72	0
Interest rate options (futures options) - calls	20,000	0	0	20,000	134	0
Interest rate options (futures options) - puts	20,000	0	0	20,000	0	(64)
(OTC products)						
Interest rate swaps	270,018	1,592,353	3,923,033	5,785,404	155,794	(137,657)
Interest rate options – calls	43,000	109,359	107,279	259,638	9,486	0
Interest rate options – puts	46,293	120,210	133,701	300,204	0	(9,630)
b) Exchange rate contracts	*623,846*	*142,060*	*0*	*765,906*	*42,321*	*(31,512)*
(OTC products)						
Currency options – calls	324,353	71,076	0	395,429	41,969	0
Currency options – puts	296,393	70,984	0	367,377	0	(31,486)
Other exchange rate contracts - calls	1,791	0	0	1,791	352	0
Other exchange rate contracts - puts	1,309	0	0	1,309	0	(26)
c) Securities contracts	*0*	*0*	*0*	*0*	*0*	*0*
d) Credit derivatives	*0*	*0*	*0*	*0*	*0*	*0*

The nominal and fair values are derived from the (not offset) totals of all calls and puts. Fair values are stated here at dirty prices (fair value including accrued interest). Credit default swaps are treated as derivatives and, therefore, measured and recognized at fair value.

Derivative interest rate contracts and derivative securities transactions are used primarily for proprietary trading. Derivative foreign exchange contracts are used for both proprietary and customer business, and credit derivatives are only used for proprietary trading.

(32) Fair values of financial instruments

Financial instruments recognized at fair value

Fair value measurement is based on a hierarchy (fair value hierarchy) of different levels: available market prices are used on Level I (generally for securities and derivatives traded on exchanges and in functioning markets). All other financial instruments are measured using valuation models, above all present value and generally accepted option pricing models. Valuations for Level II use input factors that are directly or indirectly based on observable market data. Level III valuation uses 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 the asset or liability transactions take place with sufficient frequency and volume to provide continuous pricing information. The indicators for an active market may 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 may also be signs of an active market.

The RLB NÖ-Wien Group uses generally accepted, well-known valuation models to measure derivatives. OTC derivatives such as interest rate swaps, cross currency swaps and forward rate agreements are measured using the discounted cash flow model (DCF), which is generally applied to these products. OTC options such as foreign exchange options and caps and floors are measured on the basis of standard market valuation models, e.g. the Garman-Kohlhagen-Modell and Black '76.

The counterparty risk on OTC derivatives not secured by collateral 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) by the loss given default (LGD) and the probability of default (PD), associated with the counterparty. The EPE is determined by simulation, while the LGD and PD are based on market data (credit default swap (CDS) spreads if this information is directly available for the respective counterparty or by mapping the counterparty's creditworthiness 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 (e.g. interest rates, volatilities) used for the valuation are obtained from independent market information systems and reviewed regularly.

In order to better reflect the current market conditions, the valuation method was changed to overnight index swap discounting during the first half of 2014. This change generally involves interest rate derivatives and includes existing collateral agreements.

The bonds held by RLB NÖ-Wien are principally valued on the basis of 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 yield curve and an appropriate credit spread. The credit spread is determined on the basis of comparable financial instruments currently on the market. A conservative approach is applied to a small part of the portfolio and CDS spreads are used for valuation.

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

The various positions are assigned to a level at the end of the reporting period.

Classification of the financial instruments carried at fair value (classified by the fair value level):

2014 €'000	Level I	Level II	Level III
Assets			
Trading assets	109,870	455,297	42,222
Securities and equity investments classified at fair value through profit and loss	615,981	188,492	43,504
Securities and investments classified as available for sale (measured at fair value)	3,523,244	207,960	53,266
Other assets (positive fair values of derivative financial instruments)	0	1,462,588	0
Liabilities			
Securitized liabilities designated at fair value through profit or loss	0	109,073	0
Trading liabilities	191	426,873	0
Other liabilities (negative fair values of derivative financial instruments)	771	1,564,289	0
Subordinated debt capital designated as fair value through profit or loss	0	0	48,711

2013 €'000	Level I	Level II	Level III
Assets			
Trading assets	25,343	217,830	42,266
Securities and equity investments classified at fair value through profit and loss	865,473	86,250	129,122
Securities and investments classified as available for sale (measured at fair value)	2,873,946	391,009	60,006
Other assets (positive fair values of derivative financial instruments)	1,586	1,099,432	0
Liabilities			
Securitized liabilities designated at fair value through profit or loss	0	636,390	0
Trading liabilities	64	178,810	0
Other liabilities (negative fair values of derivative financial instruments)	0	1,141,233	0
Subordinated debt capital designated as fair value through profit or loss	0	0	44,329

The fair value of the derivatives represents the fair value including accrued interest (dirty price).

Reclassification of financial instruments between Level I and Level II on the fair value hierarchy:

2014 €'000	From Level I to Level II	From Level II to Level I
Assets		
Securities and equity investments classified at fair value through profit and loss	73,108	0
Securities and equity investments classified as available for sale and measured at fair value	33,366	0

2013 €'000	From Level I to Level II	From Level II to Level I
Assets		
Securities and equity investments classified at fair value through profit and loss	13,481	6,977
Securities and equity investments classified as available for sale and measured at fair value	0	80,553

Every financial instrument is examined to determine whether there is a quoted price on an active market (Level I). The fair value of financial instruments without quoted market prices is based on observable market data like yield curves (Level II). A change in this estimate leads to reclassification.

The reclassifications from Level I to Level II involve securities for which market quotes were previously obtained but are no longer available. These securities are measured using the DCF model with an applicable yield curve and an appropriate credit spread.

Several securities were reclassified to Level II because of increasing bid/ask spreads.

A number of funds were reclassified because of a change in the frequency of the quotations.

Reconciliation of the financial instruments classified under Level III:

2014 €'000	Trading assets	Securities and equity investments	Tier 2 capital
At 1 January	*42,265*	*189,129*	*44,329*
Reclassification to Level III	0	59,618	0
Purchases	0	4,523	0
Valuation results (trading results)	(35)	0	0
Revaluation gains and losses (profit/(loss) from financial investments)	0	(594)	2,693
Revaluation gains and losses (without being recognized in the Income Statement)	0	(4,369)	0
Realized in profit or loss through disposals	0	517	0
Interest accruals	(8)	(283)	0
Sales	0	(62,273)	(131)
Performance	0	(89,336)	0
Premium/discount	0	(161)	1,821
At 31 December	**42,222**	**96,771**	**48,711**
Revaluation gains and losses on financial instruments recognized to the income statement at 31 December	(35)	(4,962)	2,693

2013 €'000	Trading assets	Securities and equity investments	Tier 2 capital
At 1 January	*0*	*45,610*	*0*
Reclassification to Level III	44,436	67,252	43,770
Purchases	0	97,339	0
Valuation results (trading results)	(2,182)	0	0
Revaluation gains and losses (profit/(loss) from financial investments)	0	(8,390)	(1,642)
Realized in profit or loss through disposals	0	283	0
Interest accruals	11	629	2,201
Sales	0	(10,715)	0
Performance	0	(2,880)	0
At 31 December	42,265	189,129	44,329
Revaluation gains and losses on financial instruments recognized to the income statement at 31 December	(2,182)	(8,390)	(1,642)

The reclassifications under assets involve securities with extremely high price increases, which point to a lack of consensus over the price.

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

2014	Type	Market value in €m	Valuation method	Major unobservable input factors	Scope of unobservable input factors in %
Financial assets					
Shares and other variable-yield securities	Shares and funds	2.8	External valuation	Discounts	4 to 20
Bonds and other fixed-interest securities	Fixed-interest bonds	84.7	DCF method	Credit margin	2 to 40
Bonds and other fixed-interest securities	Credit-linked notes	7.7	External valuation	Credit margin	1 to 5
Shares and other variable-yield securities	Non-fixed-interest bonds	0.1	DCF method	Credit margin	0 to 3
Other equity investments	GmbH-shares	43.3	DCF method	Internal forecasts	-
Financial liabilities					
Subordinated debt	Index-linked notes	38.1	External valuation	Credit margin	5 to 15
Subordinated debt	Fixed-interest bonds	10.7	DCF method	Credit margin	5 to 15

2013	Type	Market value in €m	Valuation method	Major unobservable input factors	Scope of unobservable input factors in %
Financial assets					
Shares and other variable-yield securities	Shares and funds	2.9	External valuation	Discounts	3 to 20
Shares and other variable-yield securities	Fund-linked notes	4.9	External valuation	Discounts	1 to 6
Bonds and other fixed-interest securities	Fixed-interest bonds	160.9	DCF method	Credit margin	2 to 40
Bonds and other fixed-interest securities	Credit-linked notes	12.1	External valuation	Credit margin	1 to 6
Bonds and other fixed-interest securities	Tier 2 capital	50.7	External valuation	Discounts	1 to 40
Financial liabilities					
Subordinated debt	Index-linked notes	33.6	External valuation	Credit margin	2.5 to 5
Subordinated debt	Fixed-interest bonds	10.7	DCF method	Credit margin	2.5 to 5

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

Automatic controls ensure that the quality of the applied models and input parameters meet the defined standards.

