

**GROUP MANAGEMENT REPORT AND
CONSOLIDATED FINANCIAL
STATEMENTS FOR 2009 PREPARED
IN ACCORDANCE WITH IFRSs**

**Raiffeisenlandesbank
Niederösterreich-Wien** 

OVERVIEW OF THE RLB NÖ-WIEN GROUP (IFRS FIGURES)

MONETARY VALUES ARE IN €m	2009	+ /(-) CHANGE	2008
Income Statement			
Net interest income after impairment charge	84.8	(18.6%)	104.2
Net fee and commission income	54.4	(7.8%)	59.0
Net trading income	23.0	>100.0%	(3.3)
Profit from investments in entities accounted for using the equity method	129.3	(20.5%)	162.7
General administrative expenses	(171.1)	4.6%	(163.5)
Profit before tax	175.0	>100.0%	2.7
Consolidated profit	170.9	>100.0%	29.1
Balance Sheet			
Loans and advances to other banks	12,758	43.0%	8,924
Loans and advances to customers	8,696	2.1%	8,514
Deposits from other banks	15,883	39.8%	11,359
Deposits from customers	6,870	6.3%	6,462
Equity (incl. Profit)	2,040	2.2%	1,996
Assets	31,699	15.1%	27,533
Regulatory information¹			
Risk-weighted basis of assessment	12,567	4.6%	12,012
Total own funds	1,661	5.9%	1,568
Own funds requirement	1,063	1.6%	1,047
Surplus own funds ratio	56.2%	6.4 ppt	49.8%
Tier 1 ratio	9.1%	0.0 ppt	9.1%
Own funds ratio	12.5%	0.5 ppt	12.0%
Performance			
Return on equity before tax	8.7%	8.6 ppt	0.1%
Consolidated return on equity	8.5%	7.0 ppt	1.5%
Cost:income ratio	44.1%	0.7 ppt	43.4%
Earnings per share, €	77.90	>100.0%	14.56
Return on assets after tax	0.58%	0.46 ppt	0.12%
Risk:earnings ratio	43.8%	13.4 ppt	30.4%
Additional information			
Workforce on the balance-sheet date	1,256	1.9%	1,232
Branches and offices	70	(2)	72

¹ The RLB NÖ-Wien Group is a subgroup of the *Raiffeisen-Holding NÖ-Wien Group*. Austria's *Bankwesengesetz* (BWG: banking act) does not govern the regulatory own funds of subsidiaries that make up a subgroup. Consequently, these figures have been provided for informational purposes only.

CONTENTS

OVERVIEW OF THE RLB NÖ-WIEN GROUP (IFRS FIGURES)	2
GROUP MANAGEMENT REPORT	5
BUSINESS PERFORMANCE AND ECONOMIC CONDITIONS	5
NOTES ON THE GROUP'S ASSETS, LIABILITIES, FINANCIAL POSITION AND PROFIT OR LOSS	9
FINANCIAL PERFORMANCE INDICATORS	16
THE INTERNAL CONTROL SYSTEM FOR THE FINANCIAL REPORTING PROCESS	17
RISK REPORT	17
MATERIAL EVENTS AFTER THE BALANCE SHEET DATE	18
BRANCHES AND OFFICES	18
RESEARCH AND DEVELOPMENT	18
NON-FINANCIAL PERFORMANCE INDICATORS	19
OUTLOOK FOR 2010	22
CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs	25
A. STATEMENT OF COMPREHENSIVE INCOME	25
B. BALANCE SHEET	27
C. STATEMENT OF CHANGES IN EQUITY	28
D. CASH FLOW STATEMENT	30
E. NOTES	31
The fundamentals of Preparing consolidated financial Statements in accordance with IFRSs	32
Recognition and measurement policies	35
Details of the Income Statement	52
Details of the Balance Sheet	64
Notes on financial instruments	85
Additional information	117
Overview of equity investments (pursuant to § 265 Abs. 2 UGB)	130
Boards and officers	137
DECLARATION BY THE MANAGING BOARD	139
AUDITORS' REPORT	140

GROUP MANAGEMENT REPORT

BUSINESS PERFORMANCE AND ECONOMIC CONDITIONS

THE ECONOMIC ENVIRONMENT IN AUSTRIA

The Austrian economy began growing again in the third quarter of 2009. Nonetheless, because of the massive slump at the beginning of the year, the economy shrank by nearly 4 per cent over 2009 as a whole. Growth forecasts for the second half were based mainly on the fact that sentiment indicators like confidence in the financial markets, consumer confidence and confidence in the corporate sector were recovering.

It is mainly thanks to measures of fiscal support (like the car scrappage scheme, subsidies for thermal renovation, PAYE refunds) that private consumer spending continued to grow in 2009. In addition, the purchasing power of private households was supported by inflation rates, which fell sharply compared with 2008.

Real wages and salaries increased by 1.9 per cent in 2009. Private households were still unsure about the economy's future development. This was mirrored by the saving rate. It stayed at its peak level during 2009 even though conditions in the job market remained difficult and incomes fell in some sectors and industries. Developments in the job market echoed what was happening in the real economy, but with a delay of at least six to nine months. Some 260,000 people were registered as unemployed in Austria in December 2009. Nonetheless, an increase in short-term work and training schemes did reduce the jobless rate to about 5 per cent (calculated using the AMS method), which was a much better rate than in the vast majority of European countries.

Whereas exports had increased by up to 20 per cent on the year in the boom phases of earlier business cycles,

(most recently, growing by 18 per cent in 2007), the crisis caused a massive slump in exports. They fell sharply in the first quarter of 2009 as a result, with a peak decline of over 27 per cent in February. However, a slight improvement followed. Output of material goods and investment showed a very similar picture. Both these indicators bottomed out during the first half and the first positive trends became apparent in the second.

Austria's federal government introduced a number of programmes to revive the economy in 2009. They included far-reaching measures to support the economy and to help small and medium-sized enterprises in particular. On the other hand, the Austrian ministry of finance estimates that the high cost of supporting the economy will push the budget deficit back up to 5.8 per cent of GDP in 2010, in turn worsening the debt ratio.

The principal reason for Austria's much improved growth outlook in the second half of 2009 was the global economy's rapid recovery. Two big emerging economies—China and India—were, increasingly, locomotives for global growth. Two other factors supported growth during the second half. On the one hand, the economic packages in place in Austria and many other countries helped stabilize demand. On the other, the massive reduction in inventories that we have been observing in recent months stimulated inventory investment in the second half. However, some of these factors are temporary, so as they cease to have an impact, there is a risk that growth will slow in the course of 2010.

THE INTERNATIONAL ECONOMIC ENVIRONMENT

The global recession ended in 2009. Participants in the financial markets have finally been able to breathe a little more easily since late autumn 2009. The combination of extensive economic stimulus packages and massive central bank intervention has given the global economy support. One thing is becoming clear as recovery sets in. The more money a government spent on reviving the economy, the less severe the slump was and the more quickly the economy managed to recover. A macro-economic rule of thumb says that an economic stimulus package must be worth at least 2 to 3 per cent of a country's economic output to have a positive medium-term impact on growth. Many European countries invested on precisely this scale, including Austria. The economic stimulus packages put in place by the United States amounted to 6 per cent of its economic output, and an emerging economy like China invested 17 per cent to get the economy quickly back on its feet.

The Eastern European economy was also hit by the financial crisis. However, taking a differentiated view of the various countries in the region has become more important than it was before the crisis. The recession ended in the third quarter of 2009 in some, but the economies of others went on shrinking.

Slovakia and the Czech Republic were two rays of hope, leaving the recession behind them with GDP growth on the previous quarter of 1.6 and 0.8 per cent, respectively, in the third quarter of 2009. The turn of the tide was mainly made possible by a rise in car exports fuelled by the scrappage schemes introduced in many countries. However, it is not clear whether this is enough to generate a sustained recovery. The OECD was cautiously optimistic in its latest forecasts, predicting economic growth rates of 2.0 per cent in 2010 and 4.2 per cent in 2011 in Slovakia and 2.0 per cent in 2010

and 2.8 per cent in 2011 in the Czech Republic. The trend reversal has yet to materialize in Hungary, where the economy shrank by another 1.8 per cent on the previous quarter in the third quarter of 2009. Hungary's GDP is believed to have fallen by nearly 7 per cent over 2009 as a whole. Moreover, the government's strict austerity policy—indispensable because of IMF requirements—means that recovery is not yet in sight. As a result, the Hungarian economy will continue to shrink in 2010 (OECD forecast: negative 1.0 per cent).

As in Western Europe, unemployment has become a core concern in Eastern Europe. It will be one reason why growth in the next two years will be significantly weaker than in the years before the crisis. That notwithstanding, the region still has potential in the long term, and its growth will continue to outstrip that of the West as soon as the crisis is over.

MONEY AND CAPITAL MARKETS

The massive economic crisis also dominated events in the capital markets during 2009. Supplementing national economic rescue and stabilization packages, central banks stuck to their strategy of cutting key interest rates, which, as a result, reached historical lows in every industrial country (United States: 0.00 – 0.25 per cent; eurozone: 1.00 per cent). In parallel to this supporting action, massive amounts of liquidity were injected into economies, gradually restoring confidence in the capital markets. Against this turbulent backdrop, 10-year rates in the eurozone capital markets moved in

a range of between 3.50 and 4.30 per cent, and their movements were extremely volatile.

Following the record drop in share prices in 2008, a trend reversal began in March 2009. Enthusiasm about the foreseeable end to the recession made it possible for the markets to record annual performance of between 128 per cent in Russia and 84 per cent in China as well as nearly 43 per cent in Austria and 24 per cent in Germany.

CHANGE IN THE SCOPE OF CONSOLIDATION

As a result of the acquisition of *PC-Ware Information Technologies AG* by *Raiffeisen Informatik Gruppe, Raiffeisen Informatik GmbH* was added to the list of entities accounted for using the equity method as of 1 January 2009 on the grounds that it was now of material importance.

The RLB NÖ-Wien Group holds a 47.75 per cent stake in *Raiffeisen Informatik GmbH*. It has a significant influence over this company for the purposes of IAS 28.

The transition from the prior measurement of this investment as available for sale to accounting for it using the equity method and the increase in the Group's equity investment in *Raiffeisen International Bank-Holding AG (R-International)* gave rise to the recognition of negative goodwill of €13.3 million as a one-off effect in the line item *Profit from investments in entities accounted for using the equity method*.

RESULTS IN 2009

The RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN Group (RLB NÖ-Wien Group) achieved very good results in the 2009 financial year even though economic conditions were still difficult. In view of its responsibility for safeguarding the RLB NÖ-Wien Group's stable development as a regional bank serving the people in the region, the Managing Board attached great importance to ensuring the sustained development of the Group's various business segments. Combining a cost reduction and efficiency enhancement programme with the responsible conduct of financial transactions created the basis for navigating a safe path for the good of the Group's customers.

- At 31 December 2009, the Group's **assets** came to €31,698.6 million. This was 15.1 per cent or €4,165.2 million more than the figure of €27,533.4 million recorded at year-end 2008.
- **Operating profit** came to a respectable €216.7 million in 2009, which was €3.3 million or 1.5 per cent up on the prior-year figure of €213.4 million. Operating income increased by €10.9 million or 2.9 per cent, while general administrative expenses increased by €7.6 million or 4.6 per cent.
- **Net interest income**—the most important item of income from the Group's core operations—was satisfactory, coming to €151.0 million. This was €1.1 million or 0.7 per cent more than the prior-year figure of €149.9 million.
- **Net fee and commission income** was €4.6 million or 7.8 per cent down on the previous year to €54.4 million. **Net trading income** developed well, growing to €23.0 million. This compared with negative €3.3 million in 2008.
- **Profit from investments in entities accounted for using the equity method** essentially mirrors the performance of the *Raiffeisen Zentralbank Österreich Aktiengesellschaft Group (RZB Group)*. It came to €129.3 million in 2009, which was €33.4 million or 20.5 per cent less than in 2008.
- **Profit/(loss) from financial investments** improved by €189.6 million to €24.5 million. It had been negative in 2008 because of revaluation losses on financial instruments designated as at fair value through profit or loss.
- **General administrative expenses** increased by €7.6 million or 4.6 per cent to €171.1 million. This compared with €163.5 million in 2008. The cost reduction and efficiency enhancement programme that has been in place since 2008 continued to brake the rise in costs and improve workflows during 2009.
- **Consolidated profit for the year after tax and minorities** came to €170.9 million, compared with €29.1 million in 2008. The improvement in *Profit/(loss) from financial investments* accounted for a large part of the total increase of €141.8 million.
- The Group's good performance in 2009 led to another sharp increase in the **Tier 1 capital** of the credit institution group (*Kreditinstitutsgruppe*), which grew by nearly €70.9 million to €1,293.5 million. The Group's **Tier 1 ratio** (in relation to credit risk) remained high at 9.07 per cent (see Note (50) *Regulatory own funds*).

NOTES ON THE GROUP'S ASSETS, LIABILITIES, FINANCIAL POSITION AND PROFIT OR LOSS

CONSOLIDATED OPERATING PROFIT IN 2009 COMPARED WITH 2008

€'000	2009	2008
Net interest income	150,967	149,872
Net fee and commission income	54,440	59,049
Net trading income	22,982	(3,274)
Profit from investments in entities accounted for using the equity method	129,290	162,676
Other operating profit	30,086	8,590
Operating income	387,765	376,913
Staff costs	(95,470)	(87,545)
Other administrative expenses	(71,678)	(73,109)
Depreciation/amortization/write-offs	(3,963)	(2,892)
General administrative expenses	(171,111)	(163,546)
Operating profit	216,654	213,367

2009 was a year of numerous opportunities as well as risks in the banking industry. The RLB NÖ-Wien Group was able to exploit its opportunities and successfully mitigate its risks. Despite the huge and breakneck drop in interest rates at the end of 2008 and beginning of 2009, targeted countermeasures made **net interest income** of €151.0 million possible. This good result was mainly attributable to our customer operations. Although the economy was still in a fragile state, they made a sustainable, positive contribution to this line item due to moderate growth in the loan portfolio in core areas and a rise in interest margins on loans and advances in the corporate customers segment. Net *structural* income (profit from maturity transformation) also made a satisfactory contribution to net interest income, not least thanks to a cautiously optimistic market outlook and our accurate interest rate forecasting.

Companies in general were hesitant about investing, so the RLB NÖ-Wien Group's growth in 2009 was dented by a slightly weaker demand for loans among corporate and retail customers than in 2008. Customers' trust in the *Raiffeisen* brand was undiminished, as was demon-

strated by the fact that investment deposit balances remained high. Earnings from loan operations were improved by RLB NÖ-Wien' risk-aware lending policies and the cautious and steady extension of its corporate customer operations.

Net fee and commission income came to €54.4 million. This was €4.6 million or 7.8 per cent down on the previous year. Fee and commission income from payment services and credit operations held steady. Insurance and building society operations also proved to be an important source of earnings as the demand for secure saving and investment products remained high. However, consumer emphasis on conservative products reduced fee and commission earnings from securities operations. Thanks to the stock markets' significant recovery from April 2009, volumes in this segment also picked up again.

Net trading income was very high, at €23.0 million, compared with negative €3.3 million the year before. The markets having been extremely turbulent in 2008, actively working the markets and accurately predicting interest rates generated very good results.

Profit from investments in entities accounted for using the equity method is largely a reflection of the performance of the *RZB Group*. *RZB* and *Raiffeisen International Bank-Holding AG* developed satisfactorily in 2009, and on balance, the RLB NÖ-Wien Group's direct equity investments in the Czech Republic, Slovakia and Hungary also made positive contributions. Stripping out the negative goodwill recognized in 2008 as a result of a change in valuation policy, operating profit was €89.6 million up on the previous year to €129.3 million.

Other operating profit consisted largely of profit from "other" derivative operations in the amount of €18.0 million and profit from services and cost reimbursements in the amount of €12.2 million. This gave a total of €30.1 million, which was €21.5 million up on the figure of €8.6 million recorded in 2008.

General administrative expenses increased by €7.6 million to €171.1 million. General administrative expenses comprised *Staff costs* of €95.5 million, *Other administrative expenses* of €71.7 million and *Depreciation/amortization/write-offs* of property and equipment

and intangible assets totalling €4.0 million. We went on consistently implementing the cost optimization and efficiency enhancement programme begun back in 2007. It will generate customer-orientated growth at the same time as optimizing processes and procedures. During 2009, targeted cost control and investing in modern and efficient technologies made it possible to reduce *Other administrative expenses* by €1.4 million. Staff levels were increased in some areas to ensure RLB NÖ-Wien's ability to ideally meet the growing demands of its banking operations, increasing *Staff costs* by €7.9 million.

New IT systems were installed to ensure transaction efficiency, increasing **depreciation/amortization/write-offs** from €2.9 million to €4.0 million.

As a result, **operating profit** came to €216.7 million, which was €3.3 million or 1.5 per cent up on the previous year. Operating income increased by a total of €10.9 million or 2.9 per cent. General administrative expenses increased by €7.6 million or 4.6 per cent.

CONSOLIDATED PROFIT IN 2009 COMPARED WITH 2008

€'000	2009	2008
Operating profit	216,654	213,367
Impairment charge on loans and advances	(66,144)	(45,623)
Profit/(loss) from financial investments	24,523	(165,070)
Profit before tax	175,033	2,674
Income tax	(4,084)	26,480
Profit after tax	170,949	29,154
Minority interests in profit	(13)	(23)
CONSOLIDATED PROFIT	170,936	29,131

The **impairment charge on loans and advances** came to €66.1 million, which was €20.5 million or 45 per cent more than in 2008. The bulk of the increase was due to higher collective assessments of impairments of portfolios, which came to €17.4 million. Item-by-item allowances for impairment came to €48.8 million, which was €3.9 million more than in 2008. The total was made up of impairment allowances of €95.8 million, impairment reversals of €46.4 million and net write-offs of receivables of €0.6 million.

Profit from financial investments came to €24.5 million. It was generated largely by financial investments designated as at fair value through profit or loss. The beginnings of a recovery in the financial markets in April 2009 reduced risk premiums on bonds. Since a large part of our investments consisted of bonds, the portfolio therefore benefited from more stable markets. Profit from financial investments was €189.6 million better than in 2008. The result was **profit before tax** of €175.0 million, compared with €2.7 million in 2008.

Income tax came to €4.1 million. Current income tax consisted mainly of the portion of *Körperschaftsteuer* (Austrian corporation tax) payable under the *Steuerumlagenvereinbarung* (tax contribution agreement) with *RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H. (Raiffeisen-Holding NÖ-Wien)*, which is the parent of the *steuerliche Unternehmensgruppe* (taxable enterprises group).

Consolidated profit for the year after tax and minorities came to €170.9 million in a year still affected by significant after-effects of the financial crisis. This compared with €29.1 million in 2008, which means that RLB NÖ-Wien Group achieved a sustainable increase in profit in the year under review.

SEGMENTAL REPORT FOR 2009

The RLB NÖ-Wien Group is divided into the segments listed below. The segment definitions correspond strictly to the customers being serviced. (Primary segment reporting within the meaning of IFRS 8 is based on the RLB NÖ-Wien Group's internal management reporting system.)

Personal and Business Banking Customers
Corporate Customers
Financial Markets
Investments
Management Services

The **Personal and Business Banking Customers (Retail Banking)** segment encompasses retail business carried on by the Group's branches in Vienna. It therefore covers the banking requirements of personal banking customers in Vienna, including in particular their advisory needs in the loan, saving and investment fields. The Group's private banking teams provide professional advice to high net worth personal banking customers in Vienna. The Group's centres of excellence for trade and business customers service small and medium-sized enterprises in Vienna. Consulting offices are also open for customers outside normal banking hours. Because of the sharp fall in deposit interest rates, 2009 was a particularly challenging year in this segment. Nonetheless, it proved possible to sustain the level of savings deposit balances, which had risen significantly in 2008. In all, there was another net increase of about 13,000 in the customer base. Profit before tax in this segment came to €16.3 million, compared with €19.2 million in 2008. The result was a return on equity before tax of 12.3 per cent (2008: 18.3 per cent). The segment's cost:income ratio increased from 73.7 per cent in 2008 to 75.7 per cent in 2009.

The **Corporate Customers** segment registered a good profit in 2009. The keys to this customer segment's success are made-to-measure products and solutions and close attention to the needs of corporate customers in the so-called Centrope region. The Group continued to pursue a systematic business acquisition strategy during the year under review. At the same time, it deepened its relationships with existing customers. Its profit-orientated business policies led to a moderate increase in business volumes and another advance in net interest income. Net interest income after impairment charges held steady compared with 2008, and profit from financial investments improved considerably. Consequently, the RLB NÖ-Wien Group's corporate customers segment turned profit before tax of €43.2 million, compared with €29.7 million in 2008. With average equity employed of €662.0 million, it delivered a return on equity of 6.5 per cent (2008: 5.4 per cent).

Although the money and capital markets were volatile, the **Financial Markets** segment made another substantial contribution to consolidated profit thanks to consistent risk- and profit-orientated management. Net interest income, net trading income and other operating profit were all significantly better than in the difficult 2008 financial year. Net trading income made a satisfactory contribution to segment profit in 2009 as interest rate and currency trading developed particularly well. Securities designated as at fair value through profit or loss had still suffered substantial impairments in 2008, but they made a definite positive contribution to segment profit in 2009. This segment's profit before tax was outstanding, at €58.8 million, and it delivered a return on equity before tax of 22.1 per cent.

The **Investments** segment accounted for the biggest slice of the RLB NÖ-Wien Group's consolidated profit for the year before tax, namely €71.2 million. The *RZB Group's* profit in 2009 was a major contributor, and the direct stakes held in *R-International* and the *Raiffeisen Network Banks* in the Czech Republic, Slovakia and Hungary yielded generally satisfactory results.

The **Management Services** segment encompasses all the activities of the RLB NÖ-Wien Group within the scope of its role in the Austrian *Raiffeisen* organization—serving the *Raiffeisen Banks* in Lower Austria as their central institution—as well as income and expenses arising from the work it does to support activities in the market in the other customer segments. This segment recorded a loss of €14.5 million in 2009, compared with a loss of €47.2 million in 2008.

BALANCE SHEET PERFORMANCE IN 2009

The RLB NÖ-Wien Group's **assets** grew by €4,165.2 million or 15.1 per cent to €31,698.6 million during the year under review. This reflected the Group's sustained dynamic performance even when the economy was in a difficult state, which was above all the case during the first half of 2009.

ASSETS

Loans and advances to other banks grew by €3,834.2 million or 43.0 per cent to €12,758.2 million. Most of this growth was accounted for by an increase in loans and advances to banks within the Austrian *Raiffeisen* organization, including, above all, *RZB* and the *Raiffeisen Banks* in Lower Austria.

Loans and advances to customers grew by €181.8 million or 2.1 per cent to €8,696.1 million during 2009. Commercially, this was one of the most important line items on the assets side of the Balance Sheet alongside loans and advances to other banks, accounting for roughly 27.4 per cent of total assets. Although the economic backdrop was challenging, there was growth in the corporate and retail loan portfolios. The public sector loan portfolio was almost static on the previous year. Qualitative growth was always the main priority in the customer loan market. The Group remained true to

The principal contributor to growth on the assets side of the Balance Sheet was *Loans and advances to other banks*. Growth on the equity and liabilities side of the Balance Sheet was driven by an increase in *Deposits from other banks*, including in particular *RZB* and the *Raiffeisen Banks* in Lower Austria.

its conservative risk policy and continued to actively manage its existing loan portfolio.

Other current financial assets increased by €291.1 million or 13.2 per cent to total €2,504.3 million at year-end. Financial investments increased by €332.6 million or 11.3 per cent to €3,278.7 million.

The reduction in **trading assets** from €2,236.8 million to €396.6 million resulted mainly from the transfer of derivatives to the line item *Other assets*. This did not change their IFRS valuation category, so it did not affect profit or loss.

Investments in **entities accounted for using the equity method** increased marginally to €2,085.0 million. RLB NÖ-Wien remained *RZB's* biggest single shareholder, with a 31.4 per cent stake.

EQUITY AND LIABILITIES

Deposits from other banks grew by €4,524.4 million or 39.8 per cent to €15,883.3 million during 2009. Deposits from *RZB* and *Raiffeisen Banks* in Lower Austria accounted for €8,061.6 million or 50.8 per cent of total deposits from other banks. The structure of the RLB NÖ-Wien Group's equity and liabilities is a reflection of *RLB NÖ-Wien AG's* role as the central institution of *Raiffeisen-Bankengruppe NÖ-Wien* (the *Raiffeisen Banking Group* in Lower Austria and Vienna). The *Raiffeisen Banks* in Lower Austria hold their statutory liquidity reserves at RLB NÖ-Wien. RLB NÖ-Wien itself does not carry on retail banking business in Lower Austria.

Deposits from customers increased by €408.4 million or 6.3 per cent to €6,870.5 million. **Savings deposit balances** accounted for €2,376.7 of this total at year-end. Overall, the demand for secure forms of investment among retail customers was undiminished, confirming customer confidence in RLB NÖ-Wien.