The acquisition of new financial instruments is accompanies 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.

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 in the fair value of assets by EUR 5.12 million or a decrease of EUR 28.96 million as of 31 December 2014. The fair value of liabilities would increase by EUR 9.82 million or decrease by EUR 3.31 million. These estimates reflect the corresponding market conditions and internal valuation guidelines.

It is extremely unlikely that all non-observable parameters would simultaneously shift to the ends of the ranges. Consequently, these results do not support any conclusions concerning actual future changes in market values.

The fair value of the limited liability company shares classified under Level III resulted from a DCF-based enterprise valuation prepared by an external appraiser.

Fair value of financial instruments not carried at fair value

Fixed-interest loans and advances to and deposits from customers and other banks are only measured at fair values - in contrast to the respective carrying amounts - if they have a remaining term to maturity of more than one year. Variable-rate loans and advances and deposits are only included if they have an interest rate adjustment period of more than one year. Discounting at an interest rate that reflects the market rate only has a material effect in these cases. The following table shows the fair values and carrying amounts of balance sheet items that are generally not measured at fair value. Loans and advances to other banks and customers are reported net of impairment allowance balances.

2014 €'000	**Fair value**	**Carrying Amount**	**Difference**
Assets			
Loans and advances to other banks	8,016,646	7,936,575	80,071
Loans and advances to customers	12,134,388	12,100,525	33,863
Securities classified as held to maturity	685,390	645,698	39,693
Liabilities			
Deposits from other banks	10,966,824	10,834,318	132,506
Deposits from customers	7,480,918	7,477,732	3,187
Securitized liabilities classified at amortised cost	6,212,143	6,091,560	120,582
Subordinated debt capital classified at amortised cost	889,938	927,645	(37,708)

2013 €'000	Fair value	Carrying Amount	Difference
Assets			
Loans and advances to other banks	8,636,361	8,575,236	61,125
Loans and advances to customers	10,764,500	10,732,691	31,809
Securities classified as held to maturity	790,524	771,331	19,193
Liabilities			
Deposits from other banks	9,207,292	9,029,012	178,280
Deposits from customers	8,395,110	8,280,334	114,776
Securitized liabilities classified at amortised cost	6,142,841	6,046,963	95,878
Subordinated debt capital classified at amortised cost	988,658	984,890	3,768

2014 €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Assets			
Loans and advances to other banks	0	7,442	8,009,204
Loans and advances to customers	0	0	12,134,388
Securities classified as held to maturity	490,546	167,228	27,616
Liabilities			
Deposits from other banks	0	10,966,824	0
Deposits from customers	0	7,480,918	0
Securitized liabilities classified at amortised cost	0	6,095,932	116,211
Subordinated debt capital classified at amortised cost	0	0	889,938

2013 €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Assets			
Loans and advances to other banks	0	0	8,636,361
Loans and advances to customers	0	0	10,764,500
Securities classified as held to maturity	585,089	165,970	39,464
Liabilities			
Deposits from other banks	0	9,207,292	0
Deposits from customers	0	8,395,110	0
Securitized liabilities classified at amortised cost	0	6,142,841	0
Subordinated debt capital classified at amortised cost	0	0	988,658

Equity instruments are measured at cost if reliable market values are not available. Quoted equity instruments are also measured at cost if the volume or frequency of transactions provides reasons to doubt the validity of the market price. For unquoted equity instruments, above all equity investments, there are generally no observable market transactions with identical or similar equity instruments that could provide a reliable estimate of fair value. The estimation of a reliable fair value or its determination within a probability-weighted range based on a DCF or similar method is not helpful because the fair value of these instruments can only be calculated on the basis of internal data that has no market relevance.

The carrying amount of the available-for-sale financial instruments measured at cost totals TEUR 23,055 (2013: TEUR 20,661). RLB NÖ-Wien has no plans to sell these financial instruments. In 2014, available-for-sale financial instruments measured at cost with a carrying amount of TEUR 1 (2013: TEUR 0) and proceeds on sale of TEUR 1 (2013: TEUR 0) were derecognized.

Additional Information

(33) Classification of remaining terms to maturity

Classification of remaining terms to maturity as of 31 December 2014:

2014 €'000	On Demand or of Unspecified Maturity	Up to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Years	Total
Loans and advances to other banks	657,030	3,620,968	498,682	2,609,386	551,279	7,937,345
Loans and advances to customers	344,457	2,722,781	1,780,847	4,048,306	3,521,176	12,417,567
Trading assets	0	446,407	215	107,359	54,782	608,763
Securities and equity investments	0	596,718	165,363	1,313,934	3,225,187	5,301,201
Deposits from other banks	3,322,232	3,573,710	548,599	2,413,340	976,437	10,834,318
Deposits from customers	4,630,191	298,644	1,234,856	220,843	1,093,197	7,477,732
Securitized liabilities	0	732,613	718,536	2,347,387	2,402,096	6,200,633
Trading liabilities	0	9,767	26,678	77,604	314,417	428,466
Tier 2 capital	0	71,176	5,000	275,838	624,343	976,356

Classification of remaining terms to maturity as of 31 December 2013:

2013 €'000	On Demand or of Unspecified Maturity	Up to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	Over 5 Years	Total
Loans and advances to other banks	610,440	4,145,617	1,014,382	2,123,183	682,109	8,575,731
Loans and advances to customers	352,609	2,328,193	1,172,261	3,665,180	3,486,338	11,004,581
Trading assets	0	223,105	340	54,476	22,588	300,509
Securities and equity investments	64,129	329,741	529,643	1,471,600	2,802,686	5,197,798
Deposits from other banks	2,995,480	2,851,326	487,174	1,628,775	1,066,257	9,029,012
Deposits from customers	4,810,312	439,468	1,676,817	552,626	801,111	8,280,334
Securitized liabilities	0	376,394	1,035,818	2,952,874	2,318,267	6,683,353
Trading liabilities	0	12,715	19,588	32,438	129,572	194,313
Tier 2 capital	0	8,498	34,237	171,809	814,674	1,029,219

(34) Related party disclosures

€'000	2014	2013
Loans and advances to other banks		
Parent	1,650,813	1,688,315
Associates	4,077,296	4,594,537
Loans and advances to customers		
Entities related via the parent	337,885	291,280
Unconsolidated subsidiaries	18,743	25,195
Associates	684,453	606,616
Entities accounted for using the equity method via the parent	266,198	245,967
Impairment allowance balance		
Unconsolidated subsidiaries	(2,081)	(2,001)
Associates	(3,906)	0
Entities accounted for using the equity method via the parent	(8,411)	0
Trading assets		
Associates	41,796	25,603
Securities and equity investments		
Parent	0	277
Associates	71,570	114,669
Entities accounted for using the equity method via the parent	7,464	11,665
Other assets		
Parent	198,673	153,895
Entities related via the parent	449	974
Associates	99,754	82,068
Entities accounted for using the equity method via the parent	2,023	1,708

€'000	2014	2013
Deposits from other banks		
Parent	248,610	250,030
Associates	2,757,829	2,750,742
Deposits from customers		
Entities related via the parent	220,861	315,090
Unconsolidated subsidiaries	14,553	18,129
Associates	75,516	61,491
Entities accounted for using the equity method via the parent	31,440	42,451
Securitized liabilities		
Parent	2,885	0
Unconsolidated subsidiaries	565	570
Associates	21,640	0
Entities related via the parent	41	40
Trading liabilities		
Associates	6	223
Other liabilities		
Parent	0	2,214
Entities related via the parent	0	0
Associates	67,737	57,546
Provisions		
Unconsolidated subsidiaries	134	229
Tier 2 capital		
Parent	0	2,735

€'000	2014	2013
Contingent liabilities		
Parent	7,166	7,099
Entities related via the parent	9,392	18,034
Unconsolidated subsidiaries	1,055	1,238
Associates	316,527	366,140
Entities accounted for using the equity method via the parent	61,831	94,051

The following legal and business relations existed with related companies in 2014:

2014 in TEUR	Purchased services and merchandise	Services provided and sale of merchandise and fixed assets
Parent	19,867	1,586
Entities related via the parent	226	150
Unconsolidated subsidiaries	13,658	1,222
Associates	31,141	593
Entities accounted for using the equity method via the parent	3,371	25
Other related companies	1	0

The following legal and business relations exist with related companies:

- The parent company of RLB NÖ-Wien is Raiffeisen-Holding NÖ-Wien. The business relationships between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien consist primarily of refinancing for Raiffeisen-Holding NÖ-Wien and transactions with derivative financial instruments.
- Raiffeisenlandesbank Niederösterreich-Wien reg. Gen.m.b.H. transferred its banking-related business operations and banking-related equity investments to RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (formerly PRAELUSIO Beteiligungs AG) as a contribution in kind retroactively as of 31 December 2000 in accordance with § 92 of the Austrian Banking Act and Art. III of the Austrian Reorganization Tax Act ("Umgründungssteuergesetz"). The transferring company changed its name to RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H. The concessions and authorizations for the banking-related business operations were transferred from Raiffeisen-Holding NÖ-Wien to RLB NÖ-Wien in accordance with § 92 (6) of the Austrian Banking Act. The banking-related business operations were accepted by RLB NÖ-Wien as the universal legal successor in accordance with § 92 (4) of the Austrian Banking Act. In accordance with § 92 (9) of the Austrian Banking Act, Raiffeisen-Holding NÖ-Wien is liable with its entire assets for all current and future liabilities of RLB NÖ-Wien in the event this latter institution should become insolvent.
- RLB NÖ-Wien has been a member of a corporate tax group created in accordance with § 9 of the Austrian Corporate Income Tax Act since the 2005 assessment year. The head of the tax group is Raiffeisen-Holding NÖ-Wien, with which RLB NÖ-Wien has concluded a tax contribution agreement.
- In the 2014 assessment year, the corporate tax group with Raiffeisen-Holding NÖ-Wien as its head included RLB NÖ-Wien as well as 54 (2013: 70) other members. The tax base for the entire group equals the total income of the head of the group plus the allocated taxable income of the group members after the maximum allowable deduction of the tax loss carryforwards held by the head of the group. RLB NÖ-Wien is charged a proportional share of group corporate income tax, which is assessed at the level of the head of the group, Raiffeisen-Holding NÖ-Wien. A tax charge based on the contractually agreed rate is payable to the head of the group, Raiffeisen-Holding NÖ-Wien, on the untaxed portion of the taxable income recorded by RLB NÖ-Wien. A loss recorded by RLB NÖ-Wien for the year results in a negative tax contribution.
- 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. This agreement was concluded for an indefinite period of time and can be cancelled by both parties.

- RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien have concluded a management service agreement that regulates the details of mutually provided services in order to reduce redundancy and improve cost efficiency.
- RLB NÖ-Wien and „AKTUELL“ Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H concluded contracts for the transfer of profit and loss in connection with the intercompany relationships established in accordance with Austrian corporate tax law. The tax law relationships remained in effect up to the 2014 assessment year, but the contracts for the transfer of profit and loss are still valid.
- The contracts for the transfer of profit and loss concluded between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien were terminated by agreement on 30 June 2014. The distribution of profit by RLB NÖ-Wien for the 2014 financial year, subject to the approval of a dividend by the Annual General Meeting of RLB NÖ-Wien, will be based on legal regulations and the articles of association of RLB NÖ-Wien.
- RLB NÖ-Wien and the following companies have established tax groups for VAT purposes:

  - Raiffeisen-Holding NÖ-Wien
  - „AKTUELL“ Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H.
  - MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH
  - Raiffeisen Beratung direkt GmbH
  - KREBEG Finanzierungsberatungs GmbH
  - Raiffeisen Versicherungs- und Bauspar-Agentur GmbH
  - Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H.
  - Raiffeisen Analytik GmbH

- RLB NÖ-Wien has arranged for Directors and Officers (D&O) insurance and fidelity insurance to cover its corporate bodies and key managers as well as the corporate bodies and key managers of its subsidiaries and carries the cost for this insurance.
- The following companies have concluded an agreement (federal IPS agreement) for the establishment of an institutional protection scheme: RLB NÖ-Wien, Raiffeisen-Holding NÖ-Wien, RZB, all other Raiffeisen regional banks, ZVEZA Bank, Raiffeisen Bausparkasse GmbH, Raiffeisen Wohnbaubank AG and Österreichische Raiffeisen-Einlagensicherung eGen (ÖRE). This federal IPS agreement establishes an institution-based protection scheme (federal IPS) under which the contract parties assume the rights and obligations defined in the respective legal provisions of the IPS framework agreement and consent to their implementation as regulated by the federal IPS agreement. The parties to the federal IPS agreement have also concluded a trust agreement under which ÖRE serves as the trustee for payments made in connection with the federal IPS.

  The following companies have concluded an agreement (regional IPS agreement) for the establishment of an institutional protection scheme: RLB NÖ-Wien, Raiffeisen-Holding NÖ-Wien, the solidarity association of RBG NÖ-Wien, 61 Lower Austrian Raiffeisen banks and Raiffeisen-Einlagensicherung NÖ-Wien reg.Gen.m.b.H. (LASE). This regional IPS agreement establishes an institution-based protection scheme (regional IPS) under which the contract parties assume the rights and obligations defined in the respective legal provisions of the IPS framework agreement and consent to their implementation as regulated by the regional IPS agreement. The parties to the regional IPS agreement have also concluded a trust agreement under which LASE serves as the trustee for payments made in connection with the regional IPS.

An associate and one of its subsidiaries have concluded a limited settlement agreement to offset the loans and advances to and deposits from other banks.

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

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

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

€'000	2014	2013
Sight deposits	2,740	2,769
Bonds	10	340
Savings deposits	586	679
Other receivables	156	177
Total	**3,492**	3,965
Current accounts	8	8
Loans	1,372	1,248
Other liabilities	127	145
Total	**1,507**	1,401

There were no sales of non-current assets to key management in 2014 (2013: TEUR 15).

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

€'000	2014	2013
Sight deposits	195	189
Bonds	8	0
Savings deposits	89	287
Other receivables	2	3
Total	**294**	479
Current accounts	0	1
Loans	55	36
Other liabilities	1	2
Total	**56**	39

(35) Remuneration of the Managing and Supervisory Boards

The following expenses were recognized for the members of the Managing Board of RLB NÖ-Wien:

€'000	2014	2013
Expenditure on		
Short-term benefits	1,951	1,790
Post-employment benefits	2,290	682
Other long-term benefits	6	2
Termination benefits	0	225

The members of the Supervisory Board received remuneration totalling TEUR 101 in 2014 (2013: EUR 97).

The payments made to former managing directors and their surviving dependents (of the former Raiffeisenlandesbank Niederösterreich-Wien reg. Gen.m.b.H.) and former members of the Managing Board of RLB NÖ-Wien amounted to TEUR 1,434 (2013: TEUR 1,164).

(36) Disclosure of loans and advances to members of the Managing and Supervisory Board pursuant to § 266 No. 5 of the Austrian Commercial Code

As of the balance sheet date on 31 December 2014, loans and advances outstanding to the members of the Managing Board and Supervisory Board totalled TEUR 766 (2013: TEUR 855) and TEUR 121 (2013: TEUR 5), respectively. No guarantees were issued on behalf of these persons. The loans and advances to the members of the Supervisory Board consist solely of loans and advances to the employees appointed to this corporate body by the Staff Council and carry standard bank terms and interest rates. Repayments during the reporting year amounted to TEUR 89 (2013: TEUR 70) by the Managing Board members and TEUR 2 (2013: TEUR 14) by the Supervisory Board members.

(37) Foreign currency balances

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

€'000	2014	2013
Assets	1,858,685	1,856,165
Liabilities	566,290	550,186

(38) Assets and liabilities outside Austria

The asset and liabilities from contract partners outside Austria are as follows:

€'000	2014	2013
Assets	5,336,618	4,687,901
Liabilities	5,874,629	5,573,276

(39) Subordinated assets

Assets include the following subordinated items:

€'000	2014	2013
Loans and advances to other banks	11,541	12,211
Loans and advances to customers	289	857
Trading assets	10,423	0
Securities and equity investments	96,811	101,598
Total	**119,064**	114,665

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

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

€'000	2014	2013
Contingent liabilities	***1,077,375***	*1,163,228*
Of which arising from other guarantees	1,048,177	1,098,335
Of which arising from letters of credit	29,085	64,781
Of which other contingent liabilities	112	112
Commitments	***5,426,669***	*5,149,144*
Of which arising from revocable loan commitments	3,051,732	3,250,389
Of which arising from irrevocable loan commitments	2,374,937	1,898,755
Up to 1 year	456,475	341,172
More than 1 year	1,918,462	1,557,583

The additional guarantees for cooperatives totalled TEUR 112 (2013: TEUR 112). Of this total, TEUR 41 (2013: TEUR 41) are related to subsidiaries.

Additional funding commitments total TEUR 34,041 (2013: TEUR 34,046). Of this total, TEUR 150 (2013: TEUR 150) are related to subsidiaries.

Outstanding deposits remained unchanged in comparison with the previous year at TEUR 21 (2013: TEUR 21). Of this total, TEUR 18 (2013: TEUR 18) are related to subsidiaries.

Moreover, there is an obligation arising from the mandatory membership in LASE pursuant to § 93 of the Austrian Banking Act. If the depository protection scheme is used, the contribution for the individual institution is limited to a maximum of 1.5% (2013: 1.5%) of the measurement base as defined in Art. 92 (3) letter a of the CRR plus 12.5-times the capital requirement for position risk as defined in Part 3 Section IV Chapter 2 of the CRR, i.e. TEUR 184,023 (2013: TEUR 177,743) for RLB NÖ-Wien.

RLB NÖ-Wien is a member of Raiffeisen Kundengarantiegemeinschaft NÖ-Wien, the Raiffeisen customer deposit protection association for Lower Austria and Vienna. In accordance with the provisions of the association's statutes, the joint responsibility for the fulfilment of obligations to customers (customer deposits as defined under Pos. 2., Liabilities) and deposits from other banks (as defined in Pos. 1., Liabilities) and the securities issued by every insolvent association member are guaranteed up to a limit that equals the total individual capacities of the other association members. The individual capacity of an association member is based on free cash reserves as calculated in accordance with the relevant provisions of the Austrian Banking Act.

Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien is, in turn, a member of the Raiffeisen Kundengarantie-gemeinschaft Österreich, whose members are RZB, Raiffeisen Bank International AG (RBI) and other Raiffeisen regional customer guarantee collectives. The objective of the association is the same as Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien based on RZB, RBI and the members of the Raiffeisen regional customer deposit protection association (also see note (30) Risk report).

The disclosure requirement for guarantee obligations is met by a noted item of EUR 1.00 below the balance sheet because it is not possible to determine the amount of the potential liability of RLB NÖ-Wien arising from the reciprocal guarantee system.

In the sense of Art. 49 (3) and 113 (7) of the CRR, RLB NÖ-Wien has concluded a contract for the establishment of an institutional protection scheme (federal IPS) at the federal level with the following companies: RZB, the other Raiffeisen regional banks, Raiffeisen-Holding NÖ-Wien and a number of other institutions in the Raiffeisen-Banking Group.

RLB NÖ-Wien also concluded a similar agreement with Raiffeisen-Holding NÖ-Wien and 61 Lower Austrian Raiffeisen banks (regional IPS).

In addition, a trust agreement was concluded between the parties to the federal and regional IPS agreements under which ÖRE or LASE, respectively, is designated to serve as the trustee for payments made within the scope of the federal or regional institutional protection scheme.

These agreements are intended to ensure sufficient liquidity and solvency in order to prevent the bankruptcy of the contract parties. The guarantee agreements make it possible for the institutions not to deduct the other contract parties' holdings in equity instruments from their own capital (Art. 49 (3) of the CRR). Moreover, the institutions are permitted to exclude risk positions against the other contract parties from the calculation of their own risk-weighted positions (Art. 113 (7) of the CRR).

Both institutional protection schemes were officially approved by the FMA in 2014.

For the federal IPS, an ex-ante fund for possible support actions must be accumulated over a period of 10 years. The contribution by RLB NÖ-Wien equalled EUR 3.1 million in 2014 and is reported as a reserve.

(41) Repurchase agreements, securities lending and offsetting agreements

As of 31 December, the repurchase and resale obligations arising from repo agreements are as follows:

€'000	2014	2013
Genuine repurchase agreements as the post-employment provider		
Deposits from other banks	92,540	201,278
Total	**92,540**	201,278

The carrying amount of the securities sold under a sale and repurchase agreement totalled TEUR 109,984 in 2014 (2013: TEUR 245.017). No securities were purchased under a sale and repurchase agreement.

Securities lending transactions covered a volume of TEUR 76,039 in 2014 (2013: TEUR 52.293), while securities totalling TEUR 65,000 (2013: TEUR 0.) were borrowed. In connection with securities lending transactions, no cash was received as collateral.

The following financial assets and liabilities were offset for presentation on the balance sheet in 2014 in agreement with IAS 32 or are subject to an enforceable master netting agreement or similar arrangement:

Assets	Gross Amount	Offset on the Balance Sheet	Net Amounts reported on the Balance Sheet	Related Amounts not offset on the Balance Sheet		Net Amount
2014 €'000				Financial Instruments	Cash Collateral Received	
Loans and advances to other banks	3,664,013	0	3,664,013	(2,210,443)	0	1,453,570
Derivatives	1,552,888	0	1,552,888	(1,410,567)	(135,790)	6,531
Total	**5,216,900**	**0**	**5,216,900**	**(3,621,010)**	**(135,790)**	**1,460,101**

Liabilities 2014 €'000	Gross Amount	Offset on the Balance Sheet	Net Amounts reported on the Balance Sheet	Related Amounts not offset on the Balance Sheet		Net Amount
				Financial Instruments	Cash Collateral Provided	
Deposits from other banks	2,210,443	0	2,210,443	(2,210,443)	0	0
Derivatives	1,975,514	0	1,975,514	(1,410,567)	(566,903)	(1,956)
Repurchase agreements issued	92,540	0	92,540	(92,540)	0	0
Total	**4,278,497**	**0**	**4,278,497**	**(3,713,550)**	**(566,903)**	**(1,956)**

The following financial assets and liabilities were offset for presentation on the balance sheet in 2013 in agreement with IAS 32 or are subject to an enforceable master netting agreement or similar arrangement:

Assets 2013 €'000	Gross amounts	Offset on the balance sheet	Net amounts reported on the balance sheet	Related amounts not offset on the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Loans and advances to other banks	4,101,710	0	4,101,710	(2,184,655)	0	1,917,055
Derivatives	946,078	0	946,078	(824,322)	(111,449)	10,307
Total	5,047,788	0	5,047,788	(3,008,977)	(111,449)	1,927,362

Liabilities 2013 €'000	Gross amounts	Offset on the balance sheet	Net amounts reported on the balance sheet	Related amounts not offset on the balance sheet		Net amount
				Financial instruments	Cash collateral provided	
Deposits from other banks	2,283,593	0	2,283,593	(2,184,655)	0	98,938
Derivatives	1,291,797	0	1,291,797	(824,322)	(462,734)	4,741
Repurchase agreements issued	201,278	0	201,278	(201,278)	0	0
Total	3,776,668	0	3,776,668	(3,210,255)	(462,734)	103,679

In order to determine capital requirements, RLB NÖ-Wien offsets the corresponding receivables from derivatives (positive and negative fair values) resulting from individual transactions executed under a framework agreement (for financial forwards and futures) or an ISDA master agreement with the respective counterparty. Raiffeisenlandesbank NÖ-Wien AG has concluded these types of netting agreements with numerous banks and other financial institutions. An agreement was also concluded with an associate and one of its subsidiaries to offset receivables and liabilities. The agreements described are conditional and only permit netting in the event of payment default or insolvency.

(42) Assets pledged as collateral

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

€'000	**2014**	**2013**
Receivables in the mortgage cover pool	1,240,589	1,089,123
Receivables used as collateral for bonds issued by the bank	499,925	476,887
Collateral for derivative contracts	567,631	472,290
Receivables assigned to OeKB	357,498	411,584
Receivables assigned to the EIB	212,757	233,316
Cover pool for issued covered partial debentures	239,473	180,507
Bonds deposited with OeKB in connection with EIB loans	81,908	82,492
Receivables in the RZB cover pool	73,638	76,608
Receivables assigned to KfW	43,174	50,814
Cover pool for fiduciary savings deposit balances	8,338	15,434
Collateral for securities transactions with OeKB (securities)	5,000	15,000
Bonds deposited with OeKB as a clearing link for Deutsche Börse (Xetrahandel)	0	9,691
Other receivables assigned	6,903	6,903
Collateral for securities transactions deposited with OeKB (cash deposit)	0	53
Securities deposited in connection with ECB tenders	651,639	0
Total	**3,988,473**	3,120,702

In accordance with an Austrian law governing covered bonds that was enacted on 27 December 1905 ("§ 1 (6) Fundierte Bankschuldverschreibungsgesetz", Austrian Federal Gazette BGBl 1905/213 in the current version), EUR 915 million (2013: EUR 555.9 million) of mortgage-backed receivables due from other banks were also included in the mortgage coverage pool of RLB NÖ-Wien to secure obligations under the covered bonds.

The following liabilities are collateralized by assets recognized on the balance sheet:

€'000	2014	2013
Deposits from other banks	542,172	603,592
Deposits from customers	8,338	12,703
Securitized liabilities	1,472,989	1,495,558
Other liabilities	567,631	472,290
Total	**2,591,130**	2,584,143

(43) Fiduciary transactions

RLB NÖ-Wien held the following balances of fiduciary assets and liabilities on the balance sheet date:

€'000	2014	2013
Loans and advances to customers	15,675	17,360
Fiduciary assets	***15,675***	*17,360*
Deposits from customers	15,675	17,360
Fiduciary liabilities	***15,675***	*17,360*

(44) Disclosure of bonds, other fixed-interest securities and issued bonds pursuant to § 64 (1) No. 7 of the Austrian Banking Act

The following bonds, other fixed-interest securities and issued bonds are due and payable in the year following the balance sheet date:

€'000		2014	2013
a)	Receivables arising from bonds and other fixed-interest securities	156,856	478,830
b)	Payables arising from bonds issued by the Group	1,175,491	1,250,305

(45) Disclosure of securities admitted for exchange trading pursuant to § 64 (1) No. 10 of the Austrian Banking Act

€'000	2014	2013 Listed	2014	2013 Unlisted
Bonds and other fixed-interest securities	2,230,260	2,309,789	0	0
Shares and other variable-yield securities	59,237	87,829	0	0

(46) Disclosure of financial assets pursuant to § 64 (1) No. 11 of the Austrian Banking Act

Classification of the securities reported under "bonds and other fixed-interest securities" and "shares and other variable-yield securities" that were admitted for trading on an exchange and were classified as non-current assets:

€'000		2014	2013
a)	Bonds and other fixed-interest securities	1,415,479	1,526,847
b)	Shares and other variable-yield securities	39,241	68,741

The classification as non-current or current financial assets - in accordance with legal requirements - was based on the investment strategy determined by the Managing Board or a committee delegated by the Managing Board.