Customer **sight deposit balances** came to €3,348.9 million at the end of 2009. **Time deposit balances** totalled €1,144.9 million.

Liabilities evidenced by paper came to €3,664.8 million, which was slightly less than the total of €3,852.6 million recorded at the end of the previous year.

Primary funds—comprising deposits from customers and all liabilities evidenced by paper—totalled €10,535.3 million, accounting for roughly 33.2 per cent of the RLB NÖ-Wien Group's balance sheet total.

Trading liabilities decreased by €2,187.4 million to €65.0 million. Most of the reduction was caused by transferring derivatives to the line item *Other liabilities*. This did not change their IFRS valuation category, so it did not affect profit or loss.

FINANCIAL PERFORMANCE INDICATORS

PERFORMANCE

In 2009, the key performance indicators that are in widespread international use returned to satisfactory levels at RLB NÖ-Wien.

The Group's **cost:income ratio**—the ratio of its operating costs to its operating income—came to 44.1 per cent. As this showed, the Group consistently and successfully implemented its cost optimization and efficiency enhancement programme and other measures in the customer operations and proprietary trading

fields. The cost:income ratio in 2008 had been 43.4 per cent.

The Group's **return on equity after tax**—its return on equity based on average consolidated equity—came to 8.5 per cent, compared with 1.5 per cent in 2008. This reflected the RLB NÖ-Wien Group's successful return to a path of sustainable profit growth.

REGULATORY OWN FUNDS

At 31 December 2009, the RLB NÖ-Wien Group had total **eligible own funds** of €1,661.1 million. This compared with a regulatory own funds requirement of €1,063.4 million, giving the Group surplus own funds of €597.6 million or 56.2 per cent of the regulatory own funds requirement on its balance sheet date in 2009.

The Group was able to keep its **Tier 1 ratio** (calculated in relation to credit risk) stable at 9.1 per cent (regulatory minimum: 4.0 per cent). Its **own funds ratio** (calculated in relation to all risks) increased further from 12.0 per cent in 2008 to 12.5 per cent in 2009 (regulatory minimum: 8.0 per cent). (See Note (50) *Regulatory own funds*.)

THE INTERNAL CONTROL SYSTEM FOR THE FINANCIAL REPORTING PROCESS

The Managing Board of *RLB NÖ-Wien AG* guarantees to maintain a demonstrably effective and appropriate internal control system for the financial reporting process. The Supervisory Board monitors the effectiveness of the internal control system.

The internal control system includes pre-defined controls, making it an integral part of the Group's technical and organizational processes. It ties together risk and compliance and ensures that adequate controls are implemented and correctly applied on the basis of the defined risks.

Risks and controls are documented using a risk control matrix. Its purpose is to show which risks should be limited, which processes should be controlled, what the controls should look like and by whom and how frequently they should be carried out.

The internal control system for the financial reporting process is designed to ensure the requisite reliability

during the preparation and fair presentation of published annual financial statements and financial information in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union and in accordance with the provisions of enterprise law that are, in addition, applicable under *§ 245a UGB* (Austrian enterprises code) in conjunction with *§ 59a BWG* (Austrian banking act).

The Supervisory Board and Managing Board rely on the support of experts, including, in particular, experts in Accounts and Controlling, which is a Head Office department. In addition, Audit, likewise a Head Office department, audits adherence to the internal control system. Auditing the effectiveness of the internal control system for the financial reporting process is also an object of the annual audits performed by *Österreichische Raiffeisenverband* and *KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*.

RISK REPORT

We refer the reader to the detailed **Risk Report** provided in Note (31) for comments on the RLB NÖ-Wien Group's overall financial risks and its risk management goals and methodologies.

MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

On 22 February 2010, *Raiffeisen Zentralbank Österreich AG* issued a press release and its subsidiary *Raiffeisen International Bank-Holding AG* made an ad-hoc announcement on the subject of the possibility of a merger between *Raiffeisen Zentralbank Österreich AG*

and *Raiffeisen International Bank-Holding AG*, this being one of a number strategic options under consideration. No board decisions regarding the implementation of one of those options had been taken at the time of writing of this report.

BRANCHES AND OFFICES

At year-end 2009, some 600 account managers and sales assistants were servicing RLB NÖ-Wien's customers at 70 branches and offices in Vienna. These comprised 47 retail banking branches, seven private banking units for high net worth personal banking customers and six special centres of excellence for trade and business customers.

Five consulting offices are available to our customers. They are also open outside normal banking hours, so

consultations take place when it suits the customer. Moreover, a customer can choose where a consultation session should take place, for instance at a consulting office or at his or her home. This modern, pioneering approach reflects both RLB NÖ-Wien's service-orientated advisory concept and its local roots.

The Group has neither offices nor branches abroad.

RESEARCH AND DEVELOPMENT

Because of the industry in which it operates, the Bank does not perform any material research or development activities.

NON-FINANCIAL PERFORMANCE INDICATORS

HUMAN RESOURCES

Continuity is central to RLB NÖ-Wien's personnel development activities. As a bank with a strong advisory focus, it continued to enlarge its workforce in every customer segment during 2009. It processed over 5,300 job applications, carried out 1,100 individual job interviews and held 45 assessment centre modules with over 200 participants. 139 new staff joined RLB NÖ-Wien during 2009, increasing the workforce to 1,256 by year-end.

When recruiting staff, RLB NÖ-Wien attaches particular importance to cooperating with secondary schools, universities and vocational colleges. Lectures by senior staff and RLB NÖ-Wien's presence at professional fairs also help it meet its sizeable staffing requirements. *Karrieretalk* sessions with over 200 school pupils proved to be a successful model in 2009. During these sessions, professional experts at RLB NÖ-Wien gave young career starters career advice in cooperation with the *Fonds der Wiener Kaufmannschaft*. From their first day at work, staff members' development is promoted and encouraged by an intensive programme consisting of on-the-job training and seminars.

As in 2008, staff did a large number of training days during 2009, namely about 8,370. This translates into 6.65 training days per member of staff. 86.8 per cent of the workforce took advantage of our extensive range of training opportunities. Further training for a new generation of team leaders and senior account managers was again provided through the Group's pool programme for young management personnel, *Mehr[WERT]* "value added" training in the corporate customers segment, mentor training and our trainee programme for young college and university graduates. In addition, for the

first time, we held two pilot courses providing management training for existing heads of department and for young management personnel at Head Office. Twelve staff members took part in each of these successful courses, which will now be held regularly.

RLB NÖ-Wien's personnel management activities particularly stress staff satisfaction, as was reflected by a raft of activities during the year under review. They included an induction scheme for new staff members consisting of a Welcome Day and being greeted personally by the Managing Board on the day of one's induction.

The health and well-being of employees at the workplace are also important to RLB NÖ-Wien. Staff members attended a series of expert lectures on a variety of health and fitness themes within the scope of the Group's *Wellness* Programme. To encourage staff to be physically fit, they were offered a broad range of sporting opportunities by *Turn- und Sportunion Raiffeisen NÖ-Wien*, and these proved very popular. As in prior years, the *Wellness* Programme was rounded off by a company hike.

We continued to attach great importance to cultivating a feedback culture during 2009. We strengthened it with a particularly valuable instrument for promoting structured internal communication, namely a staff survey during which each member of staff was asked to assess *Raiffeisen* values. The results of the survey will be analyzed in the spring of 2010.

THE ENVIRONMENT AND CLIMATE PROTECTION

An *RKI Manual for Enterprises and Staff* was drawn up within the scope of the *Raiffeisen* Climate Protection Initiative (RKI) set up by the Austrian *Raiffeisenverband*. The measures it recommends have been in the implementation stage since the end of 2008. One of the measures being implemented at RLB NÖ-Wien since 2009 is the distribution of regular information to every member of staff using weekly pop-ups on their PCs. These pop-ups contain valuable tips about saving energy in the office and in one's free time.

One special measure that goes even further is RLB NÖ-Wien's payment of a so-called "green subsidy" to encourage RLB NÖ-Wien staff to use public transport. It takes the form of a contribution towards the cost of an annual season ticket for Vienna's public transport system. Moreover, in cooperation with City of Vienna, RLB NÖ-Wien offers the city's population the free use of bicycles to provide them with an environmentally friendly alternative form of public transport.

RLB NÖ-Wien's commitment to protecting the environment also finds expression in its business activities, where the financing of environmental investments in Austria and abroad is becoming ever more important. This is particularly apparent in the renewable energy

field, which includes wind power, biomass and biogas technologies.

In addition, RLB NÖ-Wien held Lower Austria's third *Energy Saving Day* and Vienna's second in 2009, offering visitors extensive information about energy-efficient building materials, construction ecology, subsidies, financing models, heating and building regulations in cooperation with the Province of Lower Austria, the City of Vienna and experts from the *Raiffeisen Banks*. Some 3,500 advice sessions took place during these events, which were held on 13 February 2009. This successful project will become a part of *Raiffeisen's* standard annual programme in Lower Austria and Vienna.

RLB NÖ-Wien also acts as a partner in the energy contracting field. This is a commercially compelling model for optimizing a building's energy consumption and energy (cost) efficiency. Measures taken to boost energy efficiency also benefit the environment in that energy contracting reduces energy consumption without affecting comfort. The measurable benefit for the environment is a significant CO₂ saving.

CORPORATE SOCIAL RESPONSIBILITY

Social Welfare

RLB NÖ-Wien's employees demonstrated their outstanding personal sense of social responsibility in 2008 by cooking for the clients of the *Gruft*—a *Caritas* facility for the homeless—within the scope of the sponsorship of the *Gruft* by *Raiffeisen* and the *Kurier* newspaper as part of the “Cardinal König” scheme. Since the beginning of this partnership in 2006, they have served over 12,000 plates of food at more than 100 *Raiffeisen* evening meals cooked for an average of 120 people. A Christmas present collection for people staying at the *Gruft* rounds off their activities. This personal contribution by members of the Group's staff is one part of the corporate social responsibility lived out by RLB NÖ-Wien. In 2009, it again involved a series of activities to improve the quality of life in the regions where our customers live.

Culture

Above and beyond its commercial operations, RLB NÖ-Wien sponsors a wide range of cultural activities. It is main sponsor of the *Wiener Festwochen* festival and a partner of *Designforum*, the *Neue Oper Wien* opera company, the *Volksoper*, *Theater in der Josefstadt* and *Wiener Lustspielhaus*. Its most noteworthy cultural activities in Lower Austria are sponsorship of the Grafenegg Music Festival, supporting the *Donaufestival* within the scope of cooperation with *Niederösterreich-Kultur (NÖKU)*, and sponsorship of the *Festspielhaus St. Pölten* festival theatre and *Kunstmeile Krems*.

Sport

The attractiveness of one's neighbourhood also depends greatly on the leisure opportunities that it of-

fers. Sponsoring sporting events, including above all running events like the *Business Run*, the *Frauenlauf* (women's run) and the *Friedenslauf* (peace run), was another of RLB NÖ-Wien's priorities. The Group's commitment to sport is rounded off by its promotion of young athletes through sponsorship of the *Austria Juniors* (who train young footballers), the *Raiffeisen Vikings* (football) and the *Aon Fivers* (handball).

Safety and Security

Ensuring people's safety and security is becoming increasingly important, so here too, RLB NÖ-Wien is playing an active role in partnership with the police. Among other things, it sponsors the *Sicherheitsverdienstpreis* (security prize of honour) for Vienna and Lower Austria, which is awarded to both law enforcement officers and civilians.

Integration

During 2009, RLB NÖ-Wien also broke new ground in an area of considerable importance to society and the economy, namely integration. At the suggestion of Managing Board member Georg Kraft-Kinz, RLB NÖ-Wien set up the *Wirtschaft für Integration* (business for integration) charity in March 2009. The charity's patrons are Michael Häupl (Mayor of Vienna) and Christian Konrad (Chairman of the Supervisory Board of RLB NÖ-Wien and *Raiffeisen's* advocate general). This organization is a platform for top managers and business proprietors that takes effective action to address the issue of integrating people who have immigrated or are immigrating to Austria in line with their true potential. *Wirtschaft für Integration's* basic funding is provided by RLB NÖ-Wien.

OUTLOOK FOR 2010

Following the worst recession since the 1930s, Austria's real GDP will grow by an average of 1.8 per cent a year between 2010 and 2014. The after-effects of the economic and financial markets crisis will reduce annual growth by nearly three quarters of a percentage point compared with the average in the decade prior to 2008/09.

Austria's growth edge over the eurozone average will narrow significantly. Among other things, this is because the development of exports to Eastern and Central Europe is likely to remain weak and the financial sector is still fragile. Above all, the recession will continue to affect the job market and public sector budgets while inflation stays low. Action taken to consolidate public sector budgets will subdue demand across the economy from 2011, but it will also reduce the budget deficit.

The RLB NÖ-Wien Group's commercial activities follow a path whose goal is always sustainability. As they do so, the Group remains closely tied to its cooperative roots. Together with its customers, the RLB NÖ-Wien Group operates in markets with which it is not only familiar but in which it has also had lasting success. As Vienna's *Best Advisor Bank*, the RLB NÖ-Wien Group will continue to focus on advising and supporting its retail and corporate customer in 2010. Both lending and saving and investment operations will benefit from a more stable world economy.

The RLB NÖ-Wien Group's strength also makes it a reliable partner to the *Raiffeisen Banks* in Lower Austria and to *RZB*. Cooperation within the Austrian *Raiffeisen* organization will be extended further in 2010. The core project in this area — *1-IT for Austria*—will permit cost effective cooperation across the regional barriers that have existed to date, making *Raiffeisen's* already outstanding position in the market even stronger. The increase in efficiency that this project will bring about will enable us to modernize at the same time as cutting costs. The relevant strategic decisions have been made and the first steps in this direction were already taken in 2009. 2010 will be the pivotal year in our realization of this shared nationwide IT system for the Austrian *Raiffeisen* organization.

The *Raiffeisen* brand became *the* banking brand of trust during the recession. The RLB NÖ-Wien Group will continue to earn this trust in 2010 and will go on enlarging its customer base. "*To conquer Vienna*" is our ambitious motto, and it will come a step closer to fruition with the help of the events we will be holding and the many contacts we will be cultivating during 2010.

The RLB NÖ-Wien Group will achieve a modest increase in its assets during 2010. It plans to remain on its successful path by recording another increase in profit.

Vienna
22 March 2010

The Managing Board



CEO
Erwin HAMESEDER



Member
Reinhardt KARL



Member
Georg KRAFT-KINZ



Member
Gerhard REHOR



Member
Michael RAB

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

A. STATEMENT OF COMPREHENSIVE INCOME

INCOME STATEMENT

€'000	NOTE	2009	2008
Interest income	(1)	763,607	990,876
Interest expenses	(1)	(612,640)	(841,004)
Net interest income	(1)	150,967	149,872
Impairment charge on loans and advances	(2)	(66,144)	(45,623)
Net interest income after impairment charge		84,823	104,249
Fee and commission income	(3)	79,699	85,108
Fee and commission expenses	(3)	(25,259)	(26,059)
Net fee and commission income	(3)	54,440	59,049
Net trading income	(4)	22,982	(3,274)
Profit from investments in entities accounted for using the equity method	(5)	129,290	162,676
Profit/(loss) from financial investments	(6)	24,523	(165,070)
General administrative expenses	(7)	(171,111)	(163,546)
Other operating profit	(8)	30,086	8,590
Profit before tax		175,033	2,674
Income tax	(10)	(4,084)	26,480
Profit after tax		170,949	29,154
Minority interests in profit		(13)	(23)
CONSOLIDATED PROFIT		170,936	29,131

€	NOTE	2009	2008
Undiluted earnings per share	(11)	77.90	14.56

There were no conversion or option rights in issue. Consequently, earnings per share were undiluted.

RECONCILIATION TO COMPREHENSIVE INCOME

€'000	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		MINORITIES	
	2009	2008	2009	2008
Consolidated Profit	170,936	29,131	13	23
Cash flow hedge reserve	(798)	(34,846)	0	0
Available-for-sale reserve	6,533	(18,646)	3	(3)
Enterprise's interest in other comprehensive income of the entities accounted for using the equity method	(76,013)	(196,432)	0	0
Deferred taxes	(1,908)	12,865	0	0
Other comprehensive income	(72,186)	(237,059)	3	(3)
Comprehensive income	98,750	(207,928)	16	20

B. BALANCE SHEET

ASSETS, € '000	NOTE(S)	2009	2008*
Cash and balances with the central bank	(13)	47,420	45,423
Loans and advances to other banks*	(14, 34, 35)	12,758,222	8,923,997
Loans and advances to customers	(15, 34, 35)	8,696,138	8,514,312
Impairment allowance balance	(16, 35)	(281,035)	(241,679)
Trading assets	(17, 34, 35)	396,585	2,236,810
Other current financial assets	(18, 34, 35)	2,504,290	2,213,147
Financial investments*	(19, 34, 35)	3,278,686	2,946,129
Investments in entities accounted for using the equity method*		2,085,007	2,023,926
Intangible assets	(20)	6,273	5,958
Property and equipment	(21)	9,538	10,270
Other assets	(22, 35)	2,197,478	855,099
Total assets		31,698,602	27,533,392

EQUITY AND LIABILITIES, € '000	NOTE(S)	2009	2008*
Deposits from other banks	(23, 34, 35)	15,883,332	11,358,887
Deposits from customers	(24, 34, 35)	6,870,496	6,462,072
Liabilities evidenced by paper	(25, 34)	3,664,804	3,852,601
Trading liabilities	(26, 34, 35)	65,039	2,187,402
Other liabilities	(27, 35)	2,396,775	939,128
Provisions	(28, 35)	62,130	66,196
Subordinated debt capital*	(29, 34)	715,890	670,608
Equity*	(30)	2,040,136	1,996,498
Attributable to equity holders of the parent		2,040,043	1,996,418
Minority interests		93	80
Total equity and liabilities		31,698,602	27,533,392

* Comparative figures for the previous year have been restated in accordance with IAS 8. Details are provided in the section on *Changes in recognition and measurement policies*.

C. STATEMENT OF CHANGES IN EQUITY

€'000	SUBSCRIBED SHARE CAPITAL	NON-VOTING NON-OWNERSHIP CAPITAL (PARTIZIPATIONS- KAPITAL)*	CAPITAL RESERVES	RETAINED EARNINGS	CONSOLIDATED PROFIT	MINORITIES	TOTAL
Equity at 1 January 2009	214,520	76,500	432,688	1,272,710	0	80	1,996,498
Comprehensive income				(72,186)	170,936	16	98,766
Contractual profit transfer					(53,700)		(53,700)
Distribution on non-voting non-ownership capital (Partizipationskapital)					(3,825)		(3,825)
Transferred to retained earnings				113,411	(113,411)		0
Other distributions						(3)	(3)
Other changes				2,400			2,400
Equity at 31 December 2009	214,520	76,500	432,688	1,316,335	0	93	2,040,136

€'000	SUBSCRIBED SHARE CAPITAL	NON-VOTING NON-OWNERSHIP CAPITAL (PARTIZIPATIONS- KAPITAL)*	CAPITAL RESERVES	RETAINED EARNINGS	CONSOLIDATED PROFIT	MINORITIES	TOTAL
Equity at 1 January 2008	199,197	0	181,701	1,515,889	0	63	1,896,850
Capital contributions	15,323	76,500	250,987				342,810
Other comprehensive income				(237,059)	29,131	20	(207,908)
Contractual profit transfer					(45,300)		(45,300)
Use of retained earnings				(16,169)	16,169		0
Distributions						(3)	(3)
Other changes				10,049			10,049
Equity at 31 December 2008	214,520	76,500	432,688	1,272,710	0	80	1,996,498

* Comparative figures for the previous year have been restated in accordance with IAS 8. Details are provided in the section on *Changes in recognition and measurement policies*.

The share capital of RAIFFEISENLANDES-BANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) was €214,520,100.00 (year-end 2008: €214,520,100.00). Its subscribed share capital comprised 2,145,201 (year-end 2008: 2,145,201) no-par bearer shares (*Stückaktie*) with a nominal value of €214,520,100.00 (year-end 2008: €214,520,100.00). In 2008, *RLB NÖ-Wien AG* issued 765,000 registered non-voting non-ownership "participation" certificates (*Partizipationsschein*) within the meaning of § 23 Abs. 3 Z. 8. in conjunction with Abs. 4 und Abs. 5 BWG. One such certificate has a nominal value of €100.00.

The cash flow hedge reserve and the available-for-sale reserve transferred to retained earnings, in both cases prior to the deduction of deferred taxes, and deferred taxes taken directly to equity changed as follows:

€'000	CASH FLOW HEDGE RESERVE	AVAILABLE-FOR-SALE RESERVE	DEFERRED TAXES
At 1 January 2009	(21,830)	(12,712)	10,505
Net changes in the financial year	(798)	6,536	(1,908)
Of which revaluation gains and losses taken to <i>Other comprehensive income</i>	2,188	(2,295)	
Of which the amount taken from <i>Other comprehensive income</i> and recognized in profit or loss in the financial year	(2,986)	8,831	
At 31 December 2009	(22,628)	(6,176)	8,597

€'000	CASH FLOW HEDGE RESERVE	AVAILABLE-FOR-SALE RESERVE	DEFERRED TAXES
At 1 January 2008	13,016	5,937	(2,360)
Net changes in the financial year	(34,846)	(18,649)	12,865
Of which revaluation gains and losses taken to <i>Other comprehensive income</i>	(33,122)	(14,524)	
Of which the amount taken from <i>Other comprehensive income</i> and recognized in profit or loss in the financial year	(1,724)	(4,125)	
At 31 December 2008	(21,830)	(12,712)	10,505

Amounts charged off against the cash flow hedge reserve through profit or loss were recognized in *Net interest income*.

Breakdown of the change in deferred taxes recognized in *Other comprehensive income*:

€'000	2009	2008
Deferred taxes arising from the cash flow hedge reserve	(300)	8,468
Deferred taxes arising from the available-for-sale reserve	(1,608)	4,397
Total	(1,908)	12,865

D. CASH FLOW STATEMENT

€'000	2009	2008
Profit before minorities	170,949	29,154
Non-cash items in profit and reconciliation to net cash from/(used in) operating activities:		
Write-downs/(write-ups) of property and equipment and financial investments	(2,017)	179,296
Revaluation (gains)/losses on investments in entities accounted for using the equity method	(129,290)	(162,676)
Net creation of provisions and impairment allowances	72,601	61,867
(Gains)/losses on disposals of property and equipment and financial investments	(16,479)	(10,421)
Other adjustments (net)	(60,851)	(159,854)
Subtotal	34,913	(62,634)
Change in assets and liabilities arising from operating activities after corrections for non-cash items:		
Loans and advances to customers and other banks	(4,015,460)	(5,261,521)
Trading assets	1,840,225	(1,084,040)
Other current financial assets	(262,134)	(376,242)
Other assets	(1,369,616)	(355,461)
Deposits from customers and other banks	4,932,869	4,839,868
Liabilities evidenced by paper	(187,797)	1,108,342
Trading liabilities	(2,122,363)	1,520,916
Other liabilities	1,434,070	363,972
Subtotal	284,707	693,200
Interest and dividends received	432,166	1,004,163
Interest paid	(273,091)	(790,087)
Income taxes paid	(1,287)	56
Net cash from operating activities	442,495	907,332
Cash receipts from sales of:		
Financial investments and equity	673,470	2,450,568
Property and equipment and intangible assets	139	209
Cash paid for:		
Financial investments and equity	(1,110,409)	(3,713,576)
Property and equipment and intangible assets	(3,685)	(5,805)
Net cash from/(used in) investing activities	(440,485)	(1,268,604)
Net cash from increases in share capital	0	342,810
Net inflows of subordinated debt capital	45,282	80,587
Contractual profit transfer	(45,300)	(63,850)
Net cash from/(used in) financing activities	(18)	359,547

€'000	2009	2008
Cash and cash equivalents at end of previous period	45,423	47,146
Net cash from operating activities	442,495	907,332
Net cash from/(used in) investing activities	(440,485)	(1,268,604)
Net cash from/(used in) financing activities	(18)	359,547
Effect of exchange rate changes	5	2
Cash and cash equivalents at end of period	47,420	45,423

Cash and cash equivalents corresponds to *Cash and balances with the central bank*.

E. NOTES

THE ENTERPRISE

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) is the regional central institution of *Raiffeisen Bankengruppe NÖ-Wien*. It is registered in the companies register (*Firmenbuch*) at Vienna trade court (*Handelsgericht Wien*) under the number FN 203160 s. 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*) is RLB NÖ-Wien's majority shareholder with a stake of 78.58 per cent. In accordance with Austrian disclosure regulations, the consolidated financial statements of *Raiffeisen-Holding NÖ-Wien* are lodged in the companies register and published in the *Raiffeisen* newspaper. The remaining shares of RLB NÖ-Wien are held by the *Niederösterreichische Raiffeisenbanken* (Lower Austrian *Raiffeisen Banks*). As their central institution, RLB NÖ-Wien provides them with support in every area of banking.