(47) (Nominal)volume of the securities trading book

€'000	2014	2013
Fixed-interest securities, nominal values	112,501	24,543
Other financial instruments (derivatives, face values)	8,859,705	7,168,152

(48) 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 and in the consolidated financial statements of Raiffeisen-Holding NÖ-Wien. Since 1 January 2014, the calculation of capital and capital requirements has been defined by the provisions of Basel III in accordance with CRR requirements and the provisions of the Capital Requirements Directive (CRD) IV that were included in the Austrian Banking Act. The prior year values were calculated on the basis of Basel II, which was applicable at that time, and are therefore not comparable.

€'000	**2014**
Paid-in capital	558,140
Retained earnings	1,400,944
Accumulated other comprehensive income and other equity	(96,442)
Common equity Tier 1 before deductions	***1,862,642***
Intangible assets incl. goodwill	(1,203)
Deductions in respect of equity instruments of financial sector entities	0
Corrections in respect of cash flow hedge reserves	95,935
Corrections for credit standing related changes in values of own liabilities	5,310
Corrections for credit standing related changes in values of derivatives	(2,371)
Value adjustment due to the prudent valuation requirement	(3,296)
Common equity Tier 1 capital after deductions (CET1)	***1,957,016***
Additional Tier 1 capital	260,229
Tier 1 capital after deductions (T1)	***2,217,246***
Eligible Tier 2 capital	948,651
Deductions from ancillary own funds	0
Ancillary own funds after deductions	***948,651***
Total eligible own funds	***3,165,896***
Total capital requirement	**1,283,250**
Common equity Tier 1 ratio (CET1 ratio), %	12.20
Tier 1 ratio (T1 ratio), %	13.82
Own funds ratio (total capital ratio), %	19.74
Surplus capital ratio in %	146.71

Under a fully loaded analysis, the Common Equity Tier 1 Ratio equalled 11.47% and the Total Capital Ratio 14.21%.

€'000	2013
Paid-in capital	593,294
Earned capital	891,175
Non-controlling interests	323,576
Hybrid capital	317,708
Intangible assets	(7,696)
Tier 1 capital	***2,118,057***
Deductions from Tier 1 capital	(41,990)
Eligible Tier 1 capital (after deductions)	***2,076,067***
Tier 2 capital in accordance with § 23 (1) No. 5 of the Austrian Banking Act	384,748
Undisclosed reserves	90,043
Supplement in respect of amounts guaranteed	155,288
Long-term subordinated debt capital	671,947
Tier 2 capital	***1,302,026***
Deductions from Tier 2 capital	(41,990)
Tier 2 capital (after deductions)	***1,260,036***
Eligible capital	***3,336,103***
Tier 3 capital	14,721
Total capital	**3,350,824**
Capital surplus	2,100,545
Surplus capital ratio in %	168.01
Tier 1 ratio (credit risk) in %[2)]	14.45
Total Tier 1 ratio in %[2)]	13.28
Capital ratio (credit risk) in %[2)]	23.33
Total capital ratio in %[2)]	21.44

1) Tier 2 capital as of 31 December 2013 was based on the provisions of the Austrian Banking Act in the version published in Federal Gazette BGBl I 2013/184.
2) Tier 1 capital and the capital ratio as of 31 December 2013 are related to the risk-weighted assessment base as defined in § 22 of the Austrian Banking Act in the version published in Federal Gazette BGBl I 2013/184.

Total capital requirements include the following:

€'000	**2014**
Own funds requirement	
Own funds requirement for credit risk	1,158,839
Capital requirements for position risk in debt instruments and assets	26,085
Own funds requirement for the CVA	16,227
Own funds requirement for operational risk	82,100
Total own funds requirement (total risk)	**1,283,250**
Basis of assessment (credit risk)	***14,485,483***
Total basis of assessment (total risk)	***16,040,626***

€'000	**2013**
Capital requirement	
Credit risk pursuant to § 22 (2) of the Austrian Banking Act	1,148,996
Trading book pursuant to § 22o (2) of the Austrian Banking Act	14,721
Operational risk pursuant to § 22i of the Austrian Banking Act	86,562
Total capital requirement	1,250,279
Assessment base for credit risk pursuant to § 22 Abs. 2 of the Austrian Banking Act	*14,362,450*
Basis of assessment (total risk)	*15,628,488*

The total capital requirement and the assessment base for credit risk as of 31 December 2013 are based on the provisions of the Austrian Banking Act in the version published in Federal Gazette BGBl I 2013/184.

The information required by Art. 431 to 455 of the CRR (Disclosure) is reported by the parent company, Raiffeisen-Holding NÖ-Wien, on the website www.rhnoew.at.

(49) Disclosure of the total return on capital pursuant to § 64 (1) No. 19 of the Austrian Banking Act

The total return on capital as defined in § 64 (1) No. 19 of the Austrian Banking Act equalled -0.92% as of the balance sheet date.

(50) Average number of employees

The average workforce (full-time equivalents) employed during the 2014 and 2013 financial years is as follows:

	2014	2013
Salaried employees	1,201	1,273
Total	**1,201**	1,273

(51) Events after the balance sheet date and approval of the consolidated financial statements

The Swiss National Bank abandoned its fixed EUR-CHF exchange rate on 15 January 2015. The resulting massive revaluation of the Swiss franc led to a substantial increase in the liability of foreign currency loans. The CHF loan volumes to "unhedged borrowers“ totalled EUR 402 million after the sharp rise in the exchange rate. However, current information does not lead RLB NÖ-Wien to expect any material impairment chargees in 2015 because of the comparatively low CHF financing volume and good collateral situation (repayment vehicle and mortgage security).

Against the backdrop of regulatory requirements, RLB NÖ-Wien approved the sale securities with a volume of approx. EUR 1 billion in February 2015 to strengthen the capital structure.

As reported in an ad-hoc press release on 9 February 2015, RBI has adjusted its strategy for the markets in Russia and Ukraine. Business activities in these two countries will be reduced over the next two years. Further optimization is also scheduled in Hungary; and plans call for the sale of subsidiary banks in Poland and Slovenia and a direct bank in Slovakia. In addition, business activities in Asia and the USA will be reduced. These steps will have no direct influence on the business activities of RLB NÖ-Wien. However, they will still be connected with risks and uncertainty concerning the valuation and further development of RZB.

The FMA imposed a moratorium over HETA ASSET RESOLUTION AG (HETA) through a special official notice on 1 March 2015. RLB NÖ-Wien holds HETA bonds with a nominal value of EUR 25 million. The necessary provisions have already been recognized.

RLB NÖ-Wien currently meets all applicable regulatory requirements as well as the capital requirements for the CRR financial institution group of Raiffeisen-Holding NÖ-Wien, of which RLB NÖ-Wien is a member, which were defined by the ECB in an official notification on 10 March 2015 in connection with the supervisory review and evaluation process (SREP ratio).

The consolidated financial statements were finalized by the Managing Board at its meeting on 30 March 2015 and released to the Supervisory Board for further examination. The consolidated financial statements were presented to the Supervisory Board for approval during its meeting on 8 April 2015.

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

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

(52) Subsidiaries included in the consolidated financial statements

Entity, Registered office	Subscribed Capital	Currency	2014 Share in %	2013 Percentage Held	Type
RLB NÖ-Wien Holding GmbH, Vienna	70,000	EUR	100	100	OT
RLB NÖ-Wien Sektorbeteiligungs GmbH, Vienna	35,000	EUR	100	100	OT

(53) Companies included in the consolidated financial statements at equity

Entity, Registered office	Subscribed Capital	Currency	2014 Share in %	2013 Percentage Held	Type
Raiffeisen Informatik GmbH, Vienna	1,460,000	EUR	47.35	47.65	OT
Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna	492,466,423	EUR	34.74	34.74	BA

The following associates of the RLB NÖ-Wien Group were designated as material by management:

Associates	Raiffeisen Zentralbank Österreich AG 2014	2013
registered office of the associate	Vienna	Vienna
share in the associate	34.74%	34.74%

RLB NÖ-Wien holds 34.74% of the shares in RZB and is therefore its primary owner. Significant parts of the operating business previously carried out directly by RZB – above all the corporate customer business, product areas and investment banking – were spun off to RBI, a subsidiary, in 2010. RZB remains the leading institution in the Austrian Raiffeisen banking group and continues to provide services for its members. It also holds and coordinates the individual member institution's minimum reserve and statutory liquidity reserve and provides supports for liquidity management.

The following table shows the financial information for the material associates; it is based on the respective IFRS consolidated financial statements:

Associates €'000	Raiffeisen Zentralbank Österreich AG 2014	 2013
Interest income	6,032,498	6,150,839
Net profit	(432,293)	755,533
Other comprehensive income	(1,223,478)	(570,047)
Total comprehensive income	***(1,655,772)***	***185,486***
Of which:		
Attributable to equity holders of the parent	(1,057,714)	(27,249)
Attributable to non-controlling interest	(598,058)	212,734
Net assets	***9,331,600***	***11,788,116***
Of which:		
Attributable to equity holders of the parent	5,327,545	6,968,306
Attributable to non-controlling interest	4,004,054	4,819,810
Of which:		
Proportional share of net assets held by RLB NÖ-Wien	1,851,015	2,421,085
Reconciliation	(354)	66,646
Carrying amount on the consolidated balance sheet as of 31.12	**1,850,661**	**2,487,731**
Carrying amount on the consolidated balance sheet as of 31.12	2,487,731	2,591,972
Proportional share of other changes in equity	(117,790)	(10,011)
Consolidated comprehensive income	(367,517)	(9,467)
Impairment	(67,000)	0
Dividends received	(84,763)	(84,763)
Carrying amount on the consolidated balance sheet as of 31.12	**1,850,661**	**2,487,731**

In addition to the material associates, RLB NÖ-Wien holds an investment in the following company. This company is considered immaterial and is accounted for at equity:

- Raiffeisen Informatik GmbH

The aggregated carrying amount, share of profit or loss and share of other comprehensive income for this immaterial company are shown below:

€'000	2014	2013
Share of profit/(loss) after tax	(5,659)	6,752
Share of other comprehensive income	(3,531)	1,707
Share of total comprehensive income	(9,190)	8,459
Carrying amount on the consolidated balance sheet as of 31.12	**26,027**	**41,450**

(54) Subsidiaries not included through full consolidation

Entity, Registered office (country)	Subscribed Capital	Currency	2014 Share in %	2013 Percentage Held	Type
"AKTUELL" Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H., Vienna	73,000	EUR	100.00	100	OT
"ARSIS" Beteiligungs GmbH, Vienna	140,000	EUR	100.00	100	OT
"BARIBAL" Holding GmbH, Vienna	105,000	EUR	100.00	100	OT
"PRUBOS" Beteiligungs GmbH, Vienna	35,000	EUR	100.00	100	OT
"RUFUS" Beteiligungs GmbH, Vienna	146,000	EUR	100.00	100	OT
"TOJON" Beteiligungs GmbH, Vienna	70,000	EUR	100.00	100	OT
Baureo Projektentwicklungs GmbH, Vienna	35,000	EUR	100.00	100	OT
KREBEG Finanzierungsberatungs GmbH, Vienna	35,000	EUR	95.00	95	OT
MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH, Vienna	400,000	EUR	75.00	75	OT
NAWARO ENERGIE Betrieb GmbH, Zwettl	36,000	EUR	100.00	100	OT
NÖ Raiffeisen Kommunalservice Holding GmbH, Vienna	36,000	EUR	100.00	100	OT
Purator CEE Kft, Budapest (H)[2]	108,280,000	HUF	100.00	100	OT
Purator Hungaria Kft., Budapest (H)[2]	117,500,000	HUF	100.00	100	OT
PURATOR International GmbH, Wiener Neudorf	84,680	EUR	100.00	100	OT
Raiffeisen Analytik GmbH, Vienna	100,000	EUR	99.60	100	OT
Raiffeisen Beratung direkt GmbH, Vienna	37,000	EUR	100.00	100	NDL
Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs GmbH in Liqu.	250,000	EUR	80.00	80	OT
RAIFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H., Vienna	1,680,000	EUR	98.85	98.85	OT
Raiffeisen Liegenschafts- und Projektentwicklungs GmbH, Vienna	35,000	EUR	100	100	OT
Raiffeisen Netzwerk GmbH, Vienna	35,000	EUR	100	100	OT
Raiffeisen NÖ-W Einkaufs- und Beschaffungs GmbH & Co KG, Vienna	-	-		-	OT
Raiffeisen NÖ-W Einkaufs- und Beschaffungs GmbH, Vienna	70,000	EUR	100.00	100	OT
Raiffeisen Versicherungs- und Bauspar-Agentur GmbH, Vienna	70,000	EUR	100.00	100	OT
Raiffeisen-Einlagensicherung Niederösterreich-Wien registrierte Genossenschaft mit beschränkter	41,856	EUR	98.64	98.59	OT

Haftung, Vienna					
RLB Businessconsulting GmbH, Vienna	35,000	EUR	100.00	100	OT
RLB NÖ-Wien Leasingbeteiligungs GmbH, Vienna	35,000	EUR	100.00	100	OT
TIONE Altbau-Entwicklung GmbH, Vienna	37,000	EUR	100.00	100	OT
Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H., Graz	50,000	EUR	100.00	100	OT

(55) Other equity investments

Associates not accounted for at equity because of their subordinate importance:

Entity, Registered office	Subscribed Capital	Currency	2014 Share in %	2013 Percentage Held	Type
Central Danube Region Marketing & Development GmbH, Vienna	200,000	EUR	50.00	50.00	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG, Vienna	---	---		---	FI
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna	36,400	EUR	40.00	40.00	FI
ecoplus International GmbH, Vienna	35,000	EUR	30.00	30.00	OT
NÖ Bürgschaften und Beteiligungen GmbH	5,316,414	EUR	20.14	16.67	FI
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna	50,000	EUR	74.00	74.00	FI
Raiffeisen Software Solution und Service GmbH, Vienna	773,000	EUR	37.83	37.83	OT
Raiffeisen-Leasing Managment GmbH, Vienna	300,000	EUR	21.56	21.56	FI
Raiffeisen-Leasing Österreich GmbH, Vienna	100,000	EUR	32.34	32.34	FI
RSC Raiffeisen Service Center GmbH, Vienna	2,000,000	EUR	25.01	25.01	OT

Key:
Type of company
- BA Bank
- BR Financial holding company
- FI Financial institution
- SP Service provider
- OT Other
- NDL Ancillary service provider

1) Shareholder with unlimited liability
2) Values as of 31 December 2013

RLB NÖ-Wien does not exercise control over NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H. or Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG due to contractual agreements.

(56) Companies related through the parent Raiffeisen-Holding NÖ-Wien

Companies included in the scope of consolidation of Raiffeisen-Holding NÖ-Wien through full consolidation:

"ALDOS" Beteiligungs GmbH, Vienna
"ALMARA" Holding GmbH, Vienna
"BASCO" Beteiligungs GmbH, Vienna
"BORTA" Holding GmbH, Vienna
"FILIUS" Holding GmbH, Vienna
"HELANE" Beteiligungs GmbH, Vienna
"LAREDO" Beteiligungs GmbH, Vienna
"LOMBA" Beteiligungs GmbH, Vienna
"Octavia" Holding GmbH, Vienna
"PIANS" Beteiligungs GmbH, Vienna
"PINUS" Liegenschaftsverwaltungs GmbH, Vienna
"RASKIA" Beteiligungs GmbH, Vienna
"RUMOR" Holding GmbH, Vienna
"SEPTO" Beteiligungs GmbH, Vienna
"TALIS" Holding GmbH, Vienna
"URUBU" Holding GmbH, Vienna
AMPA s.r.o., Pardubice (CZ)
AURORA MÜHLE HAMBURG GmbH, Hamburg (D)
AURORA MÜHLEN GMBH, Hamburg (D)
BLR-Baubeteiligungs GmbH., Vienna
Botrus Beteiligungs GmbH, Vienna
cafe+co Delikomat Sp. z o.o., Bielsko-Biala (PL)
cafe+co Deutschland GmbH, Regensburg (D)
cafe+co International Holding GmbH, Vienna
cafe+co ltal - és Ételautomata Kft., Alsónémedi (H)
café+co Österreich Automaten-Catering und Betriebsverpflegung Ges.m.b.H., Vienna
DELIKOMAT d.o.o., Marburg (SLO)
Delikomat s.r.o., Brünn (CZ)
DELIKOMAT d.o.o., Čačak, (SRB)
DELTA MLÝNY s.r.o., Kyjov (CZ)
Diamant International Malom Kft., Baja (H)
DZR Immobilien und Beteiligungs GmbH, Vienna
Estezet Beteiligungsgesellschaft m.b.H., Vienna
Eudamonia Projektentwicklungs GmbH, Vienna
FIDEVENTURA Beteiligungs GmbH, Vienna
Frischlogistik und Handel GmbH, Baden bei Wien
GoodMills Bulgaria EAD, Sofia (BG)
GoodMills Česko a.s., Prague (CZ)
GoodMills Deutschland GmbH (formerly: VK Mühlen Aktiengesellschaft), Hamburg (D)
GoodMills Group GmbH, Vienna