RLB NÖ-Wien is a regional bank. In its core business segment, it operates in its regional home market—eastern Austria—and thus within the Centrope region, providing professional advisory services and optimum banking products. Thanks to its stake in *Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB)*, it also profits from the *Raiffeisen Banking Group's* presence in Central and Eastern Europe.

The foundation stones of RLB NÖ-Wien's banking activities are personal banking, business banking, corporate banking and proprietary operations. It provides retail banking services at its branches and consulting offices in Vienna under the slogan "*Raiffeisen in Wien. Meine BeraterBank*" (*Raiffeisen in Vienna. My Advisor Bank*). RLB NÖ-Wien's core strategic operations are supplemented by its participation in syndicated loan projects and its equity investments in banks and other banking-related investments in Austria, Hungary, the Czech Republic and Slovakia.

THE FUNDAMENTALS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRSs

PRINCIPLES

The Consolidated Financial Statements for the financial year 2009 and the prior-year figures for 2008 were prepared in accordance with *EU Directive (EC) 1606/2002*, as issued by the Commission on 11 September 2002, in conjunction with *§ 245a UGB* (Austrian enterprises code) and *§ 59a BWG* (Austrian banking act). All the International Financial Reporting Standards and IFRIC interpretations whose application in connection with the Consolidated Financial Statements was mandatory were taken account of as adopted by the EU.

The basis for the Consolidated Financial Statements was provided by the separate financial statements of all consolidated entities, which were prepared applying uniform, Group-wide standards and in accordance with the provisions of IFRSs. The effect of the non-consolidated subsidiaries on the Group's assets, liabilities, financial position and profit or loss for the purposes of the framework in IAS/IFRS F 29f *et seq* was immaterial.

With the exception of two subsidiaries accounted for as of and for the periods ended 30 September and 31 October, respectively, and two companies whose balance sheet dates were 28 February and 31 March, respectively, for which interim financial statements were prepared as of and for the period ended 31 December, the consolidated companies and the entities accounted for using the equity method prepared their annual financial statements as of and for the period ended 31 December. Appropriate adjustments were carried out to allow for the effects of material business transactions and other events occurring between a subsidiary's reporting date and 31 December.

Unless specifically stated otherwise, the figures in these Financial Statements are in full thousands of euros (€'000). There may be rounding errors in the tables that follow.

CONSOLIDATION POLICIES

The consolidation process involves eliminating intra-group investments and equity, balances, gains and losses, income and expenses.

In accordance with *IFRS 3 Business Combinations*, the elimination of intragroup investments and equity arising from combinations took place applying the *purchase method of accounting*, acquired assets and liabilities being recognized as at the date of acquisition applying their fair values on that date. The difference between cost and the fair value of the acquired net assets was, if positive, recognized as goodwill.

Pursuant to IFRS 3, par. 55, goodwill is not amortized. Instead, it is tested for impairment once a year. Following reassessment, negative goodwill is immediately recognized in profit or loss in accordance with IFRS 3, par. 56.

Investments in entities over which the RLB-NÖ-Wien Group had a significant influence were accounted for using the equity method and reported on the Balance Sheet in the line item *Investments in entities accounted for using the equity method*. The Group's interests in the annual profits/(losses) of entities accounted for using the equity method were reported in *Profit from investments in entities accounted for using the equity method*. The Group's interest in the "other comprehensive income" of entities accounted for using the equity method was reported in *Other comprehensive income*. The same rules were applied to investments in entities

accounted for using the equity method (date of first-time consolidation, calculation of goodwill or negative goodwill) as to subsidiaries. The basis for recognition was provided by the financial statements of the entities accounted for using the equity method. If an entity accounted for using the equity method deviated from Group-wide recognition and measurement policies in respect of similar transactions and events, appropriate adjustments were carried out.

Investments in other entities were recognized at fair value, or if a fair value was not available or could not be determined reliably, at cost less any impairment.

During the elimination of intragroup balances, intragroup receivables and payables were eliminated.

Intragroup gains and losses were eliminated if their effect on line items in the Income Statement was material. Banking business between the individual companies within the Group was usually conducted on arm's length terms.

Expenses and income resulting from transactions between consolidated entities were eliminated.

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

NUMBER OF ENTITIES	CONSOLIDATED		EQUITY METHOD	
	2009	2008	2009	2008
At 1 January	11	14	5	1
First included in the year under review	0	2	1	5
Restructuring carried out during the year under review	0	(5)	0	(1)
At 31 December	11	11	6	5

SCOPE OF CONSOLIDATION

The scope of consolidation of the RLB NÖ-Wien Group included all of the following Group members, in which RLB NÖ-Wien held direct or indirect interests of more than 50 per cent or over whose operating and/or financial policies it had a controlling influence:

- *RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG* (Group parent)
- *RLB NÖ-Wien Holding GmbH*
- *RLB NÖ-Wien Sektorbeteiligungs GmbH*
- *RLB Ostbankenholding GmbH*
- *Tatra Holding GmbH*
- *"ARSIS" Beteiligungs GmbH*
- *"BARIBAL" Holding GmbH*
- *"EXEDRA" Holding GmbH*
- *"FIBULA" Beteiligungs GmbH*
- *Acceptia Holding GmbH*
- *VAKS – Veranstaltungskartenservice Ges.m.b.H.*
- *Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs AG*

Twenty subsidiaries (2008: 20 subsidiaries) were not consolidated because their effect on the Group's assets, liabilities, financial position and profit or loss was immaterial. They were accounted for in the line item *Financial investments* at cost less impairments as *Investments in subsidiaries*. The assets of excluded entities came to less than 1 per cent of the Group's aggregated assets.

Entities over whose operating and/or financial policies the RLB NÖ-Wien Group had a significant influence were accounted for using the equity method. In the 2009 financial year, this applied to *RZB, Raiffeisen International Bank-Holding AG (R-International), Raiffeisenbank a.s.* (Czech Republic), *Tatra banka a.s.* (Slovakia), *Raiffeisen Bank Zrt.* (Hungary) and *Raiffeisen Informatik GmbH*.

In addition to a direct interest of 0.58 per cent (year-end 2008: 0.58 per cent), RLB NÖ-Wien held an indirect interest of 30.82 per cent (year-end 2008: 30.82 per cent) in *RZB* via *RLB NÖ-Wien Holding GmbH*.

The RLB NÖ-Wien Group held an interest of 24.00 per cent in *Raiffeisenbank a.s.* (year-end 2008: 24.00 per cent). Moreover, the RLB NÖ-Wien Group held an interest of 16.23 per cent in *Raiffeisen Bank Zrt.* via *Raiffeisen-RBHU Holding GmbH* (year-end 2008: 16.23 per cent), an interest of 12.80 per cent in *Tatra banka a.s.* (year-end 2008: 12.28 per cent) and an interest of 0.86 per cent in *Raiffeisen International Bank-Holding AG* (year-end 2008: 0.61 per cent). Given its strategy of striving to become the leading regional bank in the

Centropo Region, the significant influence exercised by RLB NÖ-Wien is evidenced by the importance of its business relations and the overall circumstances.

As a result of the acquisition of *PC-Ware Information Technologies AG* by the *Raiffeisen Informatik Group, Raiffeisen Informatik GmbH* was added to the list of entities accounted for using the equity method as of 1 January 2009 on the grounds of its newly acquired materiality. The RLB NÖ-Wien Group held an interest of 47.75 per cent in *Raiffeisen Informatik GmbH*, exercising a significant influence over it for the purposes of IAS 28.

Twelve associates (2008: 13 associates) were not accounted for using the equity method because their effect on the Group's assets, liabilities, financial position and profit or loss was immaterial. They were recognized in the line item *Financial investments* at cost less impairments. Viewed together and based on current data, the immaterial associates would have changed the Group's consolidated equity and consolidated assets by less than 1 per cent had they been accounted for using the equity method.

No financial statements prepared in a foreign currency required consolidation. A list of consolidated entities, entities accounted for using the equity method and other equity investments is provided in the *Overview of Equity Investments*.

RECOGNITION AND MEASUREMENT POLICIES

FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. According to IAS 39, all financial instruments must be recognized on the Balance Sheet at their fair value at the date of acquisition. This is usually the transaction price, which corresponds to the fair value of the consideration given or received. Financial instruments must be divided into defined categories. Their subsequent measurement will depend on the classification carried out.

The following measurement categories result:

At fair value through profit or loss: Financial assets or liabilities at fair value through profit or loss are financial instruments either, on initial recognition, classified by the entity as held for trading or designated as at fair value through profit or loss.

- Financial assets and financial liabilities classified as financial instruments held for trading serve the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Instruments held for trading were measured at fair value, revaluation gains and losses being recognized in profit or loss. Liabilities held for trading also belong to this valuation category.
- Upon initial recognition, financial assets, financial liabilities and groups of financial instruments (financial assets, financial liabilities or a combination of the two) were designated as financial instruments at fair value through profit or loss if more relevant information could be communicated that way.

This requirement is met if such a designation eliminates or substantially reduces mismatches in measurement or approach (accounting mismatches).

Assignment to this category also took place if financial assets and/or financial liabilities (including derivatives) were managed on the basis of a documented risk management or investment strategy within the scope of portfolios measured to fair value whose performance was reported on a regular basis to the Managing Board as a body. If such derivatives have substantial financial effects, financial instruments with embedded derivatives can also be designated as at fair value through profit or loss. If derivatives embedded in financial instruments could not be measured separately, the entirety of such a financial instrument was assigned *a priori* to this class.

Classification took place as at the date of acquisition of a financial instrument. The irrevocable designation was documented by a summary in the portfolio, allowing separate risk monitoring in each case and, above all, management action directed at achieving defined profit goals. Responsibility for individual portfolios was regulated by clear assignments of responsibilities and the associated risk was limited by means of monitored lines and limits.

Financial assets and liabilities designated upon initial recognition as financial assets at fair value through profit or loss must subsequently be measured at fair value, with changes in value being recognized in profit or loss. The decisive criterion for assignment to this measurement category was that, at the time of acquisition or upon designation at the time of the first-time adoption of this standard, as amended, irrevocable designation to this class had taken place. Financial investments in equity instruments that did not have quoted market prices and whose fair values could not be determined reliably and derivatives whose values were dependent upon and required settlement by delivery of such equity instruments were not measured at fair value through profit or loss. Such financial instruments were classified as available for sale and were measured at cost less any impairments.

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, at fair value through profit or loss or available for sale. Such financial instruments result from the supply of money, goods or services. They were measured at amortized cost using the *effective interest rate method* taking account of any impairment.

Held-to-maturity: This category comprises financial assets with fixed or determinable payments that an entity has the positive intention and ability to hold to maturity. Such financial instruments were measured at amortized cost using the *effective interest rate method*. Premiums and discounts were recognized on a proportionate basis. Write-downs were carried out if there was an impairment of credit quality. If the reason for a write-down no longer applies, a write-back will take place up to the amount of the asset's amortized cost and will be recognized in the Income Statement.

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. Such assets were measured to fair value. Revaluation gains and losses are recognized in a separate item in equity in *Other comprehensive income* until the asset is sold or an impairment occurs. If an increase in fair value is objectively determinable, an impairment of a debt instrument will be reversed and the reversal will be recognized in the Income Statement; an impairment of an equity instrument will be reversed and recognized in *Other comprehensive income*.

Equity and debt instruments not meeting the criteria for classification as held to maturity or as *Loans and receivables*, that did not have a quoted market price and

whose fair value could not be determined reliably were classified as available for sale and were measured at cost less any impairment.

Financial liabilities not designated as at fair value through profit or loss or classified as held for trading were measured at amortized cost using the *effective interest rate method*. We refer the reader to the above comments regarding the recognition of financial liabilities designated as at fair value through profit or loss or classified as held for trading.

Reacquired securities issued by the enterprise were deducted on the equity and liabilities side of the Balance Sheet.

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of a listed financial instrument is its market value. Where no market values were available, future cash flows from a financial instrument were discounted applying the pertinent yield curve at the measurement date using the methods of financial mathematics. If a fair value could not be determined reliably, measurement took place at cost less any impairment.

Embedded derivatives outside the trading portfolio were separated from the host contract and accounted for as separate derivative contracts if the financial instrument was not measured in its entirety at fair value, if changes in fair value were not recognized in profit or loss, if the economic characteristics and risks of the embedded derivative were not closely related to the economic characteristics and risks of the host contract and if the embedded derivative really met the definition of a derivative contract. The host contract was then recognized according to its classification. The change in the value of the separated derivative measured at fair value was recognized in profit or loss. If an embedded deriva-

tive could not be valued either upon acquisition or on subsequent reporting dates, the entire structured product was designated as at fair value through profit or loss.

According to IAS 32, if an entity reacquires its own equity instruments (treasury shares), those instruments shall be taken from equity and not capitalized.

A financial asset or financial liability was recognized on the Balance Sheet if a Group entity was a party to the contractual arrangements for the financial instrument and, consequently, had a right to receive or a legal obligation to pay cash. Initial recognition on the Balance Sheet, measurement in the Income Statement and accounting for the disposal of a financial instrument took place using *trade date accounting*.

Financial assets were derecognized as of the time when the right to dispose of the asset or the contractual rights to the asset were lost.

DERIVATIVES

Financial derivatives not designated in a hedge accounting relationship or accounted for using the fair value option described above were recognized on the Balance Sheet at fair value. Changes in value were recognized in profit or loss.

Because of the different ways in which hedging relationships between hedged items and derivatives are accounted for under IAS 39, derivatives acquired for hedging purposes were divided into the following categories:

Fair value hedge: In the case of a fair value hedge, an existing asset or an existing liability is hedged against possible future changes in fair value attributable to a particular risk that would affect profit or loss. Using hedge accounting, the hedging instrument is measured

at fair value, with changes in value being recognized in profit or loss. The carrying amount of the hedged item is adjusted through profit or loss by the amount of the revaluation gains or losses attributable to the hedged risk. These hedges are formally documented, continually assessed and expected to be highly effective. In other words, throughout the term of a hedge, one can assume that changes in the fair value of a hedged item will be nearly completely offset by changes in the fair value of the hedging instrument and that the actual risk offset will lie within a range of deviation of 80 – 125 per cent.

Cash flow hedge: Cash flow hedges are hedges of the exposure to variability in cash flows associated with a recognized asset or liability or a highly probable forecast transaction that would affect profit or loss. Within the scope of cash flow hedge accounting, derivatives are used to hedge against possible future changes in interest payments. The extent to which derivatives are used to hedge against the exposure to interest rate risk is decided within the scope of the asset liability management process, with future variable interest payments on variable-yield receivables and debt mainly being swapped for fixed-rate payments using interest rate swaps. Hedging instruments were measured at fair value. Revaluation gains and losses must be separated into an effective portion and an ineffective portion. Hedging relationships are judged to be effective if changes in the cash flow arising from the hedged items are nearly completely offset by changes in the cash flow arising from the hedges at the beginning of the transaction and throughout its term. During the first two years, cash flows are subdivided into monthly time bands; from the third to the fifth year, they are subdivided into quarterly time bands; and from the fifth year they are subdivided into annual time bands based on the balance sheet date.

Predictions of hedged interest cash flows were based on the following expectations regarding capital cash flows:

2009 €'000	UP TO 1 YEAR	1 – 3 YEARS	3 – 5 YEARS	5 – 10 YEARS	> 10 YEARS
Cash inflows (assets)	2,124,277	3,202,723	2,446,962	495,201	348
Cash outflows (liabilities)	(987,867)	(776,800)	(475,000)	(550,000)	(50,000)
Net cash flows	1,136,410	2,425,923	1,971,962	(54,799)	(49,652)

2008 €'000	UP TO 1 YEAR	1 – 3 YEARS	3 – 5 YEARS	5 – 10 YEARS	> 10 YEARS
Cash inflows (assets)	1,834,002	2,781,644	2,558,336	1,315,976	1,440,348
Cash outflows (liabilities)	(145,000)	(279,940)	0	(358,040)	(88,480)
Net cash flows	1,689,002	2,501,704	2,558,336	957,936	1,351,868

The effective portion of the gain or loss on the hedging instrument is taken to *Other comprehensive income* and reported in a separate line item (*Cash flow hedge reserve*).

Gains and losses on these derivatives are set against the future compensating effects of the hedging relationships, whose recognition on the Balance Sheet is not yet allowed. The cash flow hedge reserve is reversed through profit or loss in the periods in which the cash flows from a hedged item affect profit or loss for the period. The ineffective portion of gains or losses on hedging derivatives must be recognized in profit or loss.

In the case of a hedging instrument where the hedging relationship can only be determined to be partly effective, the ineffective portion of the gain or loss on the hedging instrument must immediately be recognized in profit or loss.

RECEIVABLES

Receivables were measured at amortized cost without deducting impairments. Accrued interest was reported in the relevant line item. Premiums and discounts were accrued over a receivable's term to maturity.

Purchased receivables were also classified as *Loans and receivables*.

In the case of receivables constituting hedged items in a fair value hedge, revaluation gains and losses on the hedged item were captured and the carrying amount of the receivable was adjusted accordingly (basis adjustment). Receivables not attributable to a core banking relationship were classified as *Loans and receivables* and recognized in *Other assets*.

IMPAIRMENT ALLOWANCE BALANCE

Allowance was made for credit risks by recognizing item-by-item impairment charges.

Applying uniform Group-wide policies, impairment allowances in the amount of the expected losses were made for the recognizable counterparty risks associated with loans and advances to customers and other banks, were reversed insofar as the credit risk no longer existed, and were used if the loan was deemed to be irrecoverable and was charged off. A risk of default was deemed to exist if, taking account of collateral, the present value of expected repayments and interest

payments was less than the carrying amount of the receivable.

A collective assessment of impairments of portfolios was recognized for losses incurred but not yet detected at the time of the Balance Sheet's preparation. They were classified by risk category on the basis of default probability time series.

The balance of impairment allowances for receivables recognized on the Balance Sheet was presented in a separate line item on the assets side of the Balance Sheet below receivables (*Loans and advances*). The impairment allowance for off-balance-sheet transactions was recognized as a provision.

As a rule, direct write-offs only took place if the waiver of a receivable had been agreed with a borrower or an unexpected loss had occurred.

TRADING ASSETS

Trading assets are held for the purpose of exploiting short-term fluctuations in market prices.

Securities and derivatives held for trading were measured at their fair values. In the case of listed products, fair values were based on exchange prices. In the case of unlisted products, prices close to market prices (*Bloomberg, Reuters*) were used. If such prices were not available, primary financial instruments and forwards were measured using internal prices based on present value calculations, and options were measured using appropriate option price models. Derivatives held for trading were also recognized as part of the trading portfolio. Where fair values were positive, these derivatives were classified as *Trading assets*, and where fair values were negative, they were reported on the Balance Sheet in the line item *Trading liabilities*, the fair values of derivatives being calculated without accrued interest

(giving clean prices). Positive and negative fair values were not netted off against each other.

Receivables arising from accruals of interest on derivatives held for trading were also reported in the line item *Trading assets*. Changes in their clean prices were recognized in the Income Statement in the line item *Net trading income*.

Realized and unrealized gains and losses on trading assets and interest income and expenses arising from derivatives held for trading were recognized in the Income Statement in the line item *Net trading income*. Interest and dividend income arising from securities held for trading and the interest costs of funding them were recognized in the line item *Net interest income*.

OTHER CURRENT FINANCIAL ASSETS

This line item comprises financial instruments designated as at fair value through profit or loss under the fair value option. They are bonds and other fixed-interest securities, shares and other variable-yield securities. Accrued interest on such financial instruments was also reported in this line item on the Balance Sheet.

Realized and unrealized gains and losses were recognized in the Income Statement in the line item *Profit from financial investments*, and current investment income was recognized in the line item *Net interest income*.

FINANCIAL INVESTMENTS

The line item *Financial investments* includes fixed-interest securities classified as held to maturity and available for sale, variable-yield securities, investments in subsidiaries not consolidated on the grounds of immateriality, and other equity investments. The held-to-maturity portfolio was recognized on the Balance Sheet at amortized cost. Securities not classified as held to

maturity, investments in subsidiaries and other equity investments were classified as available for sale. If listed, these financial assets were recognized at their exchange prices at the balance sheet date. Otherwise, they were measured at fair value. If their fair value could not be determined reliably, they were measured at cost. If a financial investment was classified as available for sale, revaluation gains and losses were taken to equity and reported in a special reserve (*Available-for-sale reserve*) as “other comprehensive income.” Gains and losses on the disposal of financial investments were recognized in the line item *Profit from financial investments*. The available-for-sale reserve is reversed through profit or loss when the asset is disposed of. Impairments within the meaning of IAS 39 were recognized in the Income Statement.

INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

Investments in entities accounted for using the equity method are presented in a separate line item. Profit from them is also reported separately in the Income Statement. The Group’s interest in the “other comprehensive income” of entities accounted for using the

equity method was reported in *Other comprehensive income*.

INTANGIBLE ASSETS

Purchased intangible assets with a determinable useful life were measured at cost less straight-line, ordinary amortization. Straight-line amortization is based on expected useful lives of between three and 50 years.

Pursuant to IAS 36, if there is any indication that an asset may be impaired, insofar as the carrying amount of the asset exceeds its recoverable amount, an impairment loss must be recognized. The recoverable amount is the higher of the asset’s fair value less costs to sell and its value in use. If, in subsequent reporting periods, there are grounds to believe that the impairment no longer exists, IAS 36 requires a write-back up to the recoverable amount but not to more than the asset’s amortized cost. A write-back of goodwill is not permitted.

At the balance sheet date, RLB NÖ Wien had no self-produced intangible assets with reliably determinable conversion costs that were likely to generate future economic benefits.

PROPERTY AND EQUIPMENT

Property and equipment were stated at cost of acquisition or conversion less depreciation. Depreciation is carried out on a straight-line basis assuming the following useful lives:

Useful Life	Years
Buildings	25 – 50
Office furniture and equipment	3 – 20

Fittings in rented premises are depreciated on a straight-line basis over the shorter of the lease term and their expected useful life, which is usually 10 years.

Pursuant to IAS 36, if there is any indication that an asset may be impaired, insofar as the carrying amount of the asset exceeds its recoverable amount, an impairment loss must be recognized. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If, in subsequent reporting periods, there are grounds to believe that the impairment no longer exists, IAS 36 requires a write-back up to the recoverable amount but not to more than the asset's amortized cost.

OTHER ASSETS

The line item *Other assets* consists mainly of receivables not resulting from core banking relationships (essentially, receivables resulting from supplies and services), tax assets, coin and inventories as well as the positive fair values of derivatives not held for trading and receivables arising from the accrual of interest on such derivatives.

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

PAYABLES

Financial liabilities not designated as at fair value through profit or loss or classified as held for trading were measured at amortized cost. Accrued interest was reported in the pertinent line item on the Balance Sheet. Premiums and discounts are accrued over a payable's term to maturity.

Insofar as the exposure to interest rate risk associated with payables was hedged against in a fair value hedge, carrying amounts were adjusted by the amount of the changes in value arising from the interest rate risk (basis adjustment).

LIABILITIES EVIDENCED BY PAPER

Any difference between the issue price and amortization amount of a liability evidenced by paper and measured at amortized cost is spread over the term of the liability as a write-up or write-down. Zero-coupon bonds and similar obligations were measured on a present value basis.

The recognized total of liabilities evidenced by paper was reduced by the amount of securities issued by the enterprise that had been repurchased. Insofar as the exposure to interest rate risk associated with such issuances was hedged against in a fair value hedge, carrying amounts were adjusted by the amount of the changes in value arising from the interest rate risk (basis adjustment). To avoid any accounting mismatch, liabilities evidenced by paper that were designated as at fair value through profit or loss were measured in the same way as interest rate derivative financial instruments using the fair value option.

TRADING LIABILITIES

Trading liabilities are held for the purpose of exploiting short-term fluctuations in market prices.

Derivatives held for trading were measured at fair value. In the case of listed products, fair values were based on exchange prices or prices close to market prices (*Bloomberg, Reuters*). If such prices were not available, forwards were measured using internal prices based on present value calculations and options were measured using appropriate option price models. Where fair

values were positive, these derivatives were recognized in the line item *Trading assets*. Where fair values were negative, they were reported on the Balance Sheet in the line item *Trading liabilities*. The fair values of derivatives were calculated without accrued interest (giving clean prices). Positive and negative fair values were not netted off against each other. Liabilities arising from accruals of interest on derivatives held for trading were also recognized in the line item *Trading liabilities*. The change in their clean price was recognized in the Income Statement in the line item *Net trading income*.

Realized and unrealized gains and losses on trading liabilities and interest income and expenses arising from derivatives held for trading were recognized in the Income Statement in the line item *Net trading income*.

OTHER LIABILITIES

Other liabilities consists mainly of liabilities not resulting from core banking relationships. These were essentially payables resulting from supplies of goods and services, tax liabilities and other payables. Negative fair values of derivative financial instruments and liabilities arising from interest accruals in respect of such derivatives were reported in this line item. The obligation to transfer profits to *Raiffeisen-Holding NÖ-Wien*—the parent of RLB NÖ-Wien—under the profit-transfer agreement was also accounted for here.

PROVISIONS

Provisions were created if there was a reliably determinable legal or actual obligation to a third party.

All provisions for so-called *social capital* (for post-employment, termination and jubilee benefits and for part-time work by older staff) were created in accordance with *IAS 19 Employee Benefits* using the *projected unit credit method*.

We distinguished between two kinds of post-employment old-age benefit plan:

Defined contribution plan: Sums are transferred to a pension fund for a group of employees. The fund manages the money and pays the post-employment benefits. The enterprise does not have any further obligations. The investment risk associated with the pension fund's investment activities is borne by the employee. In other words, the enterprise merely makes a promise to the employee to pay the contributions to the pension fund and does not promise any amount of subsequent pension payments. In the case of such plans, payments to the pension fund are treated as current expenditure.

Defined benefit plan: The RLB NÖ-Wien Group has, with legal and binding effect and irrevocably, promised a group of employees defined benefit plans (by way of so-called *post-employment benefit statutes*, special agreements) that specify the amounts of subsequent pensions. These plans are in part unfunded (i.e. the funds needed to pay for them remain within the enterprise) and partly funded (i.e. the funds are saved with the pension fund and/or insurers). In the case of benefit payments under post-employment benefit statutes financed via the pension fund, the entitlement is determined once, at the time the employee retires, and then transferred to a defined contribution plan. Such a removal from the scope of actuarial valuations is reported separately.

No allowance was made for fluctuation rates in the provision for post-employment benefits because the Group's commitments were founded on promises made in individual contracts that were individualized and irrevocable with respect to the respective post-employment benefit.

To ascertain termination benefit obligations in the case of employees who joined the organization up to and

including 2002, the present value of the total obligation and additional entitlements earned in the period under review were determined using the *projected unit credit method* in accordance with generally accepted actuarial practice. In the case of all employees joining the organization on or after 1 January 2003, the termination benefit obligations were assumed by a staff benefit fund and a defined contribution system is in place. The enterprise pays contributions to a staff benefit fund on the basis of legislative provisions. Having paid the contributions, the enterprise does not have any further benefit obligations.

Besides invalidity rates, mortality rates and factors arising in connection with the termination of employment upon the attainment of retirement age, the Group also applied annual years-of-service dependent fluctuation rates using internal statistical data on premature terminations of employment.

The same applied, *mutatis mutandis*, to the provision for jubilee benefits (after 25 and 35 years of service). When calculating the provision for part-time work by older staff, account was taken of the individual time span of each promise. No allowance was made for fluctuation rates.

Allowance was made for actuarial gains and losses on provisions for termination and post-employment benefits using the *corridor method*. Applying this method, actuarial gains and losses were only recognized on the Balance Sheet if one of the limits laid down in the standard, namely of 10 per cent of the present value of the defined benefit obligation (DBO) or 10 per cent of the present value of the plan assets, had been exceeded at the end of the previous reporting period, the bigger gain or loss being recognized. Amounts outside the corridor are amortized over the average remaining period of service of the active employee as determined by an expert.

The actuarial parameters used to calculate provisions for termination and post-employment benefits are set forth in Note (28) *Provisions*.

Expenditure on provisions for post-employment benefits was reported in the Income Statement in the line item *General administrative expenses*.

Other provisions were created for indefinite obligations to third parties in the amount of the expected claims. These provisions were not discounted because the interest effect of discounting them was unlikely to have any material effects on the Annual Financial Statements.

SUBORDINATED DEBT CAPITAL

The subordinated liabilities recognized at amortized cost comprised subordinated liabilities within the meaning of § 23 Abs. 8 BWG and supplementary capital within the meaning of § 23 Abs. 7 BWG. The capitalized amount was reduced by the amount of securities issued by the enterprise that had been repurchased. Insofar as the exposure to the interest rate risk associated with such instruments was hedged against in a fair value hedge, carrying amounts were adjusted by the amount of the changes in value arising from the interest rate risk (basis adjustment). Associated accrued interest was also reported in this line item on the Balance Sheet.

If the performance and repayable amount of subordinated liabilities had been made dependent on the performance of a specific portfolio of assets, accounting mismatches were avoided by designating all the assets and liabilities as at fair value through profit or loss. Such liabilities were subordinated within the meaning of § 45 Abs. 4 BWG.

Furthermore, subordinated liabilities were classified as at fair value through profit or loss if they were measured in the same way as interest rate derivative financial in-

struments using the fair value option so as to avoid any accounting mismatch.

EQUITY

Equity is made up of paid-in capital, this being capital made available to the entity (subscribed share capital, non-voting non-ownership capital [*Partizipationskapital*] within the meaning of § 23 Abs. 4 BWG and capital reserves) and earned capital (retained earnings, liable reserves [*Hafrücklage*], profit carryforward, profit, "other comprehensive income" [comprising gains and losses resulting from cash flow hedges not recognized in the Income Statement, the available-for-sale reserve, the Group's interest in the "other comprehensive income" of entities accounted for using the equity method and deferred taxes taken to *Other comprehensive income*]).

Minority interests in the equity of consolidated subsidiaries were reported separately in this line item.

INCOME TAX

Income tax was recognized and measured in conformity with IAS 12 using the *balance sheet liability method*. Deferred taxes were calculated on the basis of temporary differences between carrying amounts in the Consolidated Financial Statements and the tax base that were going to balance out in subsequent periods. Deferred taxes were formed to adjust current tax expense as recognized in the Income Statement in the IFRS-compliant annual financial statements to the profit for the year reported therein as if that profit for the year were the basis of assessment for tax. The recognition of deferred tax assets or liabilities anticipated the future tax effects of present and past events. Deferred tax assets and liabilities were netted off against each other in respect of each taxable unit. Deferred tax assets resulting from tax loss carryforwards were recognized if the

same taxable unit was expected to record taxable profits in an appropriate amount in the future.

Since the assessment year 2005, RLB NÖ-Wien has been a member of a taxable enterprises group (*steuerliche Unternehmensgruppe*) within the meaning of § 9 KStG (Austrian corporation tax act) under group parent (*Gruppenträger*) *Raiffeisen-Holding NÖ-Wien*. It has signed a tax contribution agreement (*Steuerumlagenvereinbarung*) with its group parent. The profit-transfer agreement, signed among other things because of prior group taxation rules (*Organschaft*), remains in place. In the assessment year 2009, the taxable enterprises group under the group parentage of *Raiffeisen-Holding NÖ-Wien* had 87 members besides group member RLB NÖ-Wien (2008: 87). The basis of assessment for tax on the group as a whole is the sum of the earnings of the group parent and the allocated taxable profits of the group members taking account of the group parent's tax loss carryforwards to the extent allowed by law. RLB NÖ-Wien incurs group corporation tax (*Gruppenkörperschaftsteuer*), which is assessed at the level of the group parent *Raiffeisen-Holding NÖ-Wien*, on a proportionate basis. A contractually agreed tax contribution is payable to group parent *Raiffeisen-Holding NÖ-Wien* for the untaxed portion of the taxable profit of RLB NÖ-Wien. If RLB NÖ-Wien makes a tax loss, a negative tax contribution will be charged.

Deferred taxes were measured applying the corporation tax rate of 25 per cent in force on the balance sheet date. The gains and losses taken to equity (cash flow hedge reserve, available-for-sale reserve) were, likewise, adjusted by the amount of deferred tax on a proportionate basis.

Income tax assets and liabilities were recognized in *Other assets* or *Other liabilities*. Deferred tax assets and liabilities were recognized in *Other assets* or *Tax provisions*. Profit-based current and deferred taxes were

recognized in the Income Statement in the line item *Income tax*. Non-profit based taxes were recognized in the Income Statement in the line item *Other operating profit*. Deferred taxes were not discounted.

INCOME STATEMENT

Besides interest income and expenses, the line item *Net interest income* also includes all similar recurring and non-recurring income and charges. Interest and similar income and charges were measured on an accrual basis using the *effective interest rate method*. This line item also includes all interest and dividend income from securities and earnings from non-consolidated equity investments. Dividend income was recognized as of the time when the right to payment arose.

The line item *Impairment charge on loans and advances* includes all expenses and income in connection with the revaluation of loans and advances to customers and other banks and in connection with other credit risks for which provisions were created.

The line item *Net fee and commission income* includes all income and expenses arising with legal and binding effect in connection with the rendering of services.

Net trading income includes all realized and unrealized gains and losses arising from trading in securities, currencies and derivatives and interest income and interest expenses arising from derivatives held for trading. Interest and dividend income arising from securities held for trading and the costs of funding them were recognized in the line item *Net interest income*.

Profit from investments in entities accounted for using the equity method made a material contribution to consolidated profit. It was presented in a separate line item.

Profit/(loss) from financial investments includes all realized and unrealized gains and losses on financial investments, securities classified as current financial assets and other financial instruments designated as at fair value through profit or loss using the fair value option. Consequently, to avoid any accounting mismatch, revaluation gains and losses on derivatives measured in the same way as securities classified as other current financial assets using the fair value option as well as liabilities evidenced by paper and subordinated liabilities designated as at fair value through profit or loss were reported in this line item in the Income Statement. Revaluation gains and losses arising from an impairment or reversal of an impairment loss were likewise recognized in this line item.

General administrative expenses includes staff costs, other administrative expenses and depreciation/amortization/write-offs of intangible assets and property and equipment.

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

REPO TRANSACTIONS

During "genuine" repurchase (repo) transactions, the Group sells assets to another party and undertakes at the same time to repurchase the same assets on a specified date at a specified price. The assets remain on the Group's Balance Sheet and are measured applying the rules governing the respective measurement category. At the same time, an obligation in the amount of the payments received is recognized as a liability.

During reverse repo transactions, assets are acquired subject to a simultaneous undertaking to sell them in the future subject to payment. Such transactions were recognized on the Balance Sheet in the line item *Loans and*

advances to other banks or *Loans and advances to customers*. Interest expenses arising from repos and interest income from reverse repos are deferred over their term. They were recognized in the line item *Net interest income*.

In the case of a “non-genuine” or “pseudo” repo (*unechtes Pensionsgeschäft*), the pledgor is obliged to repurchase the pledged asset but is not entitled to demand its sale. Retransfer is solely at the discretion of the secured party. The right to retransfer the asset constitutes a put option for the secured party in respect of which the pledgor acts as writer of the option. If the put option is deeply in the money, the securities will not be derecognized in the pledgor’s accounts because the associated rewards and risks are retained. If the put option is deeply out of the money, repurchase is very unlikely and the pledged security must be derecognized. If the put option is neither deeply out of the money nor deeply in the money, one must ascertain whether the transferring entity (pledgor) still has power of disposal over the asset. If the security is traded in an active market, one can assume that power of disposal will be transferred and the pledged security will be derecognized. In the case of a financial asset not traded in an active market, the pledged security must continue to be recognized on the pledgor’s balance sheet.

TRUST ACTIVITIES

Transactions undertaken in the management or placing of assets for account of third parties were not recognized on the Balance Sheet. Commission payments arising from such transactions were recognized in the line item *Net fee and commission income*.

LEASING

During the period under review, the Group did not carry on any active leasing business as lessor. Lease rela-

tionships only existed in cases where the Group was lessee. The leases of material importance to the Group, namely vehicle leases, were operating leases for the purposes of IAS 17. The resulting lease instalments were recorded in the Income Statement as current expenditure in the line item *General administrative expenses*.

FOREIGN CURRENCY TRANSLATION

Foreign currency translation took place in accordance with the provisions of IAS 21. As a result, non-euro monetary assets and liabilities were translated at the market exchange rates (usually ECB reference rates) ruling at the balance sheet date. Non-monetary assets and liabilities not measured at fair value were measured applying the rates ruling at the dates of their initial acquisition. Non-monetary assets and liabilities measured at fair value were translated at the market exchange rates (usually ECB reference rates) ruling at the balance sheet date

Items in the Income Statement were immediately translated into the functional currency as at the time they came into being applying the rates ruling at the date of the transaction.

LATITUDE OF JUDGEMENT AND ESTIMATES

In the Consolidated Financial Statements, latitude of judgement was employed when applying recognition and measurement policies and, to a certain extent, when estimates and assumptions were made that affected the recognition of assets and liabilities, the statement of contingent liabilities at the balance sheet date and the reporting of income and expenses during the reporting period.

When applying recognition and measurement policies, Management exercised its latitude of judgement in the light of the purpose of the Annual Financial Statements, which is to provide meaningful information about the enterprise's assets, liabilities, financial position and profit or loss and about changes in its assets, liabilities and financial position.

Assumptions and estimates were, above all, made when determining the fair values of some financial instruments, recognizing impairments related to future losses on loans and advances and interest rebates, creating provisions for post-employment benefits, termination benefits and similar obligations as well as other provisions, determining discounted cash flows during impairment testing and determining the useful lives of non-current assets. Actual results may differ from estimates.

CHANGES IN RECOGNITION AND MEASUREMENT POLICIES

The non-voting non-ownership capital (*Partizipationskapital*) issued by *RZB* in the fourth quarter of 2008 and subscribed for by RLB NÖ-Wien is now reported in the Consolidated Financial Statements as of and for the period ended 31 December 2009 on the Balance Sheet in the line item *Investments in entities accounted for using the equity method*. In *RZB*'s consolidated financial statements, issued non-voting non-ownership capital was reclassified from borrowed capital to equity. Because of this change, the presentation of the non-

voting non-ownership capital subscribed for by RLB NÖ-Wien was retrospectively changed compared with the Consolidated Financial Statements as of and for the period ended 31 December 2008 in accordance with IAS 8. In 2008, the amount of €238.4 million was reported in *Loans and advances to other banks*. The prior-year figures have been restated accordingly, with €79.5 million of the total of €238.4 million now being reported on the Balance sheet in the line item *Investments in entities accounted for using the equity method* and €158.9 million now being reported in *Financial investments* on the grounds of the placement of capital with third parties that took place in 2009.

The non-voting non-ownership capital (*Partizipationskapital*) issued by RLB NÖ-Wien in the fourth quarter of 2008 is now included in *Equity* in the Consolidated Financial Statements as of and for the period ended 31 December 2009, its presentation in the Consolidated Financial Statements as of and for the period ended 31 December 2008 having been retrospectively changed in accordance with IAS 8. At year-end 2008, the amount of €76.5 million was recorded in the line item *Subordinated debt capital*. Its recognition in *Equity* is not explicitly required by IAS 32 or the relevant interpretations. However, the terms and conditions attached to the non-voting non-ownership capital are such that it *can* be reported as equity under IFRSs. Moreover, in our opinion, this improves the presentation of assets and liabilities. The prior-year figures have been restated accordingly.

NEW STANDARDS AND INTERPRETATIONS

The following new and revised standards and interpretations were applicable to financial years ending on or before 31 December 2009:

New Provisions		EFFECTIVE DATE	ADOPTED BY THE EU
New Standard			
IFRS 8	Operating Segments	1 January 2009	Yes
Amendments to Standards			
IAS 1	Presentation of Financial Statements (revised in September 2007)	1 January 2009	Yes
IAS 23	Borrowing Costs (revised in March 2007)	1 January 2009	Yes
IAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	Yes
IAS 32	Puttable Financial Instruments and Obligations Arising on Liquidation (2008)	1 January 2009	Yes
IAS 39	Reclassification of Financial Assets—Effective Date and Transition	1 July 2008	Yes
IAS 39	Clarification of the Accounting Treatment of Embedded Derivatives	1 July 2008	Yes
IFRS 1	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009	Yes
IFRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2009	Yes
IFRS 7	Financial Instruments: Disclosures—Improving Disclosures about Financial Instruments	1 January 2009	Yes
Various	Improvements to the International Financial Reporting Standards (2009)	Mainly 1 January 2009	Yes
New Interpretations			
IFRIC 13	Customer Loyalty Programmes	1 January 2009	Yes
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009	Yes
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008	Yes
Amendments to Interpretations			
IFRIC 9	Clarification of the Accounting Treatment of Embedded Derivatives	1 July 2008	Yes

IFRS 8 supersedes *IAS 14 Segment Reporting*. In particular, it requires the adoption of the *management approach* when reporting on segment performance. The RLB NÖ-Wien Group's segmental reports were already based on its internal management reporting system, so the application of IFRS 8 has not affected its segment definitions.

The principal changes to IAS 1 can be summed up as follows: Income and expenses not recognized in profit or loss are no longer presented in the Statement of Changes in Equity. Instead, they are presented either in a comprehensive income statement or in two distinct statements (a traditional profit and loss account and a comprehensive income statement). The amendments to IFRS 7 enhanced disclosures about fair value measurement and liquidity risk.

The revised IAS 23 abolished the option of immediately recognizing borrowing costs related to qualifying assets as an expense. As a result, borrowing costs must now be capitalized as a part of the acquisition or conversion costs of the asset.

The amendments to IFRS 1 and IAS 27 concerned the determination of the cost of an investment in a subsidiary in separate financial statements.

In IAS 32 and IAS 1, the reporting of puttable financial instruments has changed under certain circumstances insofar as they can either be put at fair value at the same time as meeting other conditions or an obligation only arises on liquidation.

The amendments to IAS 39 and IFRIC 9 clarify that on reclassification of a financial asset out of the "fair value through profit or loss" category into the "fair value" category, all embedded derivatives have to be reassessed and, if necessary, separately accounted for in financial statements.

IFRS 2 defines vesting conditions and clarifies the accounting treatment of cancellations of share based payment arrangements by counterparties.

The RLB NÖ-Wien Group has been applying the revised standards in their amended form since 2009. IFRS 8 and the revision of IAS 1 led to corresponding changes in the Notes. In the absence of relevant transactions, the other amended and revised financial reporting standards mentioned above did not affect the Consolidated Financial Statements.

The following standards and interpretations already issued by the IASB or IFRIC but not yet in force were not applied ahead of schedule in these Consolidated Financial Statements:

New Provisions		EFFECTIVE DATE	ALREADY ADOPTED BY THE EU
New Standard			
IFRS 9	Financial Instruments	1 January 2013	No
Amendments to Standards			
IAS 24	Related Party Disclosures	1 January 2011	No
IAS 27	Consolidated and Separate Financial Statements (2008)	1 July 2009	Yes
IAS 32	Financial Instruments: Presentation—Classification of Rights Issues	1 February 2010	Yes
IAS 39	Financial Instruments: Recognition and Measurement—Eligible Hedged Items (2008)	1 July 2009	Yes
IFRS 1	First Time Adoption of International Financial Reporting Standards (2008)	1 July 2009	Yes
IFRS 1	Additional Exemptions for First-time Adopters	1 January 2010	No
IFRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2010	No
IFRS 3	Business Combinations (2008)	1 July 2009	Yes
Various	Improvements to the International Financial Reporting Standards (April 2009)	Mostly 1 July 2009	No
New Interpretations			
IFRIC 12	Service Concession Arrangements	30 March 2009	Yes
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009	Yes
IFRIC 18	Transfers of Assets from Customers	1 July 2009	Yes
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	No
Amendments to Interpretations			
IFRIC 14	Prepayments of a Minimum Funding Requirement	1 July 2011	No

IFRS 9 has introduced new requirements for classifying and measuring financial assets. This standard represents the end of the first part of a three-phase project aimed at replacing IAS 39 in its present form. IFRS 9 only recognizes two categories of financial asset: debt instruments, measured at amortized costs, and equity instruments, measured at fair value through profit or loss in the income statement (or, in part, if the entity has so elected, in “other comprehensive income”). The impact of this new standard can only be finally assessed when the future accounting treatment of financial liabilities has been clarified and Phase II (*Impairment Methodology*)

and Phase III (*Hedge Accounting*) have been completed. As things stand at the moment, Phases II and III should be finalized in the second half of 2010.

Essentially, the amendment to IFRS 3 introduced the option of using the *full goodwill method* when accounting for goodwill. This means that if less than 100 per cent of a subsidiary is acquired, the goodwill attributable to the minority shareholders is also recognized. In future, changes in an equity interest that do not result in the loss of control will not be recognized through profit or loss.

IAS 24 clarifies the definition of a “related party.”

The amendment to IAS 39 clarifies the hedging of inflation risk in particular situations and the designation of options at their intrinsic or fair values.

The amendment to IFRS 2 specifies that group cash-settled share-based payment transactions must also be accounted for in the IFRS-compliant separate financial

statements of a subsidiary, and not just group equity-settled group share-based payment transactions.

With the exception of IFRS 9, we do not expect the amendments to and revisions of financial reporting standards mentioned above to have any material effects on the Group’s reporting of its assets, liabilities, financial position or profit or loss.

DETAILS OF THE INCOME STATEMENT

(1) NET INTEREST INCOME

€'000	2009	2008
Interest income	738,485	965,328
from loans and advances to other banks	214,794	321,944
from loans and advances to customers	277,210	411,466
from other current financial assets	64,763	106,863
from trading assets and liabilities	4,571	12,150
from financial investments	102,101	68,760
from derivative financial instruments	75,040	44,093
Other	6	52
Current income	25,122	25,548
from shares and other variable-yield securities	22,902	23,435
from equity investments in subsidiaries	1,242	207
from other equity investments	978	1,906
Total interest and similar income	763,607	990,876
Interest expenses	(612,640)	(841,004)
on deposits from other banks	(246,534)	(409,609)
on deposits from customers	(136,965)	(228,104)
on liabilities evidenced by paper	(143,343)	(140,196)
on subordinated debt capital	(27,061)	(30,626)
on derivative financial instruments	(58,664)	(32,402)
Other	(73)	(67)
Total interest expenses and similar charges	(612,640)	(841,004)
Net interest income	150,967	149,872

Interest and similar income and charges were measured using the *effective interest rate method* on an accrual basis. The distribution of premiums and discounts on investment securities on the accrual basis of accounting is also reported in *Interest income*.

Total interest income from and expenses on financial assets and liabilities not designated as at fair value through profit or loss requiring recognition using the effective interest rate method:

€'000	2009	2008
Interest income	594,111	802,222
Interest expenses	(534,890)	(808,602)

(2) IMPAIRMENT CHARGE ON LOANS AND ADVANCES

€'000	2009	2008
Item-by-item allowances for impairment	(48,793)	(44,930)
Impairment losses	(95,752)	(95,062)
Impairment reversals	46,379	49,213
Direct write-offs	(590)	(1,384)
Recoveries of loans and advances previously written off	1,170	2,303
Collective assessment of impairments of portfolios	(17,351)	(693)
Impairment losses	(17,389)	(735)
Impairment reversals	38	42
Total	(66,144)	(45,623)

See Note (16) *Impairment allowance balance* for details of impairment allowances.

(3) NET FEE AND COMMISSION INCOME

€'000	2009	2008
Payment services	13,556	14,396
Credit and guarantee operations	5,448	4,329
Securities operations	18,366	25,159
Foreign exchange, notes-and-coin and precious-metals business	4,935	4,785
Other banking services	12,135	10,380
Total	54,440	59,049

Fee and commission income came to €79,698 thousand (2008: €85,107 thousand). Fee and commission expenses came to €25,259 thousand (2008: €26,059 thousand). No fee and commission payments were received for trust activities.

(4) NET TRADING INCOME

Net trading income captures interest income from and interest expenses on derivatives held for trading and realized and unrealized changes in the fair values of trading portfolios. Interest and dividend income and the interest costs of funding securities held for trading were recognized in *Net interest income*.

€'000	2009	2008
Interest rate contracts	9,004	(8,549)
Of which from securities	7,283	1,584
Of which from derivative contracts	1,721	(10,133)
Currency contracts	8,349	(414)
Equity and index contracts	4,611	4,014
Of which from securities	4,360	3,706
Of which from derivative contracts	251	308
Other contracts	1,018	1,675
Total	22,982	(3,274)

(5) PROFIT FROM INVESTMENTS IN ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD

€'000	2009	2008
Group's interest in annual profits or losses	125,321	187,880
Revaluation gains and losses	3,969	(25,204)
Total	129,290	162,676

This line item includes a one-off effect of €13.3 million caused by an increase in the Group's interest in *Raiffeisen International Bank-Holding AG (R-International)* and by the first-time use of the equity method to account for the investment in *Raiffeisen Informatik GmbH* (stake held: 47.75 per cent), namely as a result of recognizing negative goodwill.

In 2008, this line item included a one-off effect of €6.9 million caused by the first-time use of the equity method to account for the investment in *Raiffeisenbank a.s.* in accordance with IAS 8, and it also included one-off effects totalling €116.1 million caused by the first-time use of the equity method to account for the investments in *Raiffeisen Bank Zrt.*, held through *Raiffeisen-RBHU Holding GmbH*, in *Tatrabanka a.s.* and in *R-International* in accordance with IAS 28, namely as a result of recognizing negative goodwill.