GoodMills Magyarország Zrt., Komárom (H)
GoodMills Österreich GmbH, Schwechat
GoodMills Polska Grodzisk Wielkopolski Sp. z o.o., Grodzisk Wielkopolski (PL)
GoodMills Polska Kutno Sp. z o.o., Kutno (PL)
GoodMills Polska Sp. z o.o., Poznań (PL)
KAMPFFMEYER Food Innovation GmbH, Hamburg (D)
Kampffmeyer Mühlen GmbH, Hamburg (D)
KURIER Beteiligungs-Aktiengesellschaft, Wien Latteria NÖM s.r.l., Milan (I)
"LEIPNIK-LUNDENBURGER INVEST
Beteiligungs Aktiengesellschaft, Vienna "
Marchfelder Zuckerfabriken Gesellschaft m.b.H., Vienna
MAZ Beteiligungs GmbH, Vienna
Mecklenburger Elde-Mühlen GmbH, Hamburg (D)
Medicur - Holding Gesellschaft m.b.H., Vienna
Medicur Sendeanlagen GmbH, Vienna
Müller's Mühle GmbH, Gelsenkirchen (D)
Niederösterreichische Milch Holding GmbH, Vienna
NÖM AG, Baden bei Wien
Nordland Mühlen GmbH, Jarmen (D)
Obere Donaustraße Liegenschaftsbesitz GmbH, Vienna
PBS Immobilienholding GmbH, Vienna
Printmedien Beteiligungsgesellschaft m.b.H., Vienna
Raiffeisen Agrar Holding GmbH, Vienna
Raiffeisen Agrar Invest GmbH, Vienna
RAIFFEISEN-HOLDING NÖ-Wien Beteiligungs GmbH, Vienna
RH Finanzberatung und Treuhandverwaltung Gesellschaft m.b.H., Vienna
RH Finanzbeteiligungs GmbH, Vienna
RH WEL Beteiligungs GmbH, Vienna
RHG Holding GmbH, Vienna
Rossauer Lände 3 Immobilienprojektentwicklung GmbH, Vienna
St. Leopold Liegenschaftsverwaltungs- und Beteiligungsgesellschaft m.b.H., Vienna
TITAN S.A., Pantelimon (RO)
TOP-CUP Office-Coffee-Service Vertriebsgesellschaft m.b.H., Klagenfurt
TOV Regionprodukt, Gnidin (UA)
VK Beteiligungsgesellschaft mbH, Hamburg (D)
VK Grundbesitz GmbH, Hamburg (D)
WALDSANATORIUM PERCHTOLDSDORF GmbH, Salzburg
Zucker Invest GmbH, Vienna
Zucker Vermögensverwaltungs GmbH, Vienna
Zucker-Beteiligungsgesellschaft m.b.H., Vienna
Zuckermarkt - Studiengesellschaft m.b.H., Vienna

Unconsolidated companies included in the Raiffeisen-Holding NÖ-Wien Group:

"ARANJA" Beteiligungs GmbH, Vienna
"BANUS" Beteiligungs GmbH, Vienna
"BENEFICIO" Holding GmbH, Vienna
"CLEMENTIA" Holding GmbH, Vienna
"CREMBS" GmbH, Vienna
"ELIGIUS" Holding GmbH, Vienna
"GULBIS" Beteiligungs GmbH, Vienna
"MAURA" Immobilien GmbH, Vienna
"SERET" Beteiligungs GmbH, Vienna
"SEVERUS" Beteiligungs GmbH, Vienna
BENIGNITAS GmbH, Vienna
Beteiligungsgesellschaft Diamant Mühle Hamburg GmbH, Hamburg (D)
Bioenergie Orth a. d. Donau GmbH, Vienna
Biogasanlage Dorf Mecklenburg UG (haftungsbeschränkt) & Co. KG, Leipzig (D)[1]
Biogasanlage Dorf Mecklenburg Verwaltungs-UG (limited liability), Leipzig (D)
Biogasanlage Korgau GmbH (formerly: RENERGIE Korgau GmbH), Leipzig (D)
C - Holding s.r.o., Modrice (CZ)
cafe+co Cafe GmbH, Vienna
Café+Co Rus, ZAO, Moscow (RU)
CAFE+CO Timisoara S.R.L., Timisoara (RO)
DELIKOMAT d.o.o., Tomislavgrad (BiH)
DELIKOMAT d.o.o., Zagreb (HR)
Delikomat Slovensko spol. s r.o., Bratislava (SK)
Diana Slovakia spol. s r.o., Bratislava (SK)
Echion Projektentwicklungs GmbH, Vienna
Farina Marketing d.o.o., Laibach (SLO)
Gesundheitspark St. Pölten Errichtungs- und Betriebs GmbH, Vienna
Haldenhof Liegenschaftsverwaltungs- und -verwertungsges.m.b.H., Vienna
Holz- und Energiepark Vitis GmbH, Vienna
Kampffmeyer Food Innovation Polska Sp. z o.o., Poznan (PL)
Kasernen Immobilienerrichtungsgesellschaft mbH, Vienna
KASERNEN Projektentwicklungs- und Beteiligungs GmbH, Vienna
KDM Biogasanlagen Holding GmbH (vormals: Biogasanlage Wolmirstedt Verwaltungs GmbH), Bremen (D)
La Cultura del Caffe Gesellschaft m.b.H., Krems a. d. Donau
MID 5 Holding GmbH, Vienna
Müfa Mehl und Backbedarf Handelsgesellschaft mbH, Hamburg (D)
Neuß & Wilke GmbH, Gelsenkirchen (D)
PBS Immobilienprojektentwicklungs GmbH, Vienna
Raiffeisen Vorsorgewohnungserrichtungs GmbH, Vienna
Raiffeisen-Reisebüro Gesellschaft m.b.H., Vienna
RENERGIE-ÖKOENERGIE Projektentwicklungs GmbH, Vienna

RHU Beteiligungsverwaltung GmbH & Co OG, Vienna[1]
ROLLEGG Liegenschaftsverwaltungs GmbH, Vienna
Rosenmühle GmbH, Hamburg (D)
Schilling GmbH, Mannheim (D)
St. Hippolyt Beteiligungs-GmbH in Liqu., Vienna
TECHBASE Science Park Vienna GmbH, Vienna
Techno-Park Tulln GmbH, Wiener Neudorf
THE AUTHENTIC ETHNIC FOOD COMPANY GmbH, Gelsenkirchen (D)
Theranda Entwicklungsgenossenschaft für den Kosovo registrierte Genossenschaft mit beschränkter Haftung, Vienna
Waldviertel Immobilien-Vermittlung GmbH, Zwettl
ZEG Immobilien- und Beteiligungs registrierte Genossenschaft mit beschränkter Haftung, Vienna

1) Shareholder with unlimited liability

Boards and Officers

Managing Board:

Chairman:
Klaus BUCHLEITNER

Deputy Chairman:
Georg KRAFT-KINZ

Members:
Andreas FLEISCHMANN
Reinhard KARL
Michael RAB

Supervisory Board:

Chairman:
Christian KONRAD (up to 16.05.2014)
Erwin HAMESEDER (since 16.05.2014)

Deputy Chairmen:
Erwin HAMESEDER (up to 16.05.2014)
Johann VIEGHOFER

Members:
Anton BODENSTEIN
Reinhard KERBL (since 16.05.2014)
Veronika MICKEL-GÖTTFERT
Alfons NEUMAYER
Johann PLACHWITZ (up to 16.05.2014)
Gerhard PREISS
Christian RESCH
Brigitte SOMMERBAUER

Delegated by the Staff Council:
Johann AMON
Anita BUCHGRABER (since 04.03.2014)
Wolfgang EINSPIELER
Anton HECHTL
Michael HOFER
Sibylla WACHSLER (up to 04.03.2014)

State commissioners:
Alfred LEJSEK
Bernhard MAZEGGER (up to 28.02.2015)
Tomas BLAZEK (since 01.03.2015)

The Managing Board of RLB NÖ-Wien prepared these consolidated financial statements in accordance with the provisions of International Financial Reporting Standards, as adopted by the European Union, as well as the supplementary provisions of Austrian corporate law as defined in § 245a of the Austrian Commercial Code in conjunction with § 59a of the Austrian Banking Act. The Group management report was prepared in accordance with the provisions of Austrian corporate law and is consistent with the consolidated financial statements.

The Managing Board

Klaus BUCHLEITNER
Chairman

Georg KRAFT-KINZ
Deputy Chairman

Andreas FLEISCHMANN
Member

Reinhard KARL
Member

Michael RAB
Member

The Managing Board released the consolidated financial statements on 30 March 2015 for distribution to the Supervisory Board.

Statement by the Managing Board

"We confirm to the best of our knowledge that the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group as required by the applicable accounting standards; that the Group management report provides a true and fair view of the development and performance of the business and the position of the Group so as to present a true and fair view of the assets, liabilities, financial position and profit or loss; and that the Group management report describes the principal risks and uncertainties to which the Group is exposed. We note that IFRS accounting - for systemic reasons - is becoming increasingly future-oriented. Accordingly, IFRS financial statements include a growing number of planning elements and uncertainty factors."

The Managing Board

Klaus BUCHLEITNER
Chairman
Responsible for
the Raiffeisen Banks/Management Services

Georg KRAFT-KINZ
Deputy Chairman
Responsible for
Private and Business Customers

Andreas FLEISCHMANN
Member
Responsible for
Financial Markets/Organization

Reinhard KARL
Member
Responsible for
Corporate Customers

Michael RAB
Member
Responsible for
Risk Management/Finance

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, Wien,

for the financial year from **1 January to 31 December 2014 together with the accounting** system. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2014, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2014 and notes on the consolidated financial statements.