(6) PROFIT/(LOSS) FROM FINANCIAL INVESTMENTS

€'000	2009	2008
Gains less losses from financial investments classified as held to maturity	3,051	27
Of which revaluation gains and losses	(2,716)	714
Of which gains and losses on disposal	5,767	(687)
Gains less losses from financial investments classified as available for sale, measured at fair value	(8,831)	(5,205)
Of which revaluation gains and losses	(10,937)	(4,885)
Of which gains and losses on disposal	2,106	(320)
Gains less losses from financial investments classified as available for sale, measured at cost	389	437
Of which revaluation gains and losses	0	(126)
Of which gains and losses on disposal	389	563
Gains less losses from investments in entities accounted for using the equity method	3,040	(104)
Of which gains and losses on disposal	3,040	(104)
Gains less losses from unlisted securities recognized as receivables and classified as loans and receivables	(1,157)	(1,781)
Of which revaluation gains and losses	(1,155)	(1,781)
Of which gains and losses on disposal	(2)	0
Gains less losses from financial instruments designated as at fair value through profit or loss	29,008	(159,358)
Of which revaluation gains and losses	20,789	(170,327)
Of which gains and losses on disposal	8,219	10,969
Gains less losses from liabilities measured at cost	(977)	914
Total	24,523	(165,070)

Gains less losses from financial instruments designated as at fair value through profit or loss comprises gains and losses from securities in this category classified as current financial assets and gains and losses from other financial instruments designated as at fair value through profit or loss under the fair value option. Consequently, to avoid any accounting mismatch, revaluation gains and losses on derivatives and on liabilities evidenced by paper and subordinated liabilities designated as at fair value through profit or loss that were measured in the same way using the fair value option were reported in this line item in the Income Statement.

(7) GENERAL ADMINISTRATIVE EXPENSES

€'000	2009	2008
Staff costs	(95,470)	(87,545)
Of which wages and salaries	(69,412)	(62,750)
Of which social security costs	(17,529)	(15,956)
Of which voluntary fringe benefits	(1,705)	(1,612)
Of which expenditure on termination and post-employment benefits	(6,824)	(7,227)
Other administrative expenses	(71,678)	(73,109)
Of which building rental, maintenance and operating costs	(18,560)	(19,375)
Of which IT costs	(21,858)	(20,951)
Of which advertising and entertainment expenses	(12,851)	(13,148)
Of which other items	(18,409)	(19,635)
Depreciation/amortization/write-offs of property and equipment and intangible assets	(3,963)	(2,892)
Of which of property and equipment	(2,519)	(2,361)
Of which of intangible assets	(1,444)	(531)
Total	(171,111)	(163,546)

Other administrative expenses includes rental and leasing expenses in the amount of €16,162 thousand (2008: €17,079 thousand).

The fees paid to the auditors of Group members for the 2009 financial year contained in the line item *Other administrative expenses* broke down as follows:

€'000	KMPG AUSTRIA GMBH	ÖSTERREICHISCHER RAIFFEISENVERBAND
Audit of the Consolidated Financial Statements	132	283
Other auditing services	26	127
Tax consultancy services	11	0
Other services	26	28
Total	195	438

(8) OTHER OPERATING PROFIT

Other operating profit includes, *inter alia*, income and expenses arising from non-banking activities and from the disposal of property and equipment and intangible assets. Changes in the values of derivatives designated in a hedge accounting relationship that required recog-

inition in profit or loss were recognized in this line item. Moreover, this line item also contains revaluation gains and losses on derivative financial instruments that were neither held in the trading portfolio nor hedging instruments within the meaning of IAS 39.

€'000	2009	2008
Effect of hedge accounting	(952)	(1,073)
Of which revaluation gains and losses on hedging instruments in fair value hedges	(768)	71,523
Of which revaluation gains and losses on hedged items in fair value hedges	(184)	(72,596)
Gains less losses from other derivatives	18,049	(636)
Of which from interest rate derivatives	9,646	(1,812)
Of which from currency derivatives	(602)	2,947
Of which from equity and index derivatives	1,721	(1,855)
Of which from credit derivatives	7,284	84
Other operating income	14,688	16,448
Of which income from services and reimbursed costs	12,158	13,496
Of which other items	2,327	2,952
Other operating expenses	(1,699)	(6,149)
Of which damages	(920)	(1,393)
Of which arising from the solidarity association (<i>Solidaritätsverein</i>)	(619)	(575)
Of which other items	(160)	(4,181)
Total	30,086	8,590

(9) PROFIT/(LOSS) FROM FINANCIAL INSTRUMENTS

€'000	2009	2008
Gains less losses from financial instruments at fair value through profit or loss	139,611	682
Of which from financial instruments held for trading	67,844	30,384
Of which from financial instruments designated as at fair value through profit or loss	71,767	(29,702)
Gains less losses from financial instruments classified as available for sale	25,468	15,699
Of which taken from equity and recognized in profit or loss for the financial year	(8,831)	4,125
Of which taken directly to the Income Statement for the financial year	34,299	11,574
Gains less losses from financial instruments classified as held to maturity	82,477	67,765
Gains less losses from financial instruments classified as loans and receivables	424,709	686,058
Gains less losses from liabilities measured at cost	(535,867)	(807,688)
Total	136,398	(37,484)

Gains and losses in each valuation category comprise realized and unrealized gains and losses, interest income, dividends and other distributions. Revaluation gains and losses on available-for-sale financial instruments recognized in *Other comprehensive income* are presented in C. *Statement of Changes in Equity*.

(10) INCOME TAX

€'000	2009	2008
Current income tax	(3,264)	9,262
Of which tax attributed to the group parent	(3,100)	9,526
Of which current domestic tax	(149)	(249)
Of which current foreign tax	(15)	(15)
Deferred tax	(820)	17,218
Total	(4,084)	26,480

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

€'000	2009	2008
Profit before tax	175,033	2,673
Theoretical income tax expense based on the domestic tax rate of 25 per cent	(43,758)	(668)
Effect of the lower tax contribution rate ¹	6,760	(13,612)
Reduction in the tax burden because of tax-exempt income from equity participations and other tax-exempt income	36,925	47,104
Increase in the tax burden because of non-tax-deductible expenses	(4,001)	(1,021)
Use of tax loss carryforwards and remeasurement of deferred tax items	(127)	(3,145)
Other	117	(2,178)
Actual tax burden	(4,084)	26,480

¹ The tax contribution rates agreed within the scope of the group taxation regime were lower than the Austrian corporate tax rate. This line item shows the associated effect on the actual income tax burden.

(11) EARNINGS PER SHARE

€'000	2009	2008
Consolidated profit	170,936	29,131
Less distribution in respect of non-voting non-ownership capital (<i>Partizipationskapital</i>)	(3,825)	0
Adjusted consolidated profit	167,111	29,131
Number of ordinary shares in issue	2,145,201	2,000,789
Undiluted earnings per share	€77.90	€14.56

There were no conversion or option rights in circulation. Consequently, undiluted earnings per share were identical to diluted earnings per share.

(12) SEGMENTAL REPORTING

Our segmental reporting is based on the Group's internal performance calculations, which take the form of a multi-stage contribution income statement. Income and expenses are allocated on a cost-by-cause basis. The income items are *Net interest income*, *Net fee and commission income*, *Net trading income* and *Other operating profit/(loss)*. Net interest income is calculated on a market-interest rate basis.

Interest earnings from equity are allocated to individual segments according to regulatory capital requirements on the basis of an assumed interest rate and reported in *Net interest income*. The *Impairment charge on loans and advances* captures the net impairment allowance for counterparty risks and direct write-offs less recoveries of loans and advances previously written off. *General administrative expenses* includes direct and indirect costs. Direct costs (*Staff costs* and *Other administrative expenses*) are incurred by individual business segments, whereas indirect costs are allocated on the basis of predefined ratios.

Segments are presented as if they were autonomous entities with their own capital resources and with responsibility for their own results.

Segments are defined according to the RLB NÖ-Wien customers being serviced.

With effect from 1 January 2009, IFRS 8 *Operating Segments* superseded IAS 14 *Segment Reporting*. In particular, it requires the adoption of the *management approach* when reporting segment performance. Since segmental reporting in accordance with IAS 14 was already based on RLB NÖ-Wien's internal segmental performance calculations, which mirror the management remits and responsibilities in place within the RLB NÖ-Wien Group, the application of IFRS 8 has not had any

effect on segmentation by the RLB NÖ-Wien Group. Moreover, the other changes brought about by IFRS 8 have not had any material impact on disclosures in segmental reports.

Our segmental reports distinguish between the following segments:

- The **Retail Banking** segment (personal and business banking customers) encompasses the Group's retail operations in Vienna.

This segment targets all private individuals, small businesses and self-employed customers. Branches and offices in Vienna are arranged into branches for personal banking customers, offices for high net worth private customers (*Private Banking Wien*), special centres of excellence for trade and business (*Gewerbe²*) customers and consulting offices. Consulting offices are also open for customers outside normal banking hours, and a customer can, in addition, choose where a consultation session should take place. This modern, pioneering approach reflects RLB NÖ-Wien's service-orientated advisory concept and its local roots.

Offerings in the *Retail Banking* segment consist mainly of standardized products like *Sparbuch* passbook accounts, savings deposits, time deposits, current and salary accounts, personal loans, overdrafts and mortgages and other special purpose loans.

RLB NÖ-Wien is the only institution in the *Raiffeisen Group* operating in this segment in Vienna. Its branch network also supports the activities of the other institutions within the *Raiffeisen* organization.

² As defined by Austria's *Gewerbeordnung* (commercial code).

- The *Corporate Customers* segment encompasses business conducted with the public sector, institutional clients and corporate customers in the Centrope region.

This segment covers classical credit services for corporate customers, corporate finance (project and investment finance, acquisition finance, property finance), trade and export finance, documentary services and the financing of local authorities and financial institutions.

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

The International Business Department—one of RLB NÖ-Wien's Head Office departments—handles the subsidized export loans available from *Oesterreichische Kontrollbank AG* (e.g. special purpose financial loans for purchasers, concessionary finance for exporters). Its other tasks include furnishing Austrian and foreign clients with guarantees and letters of credit.

The activities of the Corporate Finance Department include handling project and investment finance (specially tailored financing of specific business projects) in the Group's core market and processing all subsidized credit products. In addition, they also include handling transactions with the ERP Fund and the European Investment Bank (EIB).

- The *Financial Markets* segment encompasses the Group's treasury activities, including in particular its earnings from management of the banking book (profit from maturity transformation [*Strukturbeitrag*]) and from the trading book.

The Treasury Department is responsible for the Group's proprietary positions in on-balance-sheet products (e.g. money-market deposits) and off-balance-sheet interest rate and price products (forwards, futures and options). These include interest rate and currency contracts, and the Treasury Department is likewise responsible for liquidity management and asset liability management (maturity transformation). Treasury operations also include the management of RLB NÖ-Wien's portfolios of bonds, funds and short-term and long-term alternative investments (combinations of securities products with derivatives).

Trading in financial instruments takes place centrally and is subject to strictly enforced limits. Whereas all proprietary trading was reported in this segment, profit contributions made by customer treasury services were allocated to other segments. The portion of the contribution to profit made over and above market prices was allocated to customer segments.

- The *Investments* segment encompasses RLB NÖ-Wien's banking-related equity investments, including in particular its investment in *RZB*.

This segment mainly encompasses RLB NÖ-Wien's portfolio of equity investments in banks and other financial institutions. They also include its stake in the *RZB Group*—which is accounted for using the equity method—and all of the *RZB Group's* activities in Central and Eastern European countries as well as RLB NÖ-Wien's equity investments in the *Raiffeisen Banks* in the Czech Republic, Slovakia and Hungary and its direct stakes in *Raiffeisen International Bank-Holding AG* and *Raiffeisen Informatik GmbH*.

- The *Management Services* segment (which corresponds to the *Raiffeisen Banks and Management Services* and *Risk Management and Organization* divisions in the Group's organizational chart)

This segment encompasses any activities undertaken to support other segments in the marketplace. They consist, in particular, of appropriate marketing activities. All activities undertaken in connection with the *Raiffeisen-kasse* banks are presented within the scope of this segment. In addition, it encompasses income and expenses that cannot, by their nature, be allocated to any other segment.

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

Return on equity expresses the relationship between profit before tax and average equity employed in the particular segment.

The *cost:income* ratio expresses a segment's cost efficiency. It is the ratio of *General administrative expenses* to the sum 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 charge on loans and advances*).

The RLB NÖ-Wien Group operates primarily in the Centre region, and within that region, mainly in Austria in the Vienna area.

Financial year 2009 €'000	RETAIL BANKING	CORPORATE CUSTOMERS	FINANCIAL MARKETS	INVESTMENTS	MANAGEMENT SERVICES	TOTAL
Net interest income	77,358	113,810	16,870	(57,918)	847	150,967
Impairment charge on loans and advances	(10,874)	(55,357)	87	0	0	(66,144)
Net interest income after impairment charge	66,484	58,453	16,957	(57,918)	847	84,823
Net fee and commission income	29,171	17,135	(1,179)	0	9,313	54,440
Net trading income	3,937	3,083	12,428	0	3,534	22,982
Profit from investments in entities accounted for using the equity method	0	0	0	129,290	0	129,290
Profit/(loss) from financial investments	0	(4,296)	27,107	1,712	0	24,523
General administrative expenses	(84,719)	(32,689)	(13,347)	(2,039)	(38,317)	(171,111)
Of which staff costs	(51,816)	(21,870)	(6,533)	(553)	(14,698)	(95,470)
Of which other administrative expenses	(30,817)	(10,530)	(5,652)	(1,467)	(23,212)	(71,678)
Of which depreciation/amortization/write-offs	(2,086)	(289)	(1,162)	(19)	(407)	(3,963)
Other operating profit	1,405	1,534	16,788	195	10,164	30,086
Profit/(loss) before tax	16,278	43,220	58,754	71,240	(14,460)	175,033
Average risk-weighted assets, €m	1,415	7,088	2,842	1,427	483	13,255
Average allocated equity, €m	132	662	265	914	45	2,018
Return on equity before tax	12.3%	6.5%	22.1%	7.8%	—	8.7%
Cost:income ratio	75.7%	24.1%	29.7%	2.8%	160.6%	44.1%

Financial year 2008 € '000	RETAIL BANKING	CORPORATE CUSTOMERS	FINANCIAL MARKETS	INVESTMENTS	MANAGEMENT SERVICES	TOTAL
Net interest income	78,848	90,338	19,747	(44,436)	5,375	149,872
Impairment charge on loans and advances	(11,196)	(31,416)	(3,011)	0	0	(45,623)
Net interest income after impairment charge	67,652	58,922	16,736	(44,436)	5,375	104,249
Net fee and commission income	31,601	17,143	1,781	0	8,524	59,049
Net trading income	3,838	2,817	(13,405)	0	3,476	(3,274)
Profit from investments in entities accounted for using the equity method	0	0	0	162,676	0	162,676
Profit/(loss) from financial investments	0	(14,185)	(115,088)	2,317	(38,114)	(165,070)
General administrative expenses	(85,036)	(31,277)	(9,808)	(1,755)	(35,670)	(163,546)
Of which staff costs	(48,984)	(19,748)	(5,364)	(504)	(12,945)	(87,545)
Of which other administrative expenses	(34,101)	(11,221)	(4,261)	(1,226)	(22,300)	(73,109)
Of which depreciation/amortization/write-offs	(1,951)	(308)	(183)	(25)	(425)	(2,892)
Other operating profit/(loss)	1,159	(3,673)	10,929	(9,036)	9,211	8,590
Profit/(loss) before tax	19,214	29,747	(108,855)	109,766	(47,198)	2,674
Average risk-weighted assets, €m	1,249	6,522	2,294	1,090	315	11,470
Average allocated equity, €m	105	548	193	1,037	26	1,908
Return on equity before tax	18.3%	5.4%	—	10.6%	—	0.1%
Cost:income ratio	73.7%	29.3%	51.5%	1.6%	134.2%	43.4%

Profit from investments in entities accounted for using the equity method in the **investments segment** includes one-off effects. See Note (5) *Profit from investments in entities accounted for using the equity method* for details.

DETAILS OF THE BALANCE SHEET

(13) CASH AND BALANCES WITH THE CENTRAL BANK

€'000	2009	2008
Cash	47,420	45,423
Total	47,420	45,423

(14) LOANS AND ADVANCES TO OTHER BANKS

€'000	2009	2008
Demand deposits	855,838	1,755,097
Time deposits	9,519,535	5,227,911
Other loans and advances	2,273,067	1,874,415
Debt instruments	39,936	31,523
Other	69,846	35,051
Total	12,758,222	8,923,997

Loans and advances to other banks broke down by region as follows:

€'000	2009	2008
Austria	11,094,457	7,131,482
Abroad	1,663,765	1,792,515
Total	12,758,222	8,923,997

With the exception of loans and advances hedged against the exposure to interest rate risks in a fair value hedge, the loans and advances accounted for here were classified as *Loans and receivables*.

(15) LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers broke down as follows:

€'000	2009	2008
Current accounts	1,279,777	1,139,956
Cash advances	990,913	1,066,485
Loans	6,368,067	6,246,858
Debt instruments	26,009	27,162
Other	31,372	33,851
Total	8,696,138	8,514,312

Applying *Basel II* definitions, *Loans and advances to customers* broke down as follows:

€'000	2009	2008
Sovereign exposures	417,956	388,854
Retail exposures	1,402,151	1,467,139
Corporate customers	6,876,031	6,658,318
Other	0	1
Total	8,696,138	8,514,312

Loans and advances to customers broke down by region as follows:

€'000	2009	2008
Austria	7,485,218	7,151,315
Abroad	1,210,920	1,362,997
Total	8,696,138	8,514,312

With the exception of loans and advances hedged against the exposure to interest rate risks in a fair value hedge, the loans and advances accounted for here were classified as *Loans and receivables*.

(16) IMPAIRMENT ALLOWANCE BALANCE

2009 €'000	AT 1 JANUARY	ADDED	REVERSED	USED	AT 31 DECEMBER
Item-by-item allowances for impairment	236,606	83,612	(33,385)	(28,223)	258,611
Loans and advances to other banks	12,230	8,444	(1,390)	(4,039)	15,245
Of which abroad	12,230	8,444	(1,390)	(4,039)	15,245
Loans and advances to customers	224,376	75,168	(31,995)	(24,184)	243,366
Of which in Austria	216,326	63,269	(29,721)	(19,152)	230,723
Of which abroad	8,050	11,899	(2,274)	(5,032)	12,643
Collective assessment of impairments of portfolios	5,073	17,389	(38)	0	22,424
Loans and advances to other banks	1,941	878	(8)	0	2,811
Loans and advances to customers	3,132	16,511	(30)	0	19,613
Impairment allowance balance (loans and advances)¹	241,679	101,001	(33,423)	(28,223)	281,035
Risks arising from off-balance-sheet liabilities²	19,529	12,140	(12,994)	(232)	18,443
Total	261,208	113,141	(46,417)	(28,455)	299,478

2008 €'000	AT 1 JANUARY	ADDED	REVERSED	USED	AT 31 DECEMBER
Item-by-item allowances for impairment	239,332	79,469	(43,050)	(39,145)	236,606
Loans and advances to other banks	0	12,230	0	0	12,230
Of which abroad	0	12,230	0	0	12,230
Loans and advances to customers	239,332	67,239	(43,050)	(39,145)	224,376
Of which in Austria	231,310	65,935	(42,814)	(38,105)	216,326
Of which abroad	8,022	1,304	(236)	(1,040)	8,050
Collective assessment of impairments of portfolios	4,380	735	(42)	0	5,073
Loans and advances to other banks	1,274	667	0	0	1,941
Loans and advances to customers	3,106	68	(42)	0	3,132
Impairment allowance balance (loans and advances)¹	243,712	80,204	(43,092)	(39,145)	241,679
Risks arising from off-balance-sheet liabilities²	10,098	15,594	(6,163)	0	19,529
Total	253,810	95,798	(49,255)	(39,145)	261,208

¹ The balance of impairment charges on loans and advances was reported on the Balance Sheet in the line item *Impairment allowance balance*.

² Risks arising from off-balance-sheet liabilities were reported on the Balance Sheet in the line item *Provisions*.

(17) TRADING ASSETS

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

€'000	2009	2008
Bonds and other fixed-interest securities	325,028	121,812
Of which public-sector debt instruments eligible for rediscounting	16,166	0
Of which bonds and similar debt securities issued by other issuers	308,862	121,812
Shares and other variable-yield securities	3,078	452
Of which shares	2,609	0
Of which other variable-yield securities	469	452
Positive fair values of derivative contracts	56,111	1,382,508
Of which of interest rate derivatives	14,313	1,171,641
Of which of currency derivatives	41,798	210,268
Of which of equity and index derivatives	0	599
Accruals arising from derivatives	12,368	732,038
Of which from interest rate derivatives	12,368	732,038
Total	396,585	2,236,810

The reduction in *Trading assets* resulted mainly from transferring derivatives to *Other assets*. As this did not involve changing their valuation category for the purposes of IFRSs, profit was unaffected.

(18) OTHER CURRENT FINANCIAL ASSETS

€'000	2009	2008
Bonds and other fixed-interest securities	2,136,848	1,856,581
Designated as at fair value through profit or loss	2,136,848	1,856,581
Of which public-sector debt instruments eligible for rediscounting	31,069	36,636
Of which other debt instruments issued by the public sector	138,894	46,577
Of which bonds and similar debt securities issued by other issuers	1,966,885	1,773,368
Shares and other variable-yield securities	367,442	356,566
Designated as at fair value through profit or loss	367,442	356,566
Of which shares	29,427	22,987
Of which units in investment funds	314,880	310,374
Of which other variable-yield securities	23,135	23,205
Total	2,504,290	2,213,147

(19) FINANCIAL INVESTMENTS

€'000	2009	2008
Bonds and other fixed-interest securities	2,870,275	2,481,713
Classified as held to maturity	2,051,081	2,395,762
Of which public-sector debt instruments eligible for rediscounting	420,094	580,576
Of which other debt instruments issued by the public sector	59,024	36,955
Of which bonds and similar debt securities issued by other issuers	1,571,963	1,778,231
Classified as available for sale, measured at fair value	819,194	85,951
Of which public-sector debt instruments eligible for rediscounting	308,376	27,905
Of which other debt instruments issued by the public sector	41,377	0
Of which bonds and similar debt securities issued by other issuers	469,441	58,046
Shares and other variable-yield securities	359,700	380,111
Classified as available for sale, measured at fair value	331,000	351,411
Of which units in investment funds	181	168
Of which other variable-yield securities	330,819	351,243
Classified as available for sale, measured at cost	28,700	28,700
Of which other variable-yield securities	28,700	28,700
Equity investments	48,711	84,305
Classified as available for sale, measured at cost	48,711	84,305
Of which equity investments in non-consolidated subsidiaries ¹	11,261	11,080
Of which equity investments in associates not accounted for using the equity method	2,642	38,460
Of which other equity investments	34,808	34,765
Total	3,278,686	2,946,129

¹ This total includes non-voting non-ownership capital (*Partizipationskapital*) of *Raiffeisen-Holding NÖ-Wien* in the amount of €277 thousand (year-end 2008: €277 thousand).

No sales of available-for-sale financial instruments measured at cost are planned. During the financial year, such financial instruments with a carrying amount of €480 thousand (2008: €73 thousand) were derecognized, generating a gain on disposal of €389 thousand (2008: €564 thousand).

In the fourth quarter of 2008, RLB NÖ-Wien reclassified part of its bond holdings out of the held-for-trading category and into the held-to-maturity category. This was because liquidity in the secondary market fell sharply in 2008. As a result, these positions could only have been reduced by granting unjustifiably large discounts. Reclassifications were therefore the consequence of a change in RLB NÖ-Wien's positive intention and ability to hold these financial instruments to maturity and not just for short-term trading purposes. Use was not made of the option of retrospective reclassification as of 1 July 2008. Reclassifications took place at fair value as on the date of reclassification. No reclassifications of this kind took place in the 2009 financial year.

As of 24 October 2008, bonds issued by Austrian and foreign banks with a nominal value of €157,740 thousand were reclassified with a fair value of €156,727 thousand. At 31 December 2009, the reclassified financial instruments had a carrying amount of €84,695 thousand (year-end 2008: €151,133 thousand) and a fair value of €85,040 thousand (year-end 2008: €148,573 thousand).

On the date of their reclassification, the estimated effective interest rates on the reclassified financial instruments lay between 3.0 and 5.9 per cent. The estimated amounts of cash flows we expected to recover came to €172,944 thousand.

Until the time of their reclassification, valuation gains on the reclassified financial instruments recognized in *Net trading income* came to €378 thousand in 2008 (2007: negative €213 thousand). Had the financial instruments not been reclassified as the result of a change in RLB NÖ-Wien's intentions with regard to holding them, valuation losses of €2,932 thousand would have been recognized in *Net trading income* in the 2009 financial year (2008: valuation losses of €2,475 thousand).

After the time of their reclassification, we registered interest income in the amount of €2,389 thousand in the 2009 financial year (2008: €1,367 thousand) and gains on disposal in the amount of €5 thousand (2008: €35 thousand). At 31 December 2009, the reclassified financial instruments were unimpaired (31 December 2008: unimpaired).

(20) INTANGIBLE ASSETS

€'000	2009	2008
Acquisition costs		
At 1 January	39,679	40,119
Additions	1,759	2,714
Disposals ¹	0	(3,154)
At 31 December	41,438	39,679
Amortization		
At 1 January	(33,721)	(36,344)
Disposals	0	3,154
Amortization during the financial year	(1,444)	(531)
At 31 December	(35,165)	(33,721)
Carrying amounts		
At 1 January	5,958	3,775
At 31 December	6,273	5,958

¹ This figure includes subsequent adjustments to acquisition and conversion costs.

The elimination of intragroup investments and equity during consolidation did not give rise to any goodwill.

(21) PROPERTY AND EQUIPMENT

€'000	LAND AND BUILDINGS USED BY THE GROUP FOR ITS OWN OPERATIONS	OTHER PROPERTY AND EQUIPMENT
Acquisition costs		
At 1 January 2009	2,838	26,570
Additions	65	1,862
Disposals ¹	0	(1,042)
At 31 December 2009	2,903	27,390
Depreciation		
At 1 January 2009	(1,587)	(17,551)
Additions	0	0
Disposals	0	903
Depreciation during the financial year	(268)	(2,252)
At 31 December 2009	(1,855)	(18,900)
Carrying amounts		
At 1 January 2009	1,251	9,019
At 31 December 2009	1,048	8,490

¹ This figure includes subsequent adjustments to acquisition and conversion costs.

€'000	LAND AND BUILDINGS USED BY THE GROUP FOR ITS OWN OPERATIONS	OTHER PROPERTY AND EQUIPMENT
Acquisition costs		
At 1 January 2008	2,088	26,258
Additions	750	2,341
Disposals ¹	0	(2,029)
At 31 December 2008	2,838	26,570
Depreciation		
At 1 January 2008	(1,341)	(17,256)
Disposals	0	1,820
Depreciation during the financial year	(246)	(2,116)
At 31 December 2008	(1,587)	(17,551)
Carrying amounts		
At 1 January 2008	747	9,002
At 31 December 2008	1,251	9,019

¹ This figure includes subsequent adjustments to acquisition and conversion costs.

The land and buildings used by the Group for its own operations consisted exclusively of investments (structural adaptations) in such properties that did not belong to the Group itself.

Liabilities arising from the use of property and equipment not recognized on the Balance Sheet in the ensuing financial year came to €16,572 thousand (2008: €17,148 thousand). Such liabilities in the ensuing five financial years totalled €81,837 thousand (2008: €84,423 thousand).

(22) OTHER ASSETS

€'000	2009	2008
Tax assets	20,258	20,890
Of which current tax assets	3,567	1,470
Of which deferred tax assets	16,691	19,420
Positive fair values of derivative hedging instruments in fair value hedges	84,788	83,651
Of which of interest rate derivatives	77,962	73,785
Of which of equity and index derivatives	6,826	9,866
Positive fair values of derivative hedging instruments in cash flow hedges	27,331	26,764
Of which of interest rate derivatives	27,331	26,764
Positive fair values of derivative financial instruments designated as at fair value through profit or loss	13,039	2,953
Of which of interest rate derivatives	12,729	1,819
Of which of currency derivatives	14	240
Of which of equity and index derivatives	1	0
Of which of credit derivatives	295	894
Positive fair values of other derivative financial instruments	1,299,162	350,118
Of which of interest rate derivatives	1,269,531	312,735
Of which of currency derivatives	19,616	15,269
Of which of equity and index derivatives	763	20,445
Of which of credit derivatives	9,252	1,669
Interest accruals arising from derivative financial instruments	595,043	228,215
Of which from interest rate derivatives	583,688	218,583
Of which from currency derivatives	9,297	7,514
Of which from equity and index derivatives	1,824	2,112
Of which from credit derivatives	234	6
Other items	157,857	142,508
Total	2,197,478	855,099

The increase in *Other assets* resulted mainly from transferring derivatives from *Trading assets*. As this did not involve changing their valuation category for the purposes of IFRSs, profit was unaffected.

Insofar as they met the requirements for hedge accounting for the purposes of IAS 39, derivative financial instruments were designated as hedges. The fair values of derivatives were measured without accrued interest (giving clean prices).

In accordance with IAS 39, this line item also includes the positive fair values of derivative financial instruments that were neither held for trading nor hedging instruments in a fair value or cash flow hedge for the purposes of IAS 39.

The derivative financial instruments designated as at fair value through profit or loss were those derivatives that were measured in the same way as securities classified as *Other current financial assets* or liabilities evidenced by paper or subordinated liabilities using the fair value option.

Deferred tax assets

Tax was deferred as follows:

€'000	2009	2008
Deferred tax assets	16,691	19,420
Provisions for deferred taxes	0	0
Net deferred tax assets	16,691	19,420

Net deferred tax assets resulted from the following items on the Balance Sheet:

€'000	2009	2008
Impairment allowance balance	5,606	1,268
Other current financial assets	0	4,925
Intangible assets	758	1,264
Deposits from other banks	4,281	2,641
Deposits from customers	3,784	4,336
Liabilities evidenced by paper	11,115	1,588
Other liabilities	366,233	124,278
Provisions	693	1,203
Other balance sheet items	4,303	6,525
Deferred tax assets	396,773	148,028
Loans and advances to other banks	7,172	5,642
Other current financial assets	7,704	0
Financial investments	10,037	10,419
Other assets	349,810	109,470
Other balance sheet items	5,359	3,077
Deferred tax liabilities	380,082	128,608
Net deferred tax assets	16,691	19,420

Assets in the amount of €10,998 thousand (year-end 2008: €8,528 thousand) arising from as yet unused tax loss carry-forwards and deductible temporary differences were not capitalized in the Consolidated Financial Statements because, as things stood at the time, it seemed unlikely that it would be possible to realize them within a reasonable period.

(23) DEPOSITS FROM OTHER BANKS

Deposits from other banks broke down as follows:

€'000	2009	2008
Demand deposits	3,848,062	2,098,215
Time deposits	10,661,748	8,424,387
Borrowed funds	1,373,522	836,285
Total	15,883,332	11,358,887

€'000	2009	2008
Austria	13,520,759	10,239,790
Abroad	2,362,573	1,119,097
Total	15,883,332	11,358,887

With the exception of deposits hedged against the exposure to interest rate risks in a fair value hedge, the deposits accounted for here were measured at amortized cost.

(24) DEPOSITS FROM CUSTOMERS

Deposits from customers broke down into product groups as follows:

€'000	2009	2008
Sight deposits	3,348,920	2,208,326
Time deposits	1,144,907	1,896,781
Savings deposits	2,376,669	2,356,965
Total	6,870,496	6,462,072

Applying *Basel II* definitions, *Deposits from customers* broke down as follows:

€'000	2009	2008
Sovereign exposures	614,774	688,857
Retail exposures	4,025,299	3,806,489
Corporate customers	1,904,591	1,724,283
Other	325,832	242,443
Total	6,870,496	6,462,072

Deposits from customers broke down by region as follows:

€'000	2009	2008
Austria	6,182,041	5,886,188
Abroad	688,455	575,884
Total	6,870,496	6,462,072

With the exception of deposits hedged against the exposure to interest rate risks in a fair value hedge, the deposits accounted for here were measured at amortized cost.

(25) LIABILITIES EVIDENCED BY PAPER

€'000	2009	2008
Measured at amortized cost	2,782,448	3,852,601
Issued bonds	2,388,384	2,984,240
Other liabilities evidenced by paper	394,064	868,361
Designated as at fair value through profit or loss	882,356	0
Issued bonds	828,916	0
Other liabilities evidenced by paper	53,440	0
Total	3,664,804	3,852,601

To avoid any accounting mismatch, the liabilities evidenced by paper that were classified as at fair value through profit or loss were measured in the same way as interest rate derivative financial instruments using the fair value option. €12,801 thousand of the change in the fair values of these liabilities was attributable to changes in default risk. The carrying amount of these liabilities was €19,716 thousand higher than the contractually agreed repayment amount.

With the exception of liabilities hedged against the exposure to interest rate risks in a fair value hedge, the liabilities accounted for here were measured at amortized cost.

They also included securities listed on the Vienna stock exchange.

(26) TRADING LIABILITIES

Trading liabilities contains the following derivative instruments held for trading:

€'000	2009	2008
Negative fair values of derivative contracts	52,704	1,445,550
Of which of interest rate derivatives	16,667	1,236,550
Of which of currency derivatives	36,037	208,400
Of which of equity and index derivatives	0	600
Accruals arising from derivatives	12,335	741,852
Of which from interest rate derivatives	12,335	741,852
Total	65,039	2,187,402

The reduction in *Trading liabilities* resulted from transferring derivatives to *Other liabilities*. As this did not involve changing their valuation category for the purposes of IFRSs, profit was unaffected.

(27) OTHER LIABILITIES

€'000	2009	2008
Tax liabilities	16,777	14,892
Of which current tax liabilities	16,777	14,892
Negative fair values of derivative hedging instruments in fair value hedges	83,708	81,804
Of which of interest rate derivatives	78,178	75,342
Of which of equity and index derivatives	5,530	6,462
Negative fair values of derivative hedging instruments in cash flow hedges	57,377	58,011
Of which of interest rate derivatives	57,377	58,011
Negative fair values of derivative financial instruments designated as at fair value through profit or loss	52,044	39,440
Of which of interest rate derivatives	51,974	39,418
Of which of equity and index derivatives	0	22
Of which of credit derivatives	70	0
Negative fair values of other derivative financial instruments	1,330,814	349,287
Of which of interest rate derivatives	1,308,805	311,977
Of which of currency derivatives	17,629	12,680
Of which of equity and index derivatives	2,551	23,337
Of which of credit derivatives	1,829	1,293
Interest accruals arising from derivative financial instruments	579,125	221,097
Of which of interest rate derivatives	574,556	210,158
Of which of currency derivatives	4,359	9,699
Of which of equity and index derivatives	182	1,232
Of which of credit derivatives	28	8
Contractual profit transfer	53,700	45,300
Other items	223,230	129,297
Total	2,396,775	939,128

The increase in *Other liabilities* resulted mainly from transferring derivatives from *Trading liabilities*. As this did not involve changing their valuation category for the purposes of IFRSs, profit was unaffected.

Insofar as they met the requirements for hedge accounting for the purposes of IAS 39, derivative financial instruments were designated as hedges. The fair values of these derivatives were measured without accrued interest (giving clean prices).

In accordance with IAS 39, this line item also includes the negative fair values of derivative financial instruments that were neither held for trading nor hedging instruments in a fair value or cash flow hedge for the purposes of IAS 39.

The derivative financial instruments classified as at fair value through profit or loss were those derivatives that were measured in the same way as securities classified as *Other current financial assets* or liabilities evidenced by paper or subordinated liabilities using the fair value option.

(28) PROVISIONS

€'000	2009	2008
Termination benefits	19,196	18,255
Post-employment benefits	18,395	18,767
Jubilee benefits and part-time work by older staff	4,099	3,773
Taxes	118	4,261
Of which current	118	4,261
Other	20,322	21,140
Total	62,130	66,196

Provisions for staff benefits

An interest rate of 4.75 per cent *per annum* (2008: 5.5 per cent) was applied when calculating provisions for termination and post-employment benefits as of the reporting date. Plan assets were measured on the basis of an expected return on investment of 5.8 per cent *per annum* (2008: 5.8 per cent). We assumed future increases in salaries of 3.0 per cent *per annum* in the case of employees compensated outside the scope of collective agreements (2008: 3.0 per cent), of 4.0 per cent *per annum* in the case of employees compensated under collective agreements (2008: 4.0 per cent), and of 4.5 per cent *per annum* in the case of employees compensated under the transitional collective agreement (*Überleitungskollektivvertrag*) (2008: 4.5 per cent). We assumed an increase in pensioners' post-employment benefits of 2.5 per cent *per annum* (2008: 2.5 per cent). Increases in the salaries of members of the Managing Board were calculated individually. The biometrical basis for the computation of all provisions for "social capital" was provided by *AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung* (computational framework for post-employment benefit insurance) – *Pagler & Pagler* using the variant for salaried employees. Calculations took place on the basis of the earliest possible retirement ages of men and women. Individual retirement ages were only taken into account when calculating the provision for part-time work by older staff.

Termination benefit obligations changed as follows:

€'000	2009	2008
Present value of the defined benefit obligations at 1 January	18,669	19,311
Obligations assumed without being recognized in the Income Statement	0	(3)
Amortization of profit or loss	0	19
Service cost	1,050	1,158
Interest cost	1,050	991
Termination benefit payments	(1,228)	(1,093)
Actuarial (gain)/loss for the financial year	882	(1,714)
Present value of the defined benefit obligations at 31 December	20,423	18,669
Accumulated unrecognized actuarial gains/(losses)	(1,296)	(414)
Added for other termination benefit obligations	69	0
Provision balance at 31 December	19,196	18,255

Post-employment benefit obligations changed as follows:

€'000	2009	2008
Present value of the defined benefit obligations at 1 January	58,981	61,738
Service cost	1,425	1,785
Interest cost	3,239	3,169
Settlement payments and transfers	(727)	0
Transferred to defined contribution plan	(883)	(980)
Payments to beneficiaries	(2,944)	(2,840)
Actuarial (gain)/loss for the financial year	4,212	(3,891)
Present value of the defined benefit obligations at 31 December	63,303	58,981

Plan assets changed as follows:

€'000	2009	2008
Fair value of the plan assets at 1 January	33,112	32,412
Expected return on the plan assets	1,907	1,853
Transferred to defined contribution plan	(967)	(842)
Contributions to plan assets	907	2,352
Retirement benefits paid from plan assets	(1,116)	(1,224)
Actuarial gain/(loss) for the financial year	1,680	(1,439)
Fair value of the plan assets at 31 December	35,523	33,112

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

€'000	2009	2008
Present value of the defined benefit obligations at 31 December	63,303	58,981
Fair value of the plan assets at 31 December	35,523	33,112
Net obligations	27,780	25,869
Accumulated unrecognized actuarial gains/(losses)	(9,385)	(7,102)
Provision balance at 31 December	18,395	18,767

Breakdown of post-employment benefit obligations by source of financing:

€'000	2009	2008
Present value of the defined post-employment benefit obligations at 31 December	63,303	58,981
Of which directly financed obligations	48,664	42,625
Of which financial obligations financed via pension funds and/or insurers	14,639	16,356

The plan assets were structured as follows:

Per cent	2009	2008
Bonds and other fixed-interest securities	57.62	70.76
Shares and other variable-yield securities	16.74	16.24
Property	0.99	1.15
Other	24.65	11.85
Total	100.00	100.00

The plan assets did not include any financial instruments issued by the RLB NÖ-Wien Group or other assets utilized by the RLB NÖ-Wien Group.

Return on the plan assets:

€'000	2009*	2008
Actual return on the plan assets	3,587	414

* The final allocation of the income from the plan assets attributable to the RLB NÖ-Wien Group will not be known until the annual financial statements of *ÖPAG Pensionskassen AG* have been prepared. Consequently, the figure given here is provisional.

Provisions for jubilee benefits and part-time work by older staff changed as follows:

€'000	2009	2008
Present value of the defined benefit obligations at 1 January	3,773	4,267
Service cost	220	240
Interest cost	208	209
Payments	(359)	(624)
Actuarial (gain)/loss for the financial year	257	(319)
Present value of the defined benefit obligations at 31 December	4,099	3,773

Present values of the defined benefit obligations, fair values of the plan assets and experience adjustments:

€'000	2009	2008	2007	2006	2005
Termination benefits					
Obligations	20,423	18,669	19,311	17,548	15,768
Experience adjustments on obligations	978	508	(216)	(812)	(157)
Post-employment benefits					
Obligations	63,303	58,981	61,738	59,505	61,481
Plan assets	35,523	33,112	32,412	36,956	36,753
Net obligations	27,780	25,869	29,326	22,549	24,728
Experience adjustments on obligations	1,844	1,638	(407)	(425)	1,377
Experience adjustments on plan assets	(1,680)	1,439	5,531	1,087	(1,561)
Jubilees benefits and part-time work by older staff					
Obligations	4,099	3,773	4,267	4,330	3,570
Experience adjustments on obligations	(5)	84	44	(881)	158

Estimate of amounts that will be paid into the plan in the ensuing year:

€'000	2009
Post-employment benefits	(874)

Breakdown of expenditure on defined contribution plans:

€'000	2009	2008
Expenditure on defined contribution plans	1,170	1,059
Of which on defined contribution plans (pension fund)	750	689
Of which on the staff benefit fund (<i>Mitarbeitervorsorgekasse</i>)	420	370

Other provisions

The other provisions changed as follows:

€'000	2009	2008
At 1 January	21,140	11,099
Added	12,735	16,969
Released	(7,163)	(3,199)
Used	(6,390)	(3,729)
At 31 December	20,322	21,140

Other provisions includes provisions for guarantees in the amount of €9,483 thousand (year-end 2008: €9,044 thousand) and provisions for customer risks in the Ukraine in the amount of €8,000 thousand (year-end 2008: €0 thousand).

(29) SUBORDINATED DEBT CAPITAL

€'000	2009	2008
Measured at amortized cost	638,030	622,068
Subordinated debt	311,206	253,095
Supplementary capital	326,824	368,973
Designated as at fair value through profit or loss	77,860	48,540
Subordinated debt	77,860	48,540
Total	715,890	670,608

Subordinated liabilities were designated as at fair value through profit or loss if such a designation eliminated or substantially reduced mismatches in measurement or approach (accounting mismatches).

This applied to subordinated liabilities measured in the same way as interest rate derivative financial instruments using the fair value option. €783 thousand of the change in the fair values of these liabilities was attributable to changes in default risk. The carrying amount of these liabilities was €757 thousand higher than the contractually agreed repayment amount.

Furthermore, profit-share certificates (*Genussrecht*) furnished for an indefinite term but with the possibility of termination were included in this line item as subordinated debt designated as at fair value through profit or loss. These profit-share certificates evidence a contractual right to a portion of the assets in a specially created portfolio that is likewise designated as at fair value through profit or loss and recognized in the line item *Other current financial assets*. In the event of termination, the repayment amount will be the fair value and, therefore, the carrying amount reported here. Changes in the fair value thereof are attributable in their entirety to changes in the fair value of the assets in the portfolio.

With the exception of liabilities hedged against the exposure to interest rate risks in a fair value hedge, the other liabilities accounted for here were measured at amortized cost.

(30) EQUITY

€'000	2009	2008
Attributable to equity holders of the parent	2,040,043	1,996,418
Subscribed share capital	214,520	214,520
Non-voting non-ownership capital (<i>Partizipationskapital</i>)	76,500	76,500
Capital reserves	432,688	432,688
Retained earnings	1,316,335	1,272,710
Minority interests	93	80
Total	2,040,136	1,996,498

In accordance with a decision made by the Annual General Meeting held on 30 April 2008, the Managing Board was authorized, subject to the Supervisory Board's approval, to raise the share capital of *RLB NÖ-Wien AG* either once or several times in the period up to and including 30 April 2013 by up to €25,000 thousand through the issuance of up to 250,000 new, registered voting or non-voting no-par shares in return for cash contributions and to decide the nature of the new shares, their issue price and the other terms and conditions of issuance by agreement with the Supervisory Board (authorized share capital). By virtue of its authority, the Managing Board decided, in a decision dated 17 November 2008, to raise the share capital of *RLB NÖ-Wien AG* by €15,323 thousand from €199,197 thousand to €214,520 thousand through the issuance of 153,228 new, registered voting no-par shares (ordinary shares), each share representing an interest of €100.00 in the company's share capital, at an issue price of

€1,738.00 per share. The increase in share capital took place in return for cash contributions and subject to shareholders' subscription rights. The Supervisory Board endorsed the Managing Board's decision on 21 November 2008.

In 2008, *RLB NÖ-Wien AG* issued 765,000 registered non-voting non-ownership "participation" certificates (*Partizipationsschein*) within the meaning of § 23 Abs. 3 Z. 8. in conjunction with Abs. 4 und Abs. 5 BWG. One such certificate has a nominal value of €100.00. The non-voting non-ownership capital has been furnished for the duration of the enterprise and rights of ordinary and extraordinary termination have been waived. This capital can only be reduced by virtue of the provisions of Austrian stock corporation law, applied *mutatis mutandis*, or in accordance with the provisions of § 102 BWG. The return on the non-voting non-ownership capital will depend on there being a profit. The distribution on the

non-voting non-ownership capital for the year 2009 was €3,825 thousand.

Because of the profit-transfer agreement in place with *Raiffeisen-Holding NÖ-Wien*, the principal equity holder of RLB NÖ-Wien, profit within the meaning of *UGB/BWG* (Austrian enterprises code and Austrian banking act) remaining after transfers to the contractually provided reserves and after the making of the fixed payment for the non-voting non-ownership capital is transferred to *Raiffeisen-Holding NÖ-Wien*. The transferable amount is booked as a liability. At the moment, the minority shareholders of RLB NÖ-Wien receive a guaranteed minimum dividend from *Raiffeisen-Holding NÖ-Wien* as recompense.

Equity management is an important component of the RLB NÖ-Wien Group's medium-term planning. This

process is regularly reviewed and updated. The goal of equity management is to ensure a sustained supply of own funds so as to give timely support to the RLB NÖ-Wien Group's growth. The definition of equity is based on regulatory own funds requirements (see Note (50) *Regulatory own funds*). Pursuant to § 39a *BWG*, it is moreover one of the legal duties of care imposed on banks to ensure that they have sufficient equity to protect themselves against all material banking and operational risks (see our remarks on *Central risk management and risk-bearing capacity* in Note (31) *Risks arising from financial instruments [Risk Report]*). There were no material changes in the equity management process during the financial year under review compared with the previous year. The legislative minimum own funds requirements as set out in *BWG* were adhered to throughout the financial year at both bank and Group level at *Raiffeisen-Holding NÖ-Wien*.

NOTES ON FINANCIAL INSTRUMENTS

(31) RISKS ARISING FROM FINANCIAL INSTRUMENTS (RISK REPORT)

The following notes on financial instruments contain disclosures of the nature and extent of risks arising from financial instruments in accordance with IFRS 7.B6:

Risk policy and risk management

The integrated risk management process at RLB NÖ-Wien is based on the risk policy laid down by the Managing Board together with the accompanying strategies. Risk policy also includes the definition of risk management principles, the setting of limits for every material risk and risk monitoring procedures.

The professional management of the risks arising from financial instruments is a core task and, therefore, a decisive competitive factor for every bank. The ability of a financial institution to capture and measure all material risks and to monitor and manage them on a real-time basis is paramount. RLB NÖ-Wien therefore sees risk management as a proactive corporate function. The primary focus is on optimizing risk and returns; in other words, on *managing opportunities and risks* and not just on *managing risks*. Subject to the needs of customer-orientated banking operations within the framework of RLB NÖ-Wien's "advisor bank" concept and subject to the requirements of the legislative environment, RLB NÖ-Wien's risk policy and risk strategy mirror its conservative handling of banking risks and operational banking risks.

Risk management and risk controlling

RLB NÖ-Wien employs well-established methods of risk management and risk controlling to ensure the bank's profitability and security in the interests of its customers and its equity holders.

RLB NÖ-Wien's risk management activities are based on clear responsibilities. Risk policy is an integral part of the bank's central management procedures, so earnings and risk management in all business divisions are systematically interlinked. All material risks in the Bank are captured and subjected to an optimized strategic management process taking account of the Bank's own funds position (covering assets).

Risk controlling and risk management units and special committees that act independently from front-office units support the Managing Board in the performance of its risk-related tasks. The Central Risk Committee (*Gesamtbankrisikorunde*) is the working committee that analyzes the Bank's risk position and makes strategic risk decisions. The Bank's overall risk position is evaluated on the basis of analysis of its risk-bearing capacity and detailed reports on individual categories of risk. Strategic risk decisions encompass the laying down of the limit systems for the bank as a whole and for individual business divisions. The Central Risk Committee comprises the Managing Board member responsible for the Risk Management and Organization Division, the Head of Credit Risk Management, the Head of the Special Accounts Management Unit (SOG: *Sondergestion*), the Head of Treasury Mid-office, the heads of the Head Office departments that take risks, the Head of Accounts and Controlling, the Head of Internal Audit and a representative of *Raiffeisen-Holding NÖ-Wien*. It works under the leadership of the Head of the Central Risk Department. This committee meets quarterly. Final decisions are made during meetings of the Managing Board and presented to the Supervisory Board on a quarterly basis by the Managing Board member responsible for the Risk Management and Organization Division.

The Central Risk Department (GBR: *Gesamtbankrisiko*) is part of the Risk Management and Organization Division. It reports directly to the responsible member of the Managing Board. This ensures that the Central Risk

Department acts independently from front-office divisions. It is where all the pertinent risk analysis activities such as credit, market, liquidity, equity investment and operational risk analysis converge. Within the framework of the risk controlling process, the Treasury Mid-Office Department (TMO)—a Head Office department that is also a part of the Risk Management and Organization Division and, therefore, independent from the Treasury Department—carries out evaluations, monitors adherence to limits and analyzes and reports on trading books on a daily basis and passes the results on to the Managing Board. Adherence to market risk limits for the banking book is likewise monitored and analyzed on a daily basis. The continuous monitoring of risks is one of the core tasks of the Central Risk Department. Based on its monitoring activities, the different risks (including, in particular, credit, equity investment, market, liquidity and operational risks) are presented in an overall, aggregated view of the risk-bearing capacity analysis process.