Management's responsibility for the consolidated financial statements and for the accounting system

The company's management was responsible for the group accounting system and for the preparation of consolidated financial statements that present fairly, in all material respects, the group's assets, liabilities, financial position and profit or loss in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements of *§ 245a UGB* and *§ 59a BWG*. This responsibility included: designing, implementing and maintaining internal control relevant to the preparation of the consolidated financial statements and fair presentation, in all material respects, of the group's assets, liabilities, financial position and profit or loss to ensure that they are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the auditor of the consolidated financial statements and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the laws and regulations applicable in Austria as well as in accordance with the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and other disclosures in the consolidated financial statements. The procedures selected depend on the judgment of the auditor of the consolidated financial statements, including the auditor's assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor of the consolidated financial statements considers internal control relevant to the preparation of the consolidated financial statements and presenting fairly, in all material respects, the group's assets, liabilities, financial position and profit or loss in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with the legal requirements and give a true and fair view of the assets, liabilities and financial position of the Group as of

31 December 2014 and of its profit or loss and cash flows for the financial year from 1 January to 31 December 2014 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the consolidated management report

Pursuant to the statutory provisions applicable in Austria, the consolidated management report must be audited to ascertain whether it is consistent with the consolidated financial statements and whether the other disclosures in the consolidated management report are not misleading with respect to the group's position. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to *§ 243a UGB* (Austrian enterprises code) are appropriate

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to *§ 243a UGB* are appropriate.

Vienna
30 March 2015

As the Auditors appointed by *Österreichischer Raiffeisenverband*:

Verband Auditor	KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft	
Mag. Andreas Gilly Wirtschaftsprüfer	Mag. Wilhelm Kovsca Wirtschaftsprüfer	pp Mag. Gerhard Strobl Steuerberater
(Austrian Chartered Accountants)		(Tax Advisor)

The publication and dissemination of the consolidated financial statements with our Auditor's Report is only permitted in the version certified by us. When preparing different versions (e.g. shortened versions and translations into a different language), the provisions of *§ 281 Abs. 2 UGB* must be observed.

This report is a translation of the original report in German, which is the only valid version.

Glossary

Backtesting – The ex post comparison of calculated values at risk (VaR) with actual results to evaluate the quality of a model.

Bank book – All risk-bearing positions on a bank's balance sheet, both on- and off-balance sheet, which are not allocated to the trading book.

Basel II – The compendium of capital regulations issued in recent years by the Basel Committee, an international forum to improve bank supervision. In accordance with EU Directives 2006/48/EC and 2006/49/EC, these rules must be applied by all financial institutions and financial service institutions in the member states of the EU since 1 January 2007. Similar to Basel I, the goals of Basel II are to ensure the capital adequacy of credit institutions and create common basic standards for competition in both lending and credit trading. The main objective of the changes from Basel I to Basel II is to strengthen the connection between legislative capital requirements and actual risk and thereby move closer to the capital requirements determined internally by the institutions.

Basel III – The Basel II guidelines were expanded based on the experience gained from the financial and economic crisis. The goal was to better match the assumed risks with the risk capacity of a bank (as derived from the amount and quality of capital). The new Basel III capital framework was introduced in the EU through the CRR and CRD IV and published on 27 June 2013.

Capital acc. to CRR – Common equity Tier 1 capital plus Tier 2 capital.

Cash flow – Inflows and outflows of cash and cash equivalents.

CDS (Credit Default Swap) – A financial instrument that hedges the credit risks related to loans or securities (also see credit derivative).

Common equity Tier 1 capital – Comprises common equity Tier 1 capital as defined in Art. 50 CRR and additional Tier 1 capital as defined in Art. 61 CRR.

Companies accounted for at equity – Companies over which the investor has significant influence with respect to business and financial policies.

Credit derivatives – Instruments that transfer the credit risks associated with loans, bonds or other risk assets or market positions to another person (also see CDS).

Credit exposure – Comprises all loans, advances and debt securities recorded on the balance sheet as well as off-balance sheet guarantees and credit lines.

CRR/CRD IV – The Capital Requirements Regulation (CRR) and Capital Requirements Directive IV (CRD IV) were adopted by the EU on 27 June 2013. They form the new supervisory framework for the capital, debt and liquidity ratios. The new capital requirements call for mandatory application starting on 1 January 2014. The rules for the liquidity and debt ratios must be applied starting in 2015, resp. 2018. The implementation of these requirements is supplemented by further technical standards issued by the European Banking Authority (EBA).

Currency risk – The risk that the value of a financial instrument could change because of fluctuations in exchange rates.

DBO – (Defined Benefit Obligation) The present value of a defined benefit obligation represents the present value of expected future payments, before the deduction of plan assets, which are required to meet the entitlements earned by employees during the current period or an earlier period.

Default risk – The danger that a contract partner may not meet the obligations arising from a transaction in a financial instrument and thereby cause a financial loss for the other partner.

Deferred tax assets – Deferred tax assets are reported under other assets and are recognised for future tax effects arising from temporary differences between the tax base of assets and liabilities and their value for tax purposes or from unused tax loss carryforwards and tax credits.

Derivative – Derivatives are financial instruments whose value increases or decreases based on the change in an underlying base item, e.g. interest rate, financial instrument price, raw material price, foreign exchange rate, index of prices or rates, credit rating or credit index or another similar variable; which require no or only a minimal initial net investment; and which are settled at a future date. The most important derivatives are swaps, options and futures.

Discount – Negative difference between the purchase price and the nominal value.

Fair value – The amount for which an asset could be exchanged or a liability could be settled between knowledgeable, willing parties in an arm's length transaction.

Futures – Standardised, listed contracts that require the buyer to purchase or sell a specific commodity traded on the money market, capital market, precious metals market or currency market at a predetermined price and time.

Group cost/income ratio – An indicator that shows the cost efficiency of a company by comparing expenses and income. It is calculated by dividing administrative expenses (consisting of personnel and operating expenses, depreciation and amortisation) by operating income (net interest income, net fee and commission income, net trading income, profit or loss from investments accounted for at equity and other operating profit or loss).

Hedge accounting – An accounting procedure that is designed to minimise the influence on the income statement of contrary developments in the value of a hedge and the underlying transaction.

ICAAP – Internal Capital Adequacy Assessment Process: an internal bank procedure to ensure adequate capital coverage for all major types of risk.

IFRIC, SIC – International Financial Reporting Interpretation Committee (IFRIC) – the body responsible for issuing interpretations of International Financial Reporting Standards (IFRS), formerly called the Standing Interpretations Committee (SIC).

IFRS, IAS – International Financial Reporting Standards resp. International Accounting Standards are accounting regulations issued by the International Accounting Standards Board (IASB). They are intended to create the basis for transparent and comparable accounting on an international basis.

Individual valuation allowance – In connection with the credit risks associated with loans and advances to customers and banks, provisions are recognised to account for expected default. A loan or advance is considered to be in danger of default when the expected discounted principal and interest payments – after the deduction of collateral – are lower than the carrying amount of the respective receivable.

Interest rate risk – The risk that the value of a financial instrument could change because of fluctuations in the market interest rate.

Liquidity risk – The risk that the bank would be unable to meet its current and/or future payment obligations in full and on time and that transactions could not be concluded at all or only at unfavourable conditions in the event of insufficient market liquidity.

Market risk – The risk that the value of a financial instrument could change due to fluctuations in market prices. These fluctuations can be based on factors characteristic to an individual security or issuer as well as factors that affect all securities traded on the market.

Monte Carlo simulation – A numerical method used to solve mathematical problems by modelling probabilities.

NPE (non-performing exposure) – Problem commitments; loans and advances with delayed or defaulted payments.

Operational risk – The risk of losses arising from errors in systems or processes, actions by employees or external factors.

OTC products – Financial instruments that are not standardised or listed, but traded directly between market participants (over-the-counter).

Overall risk – Risk-weighted exposure as defined in Art. 92 (3) CRR.

Portfolio valuation allowance – Valuation allowances as defined in IAS 39 for receivables not affected by an identifiable loss event.

Premium – Positive difference between the purchase price and the nominal value.

Rating, external – Standardised assessment of the credit standing of an issuer and its debt instruments by a specialised agency.

Rating, internal – Detailed risk assessment of a debtor by the bank.

Repo transactions, repurchase agreements – Under these agreements a company sells an asset to a contract partner and, at the same time, commits to repurchasing the asset on an agreed date and price. Under "pseudo" repo transactions, the seller is required to repurchase the asset, but does not have the right to demand its return. The buyer has the sole right to decide over the return transfer of the asset.

Return on Equity – An indicator calculated by dividing pre-tax or after-tax profit or loss for the year by average equity (including non-controlling interests).

Risk/Earnings Ratio – Risk allowances in relation to net interest income.

Risk-weighted positions (credit risk) – The total asset positions and off-balance sheet positions weighted by business and partner risk, calculated in accordance with the CRR definitions.

Stress test – An instrument used for risk management in the financial sector. A differentiation is made between micro-stress tests carried out by the financial institution itself and micro-prudential supervision (e.g. OeNB or ECB).

Trading book – A bank supervisory term for positions held by a financial institution for sale over the short-term to utilise fluctuations in prices and/or interest rates. Items not assigned to the trading book are administered in the banking book.

VaR (Value at Risk) – The maximum risk of loss on a specific portfolio during an assumed retention period based on an assumed probability and confidence level (e.g. 95%, 99% or 99.9%).

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