All the tasks, bodies, reports, procedures and organizational units involved in the risk management process are defined and described in detail in the *Raiffeisen Holding Group's Risk Management Manual (Handbuch Risikomanagement)*. It is updated annually by the Central Risk Department in collaboration with Credit Risk Management and the Group Controlling and Risk Management Department at *Raiffeisen-Holding NÖ-Wien* and adopted by the Managing Board of RLB NÖ-Wien and the management of *Raiffeisen-Holding NÖ-Wien*. This ensures that a coordinated process is in place within the Bank to capture, limit, measure, report and document risks.

As an integral part of the risk controlling and risk management system, the Internal Audit Department at RLB NÖ-Wien audits the effectiveness of RLB NÖ-Wien's internal control system. The Internal Audit Department's principal task is to audit and assess the effectiveness of workflows, processes and internal controls. The Internal

Audit Department works without specific instructions, acting by order of RLB NÖ-Wien's Managing Board. This means that this department's audit procedures are performed by staff members who are not involved in operational workflows and, therefore, are not responsible for the results of the processes being monitored. This ensures that its evaluations and recommendations are objective.

Central risk management and risk-bearing capacity

RLB NÖ-Wien's central risk management procedures consist of measuring the bank's existing risk covering potential (profit, equity and hidden reserves) against all the material risks (including, in particular, credit, market, liquidity, equity investment and operational risks). These risks are captured using well-established methods and employing appropriate systems. The Bank's risks are subdivided into three scenarios (normal case, problem case and extreme case). Covering assets are divided into four pools, with covering assets in pools one to three earmarked to cover the risks assumed within the scope of the three risk scenarios. The ring-fenced cover pool No. 4 is set aside to ensure RLB NÖ-Wien's continued existence as a going concern in an extreme, crisis situation. The intention is to ensure that, given the assumptions that have been made, sufficient covering assets will be available even in an unlikely extreme situation. The Bank's risk-bearing capacity sets a limit on its aggregated overall bank risk, and detailed risk limits are also laid down for individual business segments. As is consistent with the main focuses of RLB NÖ-Wien's business activities, credit risk, market risk and liquidity risk are at the forefront of the risk management process. Because of their materiality, due attention is also given to the equity investment risks related to equity investments in banking-related fields.

Market risk in the trading and banking books is measured on the basis of *value at risk* (VaR: the potential loss with a given probability over a specified holding period). Unexpected credit risk losses are assessed and analyzed both on a value at risk basis (for problem cases) and using scenario analysis techniques (for extreme cases). Appropriate attention is also paid to settlement risk within the scope of credit risk, applying a suitable limits system, developing and extending netting agreements and settling transactions using settlement platforms. Equity investment risks are measured on the basis of expert assessments that cover both problem cases and extreme cases.

The central risk management process also captures liquidity and operational risks.

As we have said, the central instrument that brings together and captures all risk-related information is the quarterly analysis of the Bank's risk-bearing capacity. This analysis is the starting point for our risk policy, which limits risky activities to a level that is appropriate to the Bank.

In the light of expectations regarding the future development of the markets, Risk Management performed additional analyses during 2009. RLB NÖ-Wien carried out simulation analyses based on the assumption of a so-called "double dip" effect that took a number of scenarios into consideration and derived concrete measures to reduce or limit risks.

In addition, in conformity with ICAAP, we prepared a comprehensive risk profile of RLB NÖ-Wien that took into account every category of risk defined in the risk map.

Credit risk

RLB NÖ-Wien defines credit risk as the risk that it might suffer a loss if a customer or counterparty fails to discharge a contractual obligation. On the one hand, credit risk results from traditional lending operations (loan losses with the consequent management of the loan exposure in response to any decline in creditworthiness). On the other, it results from trading in and acquiring market risk instruments (counterparty default risk in the case of derivatives).

Country risk is also a part of credit risk. Country risk and transfer risk involve a debtor failing to discharge a contractual obligation as a result of sovereign action by a state. Transfer risk also includes that risk that debts of a country in financial difficulties could be rescheduled (i.e. deferred for several years) under an international agreement. This risk is limited separately. The counterparty risk associated with derivatives operations is also included in this risk category.

RLB NÖ-Wien sees itself as a financier operating in the Centre region, which is also a focus of its business activities. RLB NÖ-Wien offers its customers all the usual credit products. As part of the strategic credit management process, the Managing Board formulates and implements all of the Bank's strategic goals and actions according to the risks concerned within the scope of a credit risk strategy. This is an integral part of the Bank's corporate and segmental strategies and interacts with all other (sub-)strategies. Stipulation of the segments within the Bank where loans can be granted and specification of which products can be used to this end also take place here.

Credit risk is a major component of risk at RLB NÖ-Wien. Consequently, Credit Risk Management (KRM), a Head Office department, has been established to service sales units. Its tasks are to provide support and to perform a controlling role during the measurement and management of credit risk and to take on the management and realization of problem loan assets. The Special Accounts Management Unit, which answers directly to the Managing Board member responsible for the Risk Management and Organization Division, supports the risk management process by resolving problem loans.

Credit risk is handled by Credit Risk Management, which is a Head Office department. The activities this involves range from checking exposures before an application is made to minimizing damage in the event of insolvency. If risky exposures need resolving, the job of processing them is transferred to the Special Accounts Management Unit, which reports directly to the Managing Board. Developing credit risk measurement systems (rating, scoring) is also the responsibility of Credit Risk Management.

Credit risks at RLB NÖ-Wien are monitored and analyzed both loan-by-loan for each customer and on a portfolio basis. Credit risk management processes and credit decisions are based on the risk policy approved by the Managing Board of RLB NÖ-Wien. Lending principles are laid down in writing in our Risk Manual (in the sections on risk policy and in the Risk Management Manual) which, in particular, contains business policy statements regarding credit scoring, collateral and return and risk requirements.

To safeguard its sustained market presence, RLB NÖ-Wien has an extensive credit limits system in place at the level of the Bank as a whole and spanning banks, countries and corporate customers. When looking at individual exposures, care is taken to ensure that the

Bank's approval ceilings are kept below regulatory limits.

This means that an exposure greater than or equal to 7.5 per cent of RLB NÖ-Wien's own funds will already be submitted to the Supervisory Board for approval even if this is not a legislative requirement.

The risk content of an exposure is captured using an extensive rating system. Various model variants are employed, depending on what is required in the customer segments in question. When assessing creditworthiness, RLB NÖ-Wien employs the nationally developed *Raiffeisen* rating system as well as an additional retail customer scoring model that classifies risks and gauges default risk. The rating models use ten credit quality classes and ten collateral classes, satisfying the requirements of *Basel II*.

The credit process and the involvement of experts from Credit Risk Management and Credit Back Office, both Head Office departments, encompass every necessary kind of monitoring measure. Monitoring measures are built directly or indirectly into the workflows being monitored. Before a loan involving a risky exposure is approved, the Material Credit Control Department and the Balance Sheet and Corporate Analysis Department will be involved in the exposure assessment procedure as part of the credit risk management process; and before a loan to a bank or a loan involving country risk is approved, Country and Bank Analysis, an organizational unit, will also be involved in the exposure assessment procedure.

Alongside the determination of internal ratings within the framework of the loan approval process, collateral values are also checked based on a predetermined collateral assessment catalogue that lays down predefined risk charges. This catalogue is regularly reviewed and revised. Collateral is captured within the scope of a

separate collateral management system and continuously reassessed. RLB NÖ-Wien's derivatives operations are integrated into the existing limits system. The Financial Services Department (FIS) performs collateral management for these operations on a daily basis. In risk areas, assessments are subjected to institutionalized plausibility checks in the course of the loan application process. The updating of internal ratings and the investigation and analysis of risk positions both take place at regular intervals.

The periodic updating of ratings also includes regularly assessing the need to recognize impairment losses. Direct loan receivables that are highly unlikely to be recoverable require revaluation, taking assigned collateral into account, and/or provisions must be created for claims under guarantee credits. RLB NÖ-Wien has a default database that allows it to evaluate and analyze key risk parameters even more effectively. According to *Basel II*, a loan is overdue if a material repayment (instalment) is past due for more than 90 days.

Besides portfolio data, the Credit Risk Reports prepared by Credit Risk Management, a Head Office department, also show movements within the portfolio (migration analyses). Together with the results of risk-bearing capacity analysis, they provide the basis for appropriate steering and other measures.

The expected loss and the available collateral are mirrored by the Bank's standard risk costs. Together with liquidity, own funds and unit costs, these are key variables in RLB NÖ-Wien's internal performance calculations, which are prepared employing the so-called *market interest rate method*. Taking these factors into account places the necessary emphasis on the relationship between risk and return. Various analyses of the Bank's current risk profile are fixed components of its reporting activities.

Against the backdrop of the financial markets crisis and its effects, RLB NÖ-Wien has set up a special Problem Exposures Task Force. This group operates under the Head of Credit Risk Management, which is a Head Office department. It is made up of members of both front-office and banking and back-office units. Its role is to ensure that crisis events (Iceland, *Lehman*, etc.) are observed, managed and overcome and that debts are collected. The task force meets as required but at least four times a year.

Aggregated credit risk at the overall portfolio level is measured and managed on the basis of credit value at risk using a portfolio model. RLB NÖ-Wien's credit value at risk is calculated using Monte Carlo simulations. The credit value at risk is brought into the Bank's problem case risk-bearing capacity analysis process. When calculating credit value at risk within the scope of risk-bearing capacity analysis, RLB NÖ-Wien bases its calculations on a risk horizon of one year and a problem case confidence interval of 95 per cent. In extreme cases, expert valuations are obtained.

The table below provides a breakdown of loans (credit exposures inclusive of guarantees and the positive fair values of derivatives) applying RLB NÖ-Wien's internal ratings (in thousands of euros):

INTERNAL RATING	2009	PER CENT	2008	PER CENT
0.5 Minimal risk	1,888,235	6.2	965,879	3.7
1 Excellent credit standing	4,274,145	14.0	5,660,122	21.5
1.5 Very good credit standing	15,458,688	50.7	11,893,781	45.2
2 Good credit standing	2,353,589	7.7	2,666,236	10.1
2.5 Average credit standing	1,859,881	6.1	1,790,385	6.8
3 Mediocre credit standing	2,212,250	7.3	1,462,747	5.6
3.5 Weak credit standing	1,081,631	3.6	905,460	3.4
4 Very weak credit standing	623,675	2.0	399,834	1.5
4.5 Doubtful/high default risk	235,136	0.8	220,324	0.8
5 Default	177,200	0.6	155,618	0.6
Unrated	315,685	1.0	201,553	0.8
Total	30,480,115	100.0	26,321,939	100.0

Further to the above table, item-by-item charges for impairment losses broke down as follows: In 2009, charges in the range from 0.5 to 3.0 (*Minimal risk* to *Mediocre credit standing*) came to €6,943 thousand, the equivalent figure for 2008 having been €6,925 thousand. In 2009, item-by-item charges for impairment losses in the rating classes 3.5, 4.0, 4.5 and 5.0 came to €14,515 thousand, €39,116 thousand, €80,371 thousand and €117,066 thousand, respectively, the equivalent figures for these rating classes in 2008 having been €17,600 thousand, €40,426 thousand, €67,290 thousand and €102,151 thousand. Item-by-item charges for impairment losses of €576 thousand having been required in respect of unrated customers in 2008, item-by-item charges for impairment losses in respect of unrated customers came to €600 thousand in 2009.

The following table presents RLB NÖ-Wien's loan exposure net of impaired and past due accounts (in thousands of euros):

INTERNAL RATING	2009	PER CENT	2008	PER CENT
0.5 Minimal risk	1,888,235	6.3	965,879	3.7
1 Excellent credit standing	4,267,524	14.3	5,659,397	21.9
1.5 Very good credit standing	15,424,116	51.5	11,891,469	46.0
2 Good credit standing	2,346,215	7.8	2,661,519	10.3
2.5 Average credit standing	1,850,992	6.2	1,764,692	6.8
3 Mediocre credit standing	2,181,546	7.3	1,445,011	5.6
3.5 Weak credit standing	1,038,964	3.5	850,102	3.3
4 Very weak credit standing	545,025	1.8	322,571	1.3
4.5 Doubtful/high default risk	69,114	0.2	83,387	0.3
5 Default	25,727	0.1	30,681	0.1
Unrated	310,764	1.0	188,473	0.7
Total	29,948,222	100.0	25,863,181	100.0

The following table presents total loans and advances and financial investments that entailed credit risk:

€'000	LOANS AND ADVANCES TO CUSTOMERS		LOANS AND ADVANCES TO OTHER BANKS		FINANCIAL INVESTMENTS	
	2009	2008	2009	2008	2009	2008
Loan exposure	8,696,138	8,514,312	12,758,222	8,923,998	3,229,975	2,965,413

The following table presents RLB NÖ-Wien's past due customer balances (in thousand of euros):

INTERNAL RATING	2009	PER CENT	2008	PER CENT
0.5 Minimal risk	0	0.0	0	0.0
1 Excellent credit standing	6,621	2.4	681	0.3
1.5 Very good credit standing ¹	29,978	11.1	1,276	0.5
2 Good credit standing	6,966	2.6	2,853	1.1
2.5 Average credit standing	8,592	3.2	21,263	8.6
3 Mediocre credit standing	26,674	9.8	11,965	4.8
3.5 Weak credit standing	17,312	6.4	17,091	6.9
4 Very weak credit standing	18,862	7.0	26,028	10.5
4.5 Doubtful/high default risk	32,696	12.1	68,590	27.7
5 Default	122,745	45.3	97,895	39.5
Unrated	198	0.1	243	0.1
Total	270,644	100.0	247,885	100.0

¹ Most of the total in 2009 was recognized for accounting reasons.

At the end of the 2009 financial year, impairment losses had not been recognized on past due customer balances totaling €106,539 thousand (year-end 2008: €67,879 thousand).

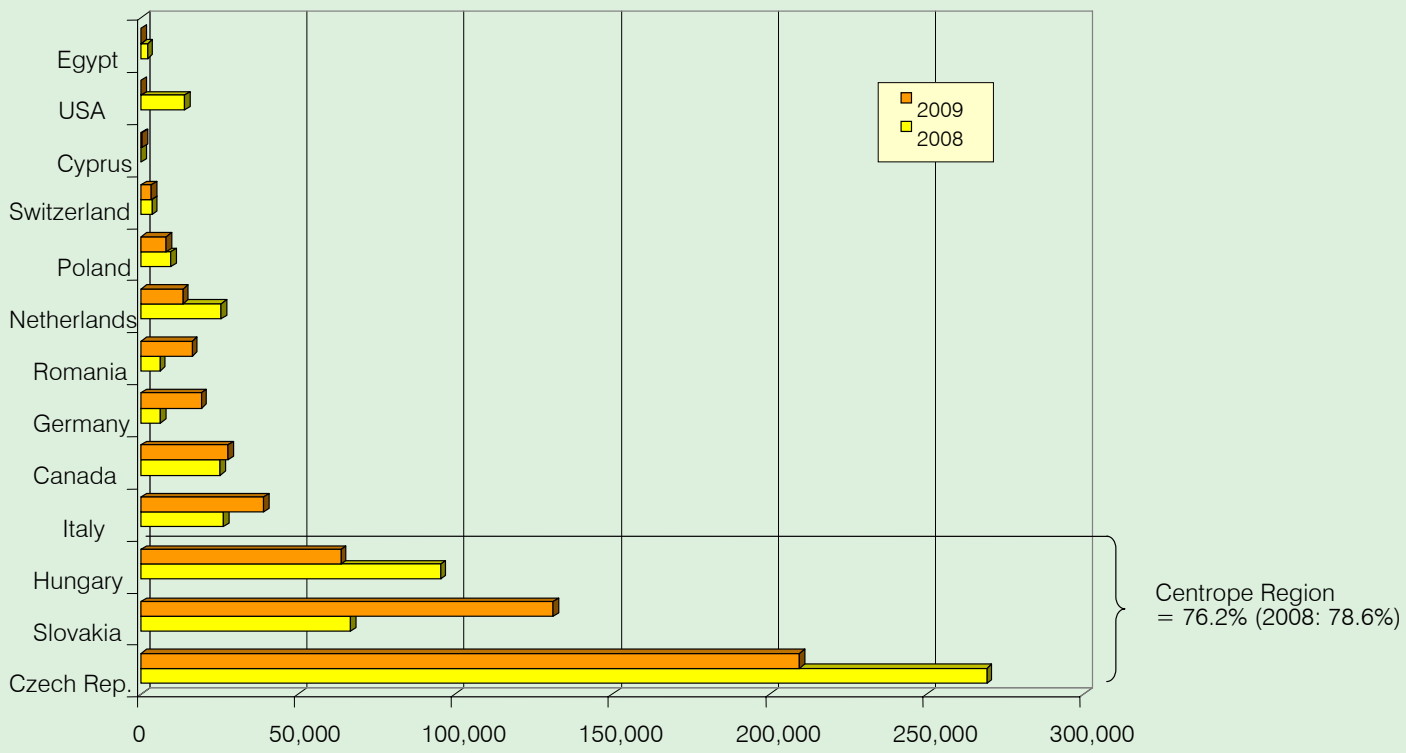
The table below provides a breakdown, by past due period, of the past due credit exposures for which impairment losses had not been recognized:

PAST DUE	2009		2008	
		PER CENT		PER CENT
Up to 30 days	38,940	36.5	28,055	41.3
31 – 60 days	8,427	8.0	4,242	6.3
61 – 90 days	5,045	4.7	5,372	7.9
> 90 days	54,127	50.8	30,210	44.5
Total	106,539	100.0	67,879	100.0

At year-end 2009, the proportion of real estate loans in RLB NÖ-Wien's total loan portfolio was high at €2,539,767 thousand (year-end 2008: €2,839,643 thousand).

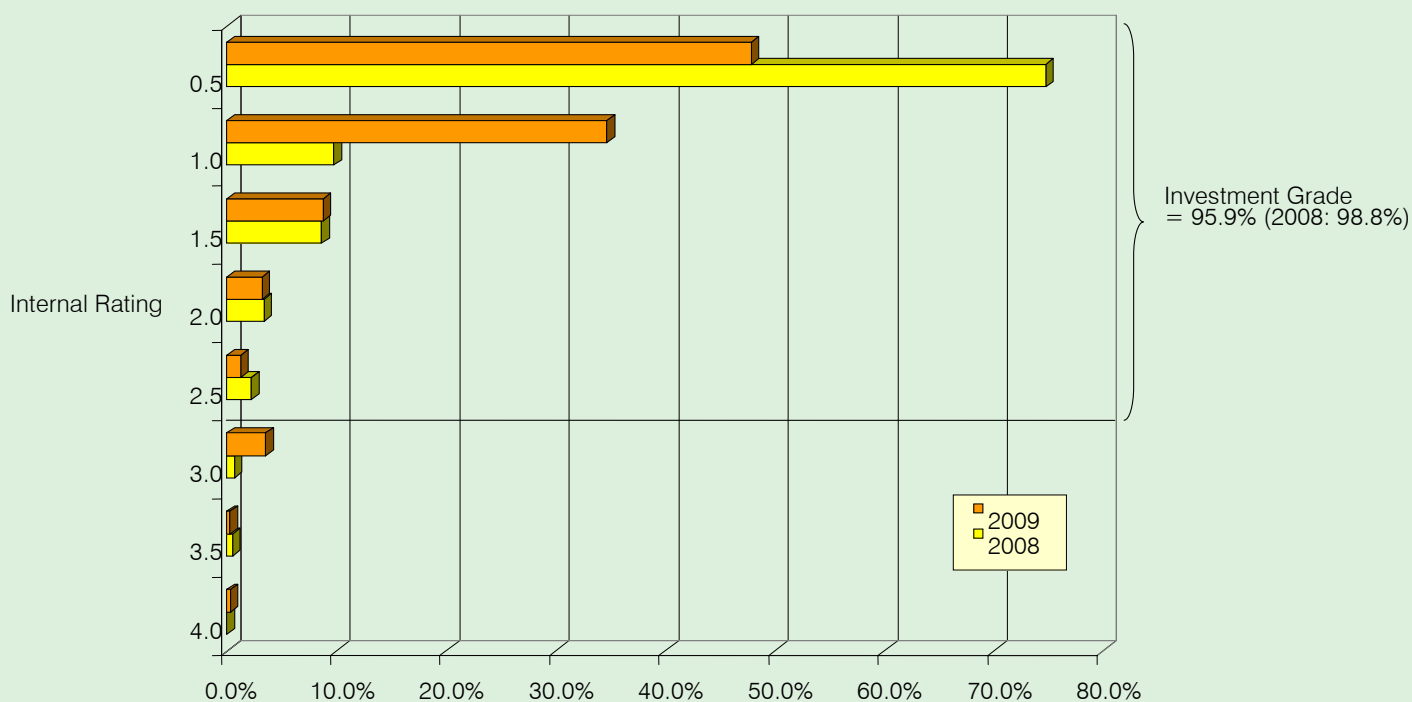
CATEGORY	2009				2008			
	AUSTRIA	PER CENT	ABROAD	PER CENT	AUSTRIA	PER CENT	ABROAD	PER CENT
Residential (subsidized)	330,194	16.4	0	0.0	461,503	20.1	0	0.0
Residential (financed without subsidies)	655,046	32.6	36,185	6.8	780,638	34.1	85,685	15.6
Commercial (tourism)	118,796	5.9	115,799	21.8	97,623	4.3	93,588	17.1
Commercial (shopping centres)	162,869	8.1	123,962	23.3	170,690	7.4	106,527	19.4
Commercial (offices)	358,765	17.9	86,460	16.3	272,278	11.9	98,793	18.0
Other	382,919	19.1	168,772	31.8	508,065	22.2	164,252	29.9
Total	2,008,589	100.0	531,178	100.0	2,290,797	100.0	548,845	100.0

At year-end 2009, most of the real estate loan exposure, namely 79.1 per cent, was Austrian (year-end 2008: 80.7 per cent). Just 20.9 per cent of the real estate loan portfolio was foreign (year-end 2008: 19.3 per cent). A breakdown of this foreign real estate loan exposure by country shows a predominance of the Centrope region.

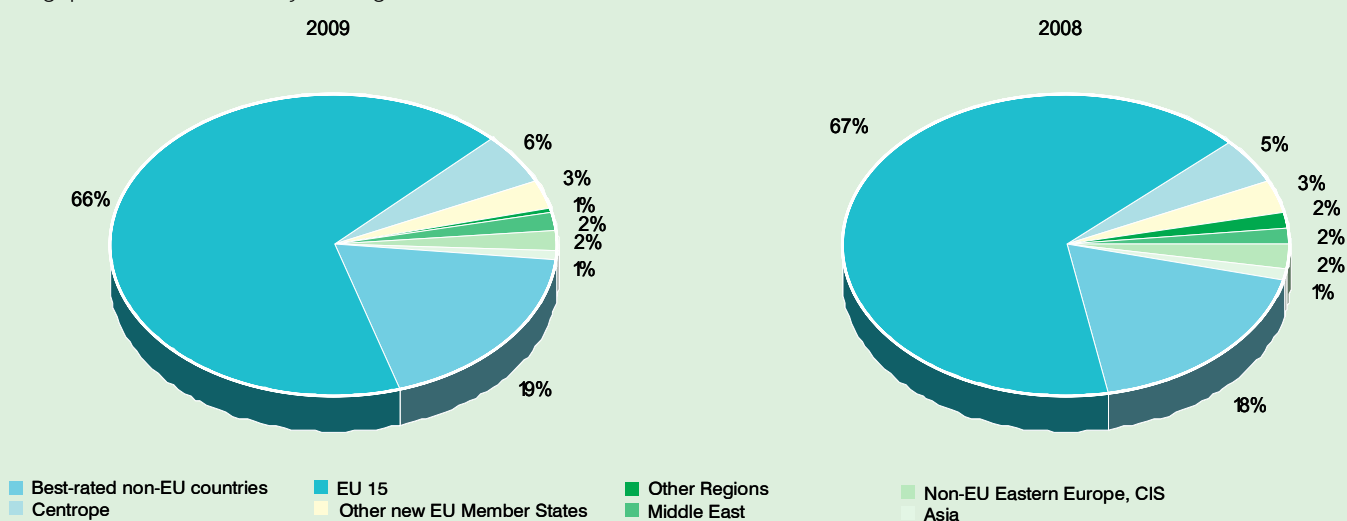


Risk concentrations within RLB NÖ-Wien are also monitored within the scope of country risk measurements and limited by way of special country limits. At the end of 2009, 95.9 per cent of the approved country exposures were in investment grade classes and a total of 91.4 per cent were assigned to one of the three best rating classes (0.5 to 1.5).

The chart below depicts the percentage distribution of country limits based on internal ratings in the 2009 financial year and, by way of comparison, in 2008:

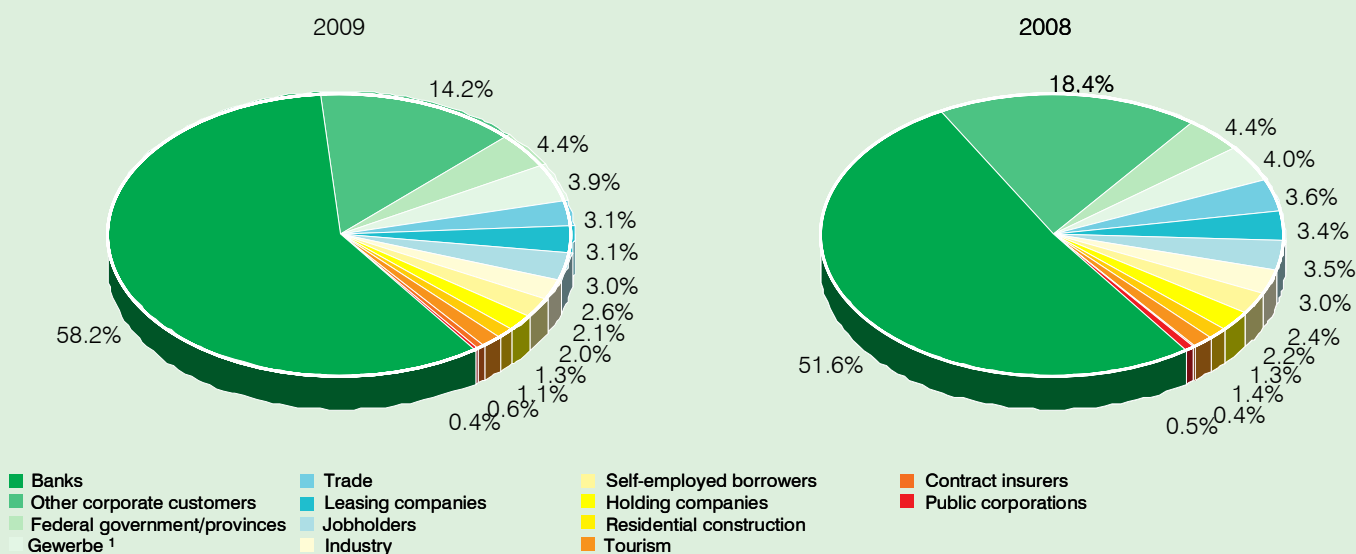


We will now look at the regional distribution of country limits. The charts below depict the percentage distributions of country limits in 2008 and 2009. *Best-rated non-EU countries* includes countries like the United States, Japan and Singapore that have *Moody's* ratings of at least Aa3.



We monitor branch and industry concentrations with the help of regular sector and industry analyses.

The following charts provide breakdowns of the Bank's loan exposures by sector and industry group (in per cent):



¹ Within the meaning of Austria's *Gewerbeordnung* (commercial code). Given the specific nature of some of the terms used in this breakdown, the reader is advised to refer to the German original if greater precision is desired.

When assessing the country risks captured by credit risk evaluations, RLB NÖ-Wien draws, *inter alia*, upon the professional support of the Country Risk and Portfolio Management Department at *Raiffeisen Zentralbank Österreich AG (RZB)*. Among other things, the resulting internal country ratings provide the basis for RLB's own country limits system, which applies in every organizational unit within the enterprise. When analyzing banking risks, RLB NÖ-Wien cooperates closely with *RZB*'s Financial Institutions Analysis Department. Moreover, RLB NÖ-Wien has access to *RZB*'s country and bank rating pool through a database. Since the financial markets crisis in 2008, exposures to other banks have been subjected to additional detailed scrutiny. The

resulting risks are also brought into the assessment of overall bank risk within the framework of the risk-bearing capacity analysis process.

RLB NÖ-Wien has reached contractual agreements with its customers in the corporate customers and retail banking segments regarding collateral that takes the form of guarantees and other assets. When assessing collateral, the Bank makes allowance for its type, quality and realizability and the duration of realization by carrying out appropriate collateral write-downs.

The following table presents the structure of collateral given to RLB NÖ-Wien (in thousands of euros):

CATEGORY OF COLLATERAL	2009	PER CENT	2008	PER CENT
Land register	2,812,041	36.9	2,194,648	35.7
Securities	241,800	3.2	224,777	3.7
Financial products	896,039	11.7	962,233	15.7
Insurance	167,753	2.2	147,011	2.4
Other rights and claims	495,877	6.5	493,814	8.0
Guarantees	3,017,142	39.5	2,116,475	34.5
Total	7,630,652	100.0	6,138,958	100.0

RLB NÖ-Wien's statistical data only capture loan exposures arising within the scope of debt restructuring processes and the associated redefinition of terms and conditions if impairment allowances have already become necessary.

RLB NÖ-Wien does not directly purchase any collateral provided by customers. If collateral cannot immediately

be realized, the Bank has subsidiaries through which such transactions take place. Any proceeds from the realization of collateral will be netted off against the corresponding loan accounts when the collateral is realized. The relevant components of a loan will be treated as having been secured prior to realization.

Market risk

Market risk results from movements in market prices. These lead to fluctuations in the fair values of or future cash flows from financial instruments. RLB NÖ-Wien defines interest rate risks, currency risks, other price risks and volatility risks as market risks.

RLB NÖ-Wien has a trading book of short-term interest rate and currency transactions. Medium-term to long-term transactions are classified as part of the banking book.

Market risk in the trading and banking books is measured using the customary *value at risk* approach (VaR: the potential loss with a given probability over a specified holding period). In addition, the banking book is subjected to gap analysis and basis point values (BPVs) are calculated for each currency.

An extensive system of lines and limits (the Treasury Limits System) is applied to RLB NÖ-Wien's trading and

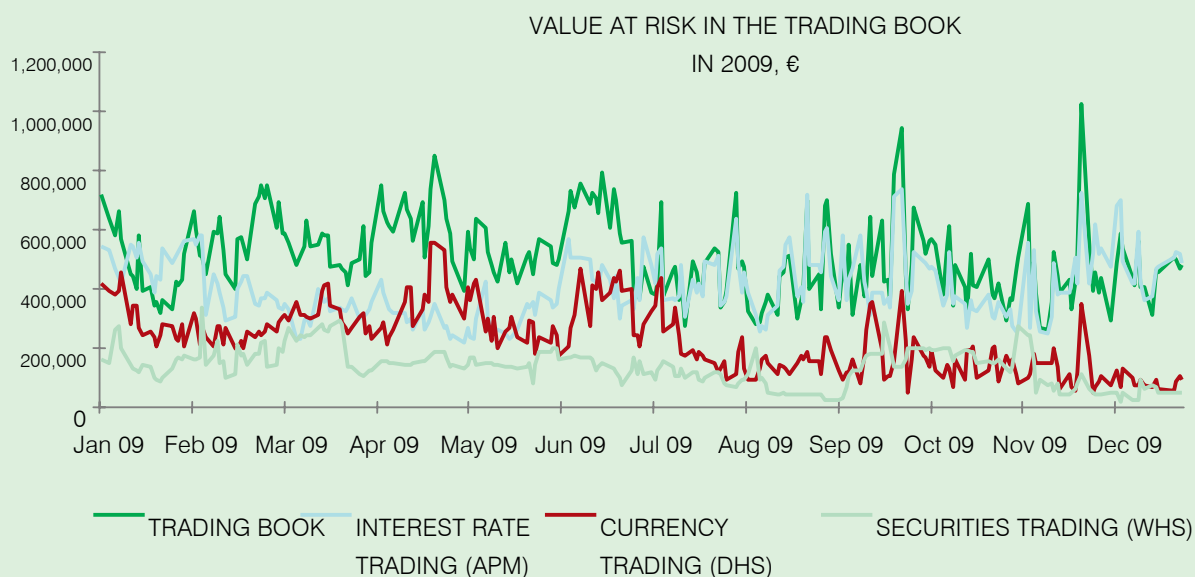
banking books, limiting markets risk both for each type of transaction and for each portfolio. In this risk category, a value at risk limit and sensitivity limits are defined to limit the amount of risk and a stop-loss limit is in place to limit the risk of losses.

RLB NÖ-Wien took action to reduce risk in the trading and banking books in the course of 2009. It had the desired effect on the utilization of risk limits in those books.

Since confidence in the markets has not yet fully recovered and uncertainty about the markets' future development persists, Market Risk Management still faces exceptional challenges. This situation is being addressed through the active management of risk positions, backed up in turn by appropriate stress testing and back testing.

Market risk in the trading book

The Managing Board of RLB NÖ-Wien receives daily VaR (value at risk) reports containing information about current limit utilization in the trading book as a whole and in the individual portfolios within the trading book.



The chart shows daily risk in the trading book and its various sections (interest rate trading, currency trading, securities trading) in terms of 99 per cent one-day value at risk. Daily worst-case analyses are also carried out, providing information about losses in extreme cases and showing how big the risk of losses on interest rate, currency and securities trading was in the course of 2009. To take an example, a value at risk of €200,000 means that, on the particular day of trading, the Bank would, with a probability of 99 per cent, not have been able to lose more than €200,000 on trading operations. This figure says nothing about the amount of the Bank's actual gain or loss on the day in question.

Because of the financial markets crisis and its effects—high bid-ask spreads in interest rate markets and high

volatilities—and the assumption that the markets will be slow to normalize, very narrow trading book limits were set at the beginning of the year, and they were reduced again in the course of the year. From the middle of the year, value at risk in the trading book arose primarily from interest rate trading. Currency and securities trading mainly involved our trading as an intermediary, so their contribution to overall risk in the trading book was secondary.

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

The table below presents the Bank's VaR at 31 December 2009 (99%, 1-day) and the comparative figures for 31 December 2008 as shown in the chart on the previous page:

€'000	VAR AT 31/12/2009	VAR AT 31/12/2008
Trading book (total)	484	624
Interest rate trading	488	522
Currency trading	95	399
Securities trading	50	177

The value-at-risk figures that we obtain forecast maximum losses under normal market conditions but do not provide any information about the effects of exceptional, extreme market movements. Such events are taken account of using stress tests that capture the biggest

daily market movements in the previous six years. This allows the simulation of crisis situations and major fluctuations in market parameters. These simulations are then applied to portfolio positions.

The table below shows the Bank's VaR (99%, 10-day) for market risk in the trading book:

€'000	VAR AT 31/12/2009	AVERAGE VAR	MINIMUM VAR	MAXIMUM VAR
Interest rate risk	1,986	1,207	311	2,664
Currency risk	134	384	23	1,894
Price risk	592	427	81	810

€'000	VAR AT 31/12/2008	AVERAGE VAR	MINIMUM VAR	MAXIMUM VAR
Interest rate risk	1,290	2,124	672	7,876
Currency risk	1,245	1,482	138	6,693
Price risk	0	555	0	1,966

Market risk in the banking book

Interest rate risk is managed centrally by Treasury, a Head Office department, where all interest rate positions are systematically aggregated and managed. They are captured on the basis of internal contracts. In the case of large exposures, these are specifically agreed between customer account managers and the Treasury Department. Retail business is captured by the Bank's internal systems.

Interest rate risk is managed using gap analysis. Treasury Mid-office, a Head Office department, carries out

VaR and scenario analyses on the basis of this gap analysis. The scenarios in use are based on the recommendations of the *Finanzmarktaufsicht* (Austrian Financial Market Authority) and *OeNB* (Austrian Nationalbank) as well as the Basel Committee on Banking Supervision. The Asset Liability Committee meets once a month. During its meetings, market risks in the banking book are reported and it decides on the Bank's interest rates projection and interest rates policy.

The following interest rate gaps mirror the structure of the Bank's interest rate dependent operations, which are a product of the Asset Liability Committee's interest rates projection. (Positive numbers mean that RLB NÖ-Wien receives fixed rates, whereas negative numbers mean that it pays them.)

RLB NÖ-Wien's interest rate gaps at 31 December 2009 (in thousands of euros):

Interest Rate Gap	>6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	> 5 YEARS
EUR	194,444	(355,311)	198,338	426,052
USD	(23,029)	(6,072)	(17,728)	14,604
JPY	(117,617)	(12)	(35)	0
CHF	(712,166)	132,084	(1,647)	32,322
Other	(4,820)	(451)	(1,319)	0

RLB NÖ-Wien's interest rate gaps at 31 December 2008 (in thousands of euros):

Interest Rate Gap	>6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	> 5 YEARS
EUR	(1,843,293)	199,155	58,975	345,657
USD	(8,863)	(182,037)	(10,001)	5,190
JPY	(122,635)	(1,512)	(59)	0
CHF	409,041	(1,670)	(5,658)	(148)
Other	(1,021)	(529)	(1,054)	0

Market risk is managed in line with the Bank's interest rates projection. Banking book performance and risk analyses take place on a *total return* basis. In other words, they look at changes in the present value of RLB NÖ-Wien's banking book alongside the profit from maturity transformation (*Strukturbeitrag*), ensuring the sustained flexibility and profitability of its maturity trans-

formation activities. To capture present value risk, interest rate gaps are recognized and measured like fixed-interest bonds or fixed-rate funding: positive values are treated like bonds, and negative values are treated like funding. Present value risk is calculated using a value at risk model to gauge the possible impact of a change in interest rates on the enterprise's profit or loss.

Changes in present value in RLB NÖ-Wien's banking book at 31 December 2009 given a parallel, one-basis-point rise in interest rates; a positive number means that a rise in interest rates will cause an increase in present value; a negative number shows the loss in present value caused by a one-basis-point rise in interest rates (in thousands of euros):

Interest Rate Gap	>6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	> 5 YEARS
EUR	(16.90)	66.18	4.09	(564.14)
USD	1.60	2.34	6.70	(22.58)
JPY	1,344.68	0.29	1.79	0.00
CHF	90.96	(36.23)	0.86	(56.17)
Other	0.41	0.08	0.47	0.11

Changes in present value in RLB NÖ-Wien's banking book at 31 December 2008 given a parallel, one-basis-point rise in interest rates (in thousands of euros):

Interest Rate Gap	>6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	> 5 YEARS
EUR	162.76	(38.26)	(6.54)	(387.04)
USD	0.88	35.65	3.81	(4.09)
JPY	9.02	0.30	0.02	0.00
CHF	(30.48)	0.33	2.17	2.20
Other	0.09	0.10	0.39	0.00

Derivative positions are a major cause of market risk. The risk content of derivative contracts is analyzed daily and the results are included in daily reports to the Managing Board. This ensures that the Managing Board is also kept informed about these transactions on a real-time basis. Note (32) *Derivative financial instruments* provides a detailed overview of their structure.

RLB NÖ-Wien's currency risks are managed centrally within the Treasury Department, a Head Office department, by Currency Trading (*Devisenhandel*). The resulting currency risks are limited by a detailed system of limits (VaR limit, sensitivity limits and a stop-loss limit). The limits system is updated annually by the Managing Board on the basis of recommendations made by Treasury Mid-office, which is a Head Office department. Adherence to this limits system is checked daily by Treasury Mid-office to ensure that limits are observed.

As a result, all foreign currency positions are continuously observed, controlled and managed.

Liquidity risk

Liquidity risk includes insolvency risk (liquidity risk in the narrow sense of the term), which is the risk of being unable to meet due financial obligations in full or in time. Among other things, this includes maturity risk (the risk of an unplanned lengthening of the period for which capital items treated as assets are tied up) and withdrawal risk (the risk of premature withdrawals of deposits, unexpected utilizations of approved lines of credit).

In addition, liquidity risk includes the risk that, in the event of a liquidity crisis, it may only be possible to raise funds at above previous market rates (funding risk) or sell assets at below previous market prices (market liquidity risk).

Since 2007, funding cost risks have been captured on a scenario analysis basis within the scope of the risk-bearing capacity analysis process.

In addition, GBR calculates and reports RLB NÖ-Wien's short-term funding limit on a daily basis, comparing current daily funding requirements with the available tenderable securities.

The methods used to measure liquidity risk as a product of the current liquidity situation in the financial markets have been extended in accordance with recommendations 1 – 18 of the CEBS Liquidity Risk Management Papers (CEBS 2008 147).

In general, more attention is now being paid to operational liquidity from a "time to wall" viewpoint. When studying scenarios, one differentiates more between a general market scenario, a bank-specific scenario and a combined scenario. Furthermore, a combination of both scenarios is also used in the risk analysis process.

At the moment, account is being taken of the stronger focus on RLB NÖ-Wien's operational liquidity by way of the analyses carried out for the weekly liquidity reports to *OeNB*, which are also reported to Managing Board meetings on a weekly basis. Expected incoming payments are compared with expected outgoing payments and with the available liquidity buffer. The liquidity buffer consists of securities eligible for ECB discounts. It is the short end of RLB NÖ-Wien's counterbalancing capacity.

Being solvent at all times is a central focus at RLB NÖ-Wien. To achieve this, RLB NÖ-Wien, *Raiffeisen-Holding NÖ-Wien* and the *Raiffeisen Banks* in Lower Austria have had a suitable joint limits system in place since 2007. RLB NÖ-Wien has assumed responsibility for liquidity management for the *NÖ-Wien Raiffeisen Banking Group* (*Raiffeisen-Holding NÖ-Wien*, RLB NÖ-Wien and the *Raiffeisen Banks* in Lower Austria) and prepares regular liquidity profiles.

In addition, appropriate emergency plans have been put in place to deal with any crises. In the event of a crisis, they will be executed by the Liquidity Management (LIMA) Committee. Liquidity is managed centrally by the Treasury Department, which is a Head Office department.

The liquidity positions of RLB NÖ-Wien and *RBG NÖ-Wien* are computed using two models that are applied quarterly. **Operational Liquidity** captures liquidity in a maturities range of between one and 24 months. However, this model is only applied with respect to RLB NÖ-Wien, because RLB NÖ-Wien is *RBG NÖ-Wien's* source of short-term funds. The short-term liquidity risk calculated in this way is minimized by RLB NÖ-Wien's direct participation in the European Central Bank's tender operations and the potentially large tender volumes associated with them. The second model, **Structural Liquidity**, captures the long-term liquidity positions of all the members of the *RBG NÖ-Wien Group* from a maturity of two years to maturities of more than 15 years both on a member-by-member basis and in an aggregated form.

The table below presents RLB NÖ-Wien's structural liquidity in 2009 compared with 2008:

Normal Case €'000	31/12/2009		31/12/2008	
	1/3 OF ASSETS	TARGET MONITOR LIABILITIES > 1/3 OF ASSETS	1/3 OF ASSETS	TARGET MONITOR LIABILITIES > 1/3 OF ASSETS
≥ 2 YRS	4,797,539	0.74	3,531,568	0.70
≥ 3 YRS	4,431,782	0.73	2,883,374	0.69
≥ 4 YRS	3,479,961	0.71	2,334,608	0.71
≥ 5 YRS	2,800,597	0.69	1,775,272	0.70
≥ 6 YRS	2,134,082	0.61	1,579,626	0.73
≥ 7 YRS	1,764,283	0.61	1,309,465	0.75
≥ 8 YRS	1,461,347	0.58	1,097,281	0.74
≥ 9 YRS	1,230,780	0.53	911,209	0.70
≥ 10 YRS	1,016,332	0.53	768,678	0.70
≥ 15 YRS	833,304	0.48	428,592	0.81

Both models also differentiate between *normal* and *problem* cases. The normal case describes the tie-up of capital associated with RBG NÖ-Wien's individual assets and liabilities as per its maturities manual (*Kapitalbindungshandbuch*) while also taking account of fixed interest periods and statistical base effects. The problem case describes capital tie-ups as per the maturities manual in crisis scenarios while taking account of legally effective lock down periods.

Where lock down periods have not been defined (e.g. current accounts, freely withdrawable passbook account balances), modelling assumptions regarding remittances are made on the basis of expert estimates.

Note (34) contains a supplementary breakdown of maturities at RLB NÖ-Wien that provides an overview of the Bank's liquidity structure.

Equity investment risk

Because of its focus on operating as a so-called *universal* bank, RLB NÖ-Wien holds equity investments within the Austrian *Raiffeisen* organization, all of which are strategic, as well as other equity investments that support its banking activities.

Equity investment risk can affect RLB NÖ-Wien by way of losses caused by lost dividends, impairments of carrying amounts, realized losses, transferred losses and declines in hidden reserves.

The management and control of equity investments and the management of equity investment risk are carried out by *Raiffeisen-Holding NÖ-Wien* under a function allocation agreement (*Geschäftsbesorgungsvertrag*). The equity investment risk management process begins with a due diligence audit as soon as a new investment is acquired. As a rule, it is performed by external experts (management consultants, auditors, lawyers). In addition, in the case of big projects and poorly rated equity investments, Risk Controlling at *Raiffeisen*

Holding carries out a risk assessment of the asset being acquired based on the opinions of front-office departments

RLB NÖ-Wien exercises a significant influence over the business operations of the entities in which equity investments are held by appointing officers of RLB NÖ-Wien to serve in the managements and as members of the supervisory and advisory boards of such entities.

The following table presents the carrying amounts of RLB NÖ-Wien's equity investments and their ratings at 31 December 2009 and 31 December 2008:

€'000	CARRYING AMOUNT 31/12/2009	PERCENTAGE HELD	RATING	CARRYING AMOUNT 31/12/2008	PERCENTAGE HELD	RATING
Investments in other banks	2,077,400	97.4%	1.5	1,984,708	97.8%	1.5
Investments in banking-related fields	56,318	2.6%	2.0	44,057	2.2%	1.5
Total equity investments	2,133,718	100.0%	1.5	2,028,765	100.0%	1.5

Equity investments in other banks had the same risk rating of 1.5 as in 2008. Even though the economic crisis is not yet over—especially in Central and Eastern Europe—and it is difficult to predict how long a sustainable economic recovery will take to develop, the substantial increase in impairment allowances at *RZB* and its *Network Banks* suggests that RLB NÖ-Wien's risk-bearing capacity will remain at an adequate level in the future. As for investments in banking-related fields, service-intensive subsidiaries will be increasingly affected by cyclical risk factors in the future. Consequently, these equity investments were downrated by one band in 2009. The overall rating of RLB NÖ-Wien's equity investments was unchanged versus the previous year.

Each quarter, the potential risks as assessed (for both problem cases and extreme cases) by experts and the covering assets arising from entities in which equity investments are held are brought into the periodic risk-

The analysis and auditing of figures in financial statements and budgets and the assessment of strategic positions using SWOT (Strengths, Weaknesses, Opportunities and Threats) analyses are important means and measures used in the course of the Bank's regular equity investment and risk control activities.

bearing capacity analyses carried out at the overall bank level.

Operational risk

RLB NÖ-Wien defines operational risk as the risk of losses resulting from failures of systems and processes or caused by staff or external risks. This definition includes legal risks.

Operational risks at RLB NÖ-Wien are constantly monitored and action is taken to mitigate them. This process is supported by continuous staff training, emergency plans, backup systems and unremitting process quality enhancement. Rules of procedure are implemented and instructions issued to minimize these risks. All action taken to mitigate operational risks must also take cost-benefit considerations into account.

RLB NÖ-Wien has a loss database containing historical data from 1999 onward as well as all current cases from 2001. This has created the foundations for an operational risk management approach that goes beyond the *basic indicators approach*. The Managing Board is given quarterly reports on the course of recorded loss events. RLB NÖ-Wien is a participant in projects to refine various risk management systems being carried out within the Austrian *Raiffeisen* organization.

RLB NÖ-Wien carries out risk self-assessments at divisional and departmental level that span the entire Group to identify potentially serious but infrequent risks. Consciously studying loss events also has learning effects that make it possible to mitigate risks.

During both the risk self-assessment process and the capturing of loss events, classifications are carried out using internationally accepted methods. In mid-2009, RLB NÖ-Wien migrated the self-assessment process and the capturing of loss events to an SAS-based operational risk application, equipping RLB NÖ-Wien to benchmark versus a variety of data pools.

Operational risk is currently recognized using the *earnings volatility method* and taken account of during the risk-bearing capacity analysis process.

To safeguard against operational risk within the meaning of § 22i BWG, RLB NÖ-Wien has undertaken to use the basic indicator approach within the meaning of § 22j BWG to calculate its minimum own funds requirement and to make the requisite disclosures to the regulators. The basic indicator approach does not impose any further obligations on the Bank to quantify its operational risks.

Customer deposit guarantee association (*Kundengarantiegemeinschaft*) of the Austrian *Raiffeisen* organization

Supplementing internal measures to capture, measure and manage risk, RLB NÖ-Wien is a member of the *Raiffeisen* customer deposit guarantee association (*Kundengarantiegemeinschaft*). This association of *Raiffeisen Banks*, *Regional³ Raiffeisen Banks* (*Raiffeisenlandesbanken*) and *RZB* guarantees all customer deposit balances with those entities as well as securities issued by those entities, regardless of their amount, on a mutual basis. The customer deposit guarantee association is a two-tiered organization. It functions at a regional level, with, for instance, *Raiffeisen Banks* in Lower Austria mutually guaranteeing customer deposit balances, and a second level of security is provided by the federal customer deposit guarantee association (*Bundeskundengarantiegemeinschaft*), which comes into play when any regional guarantee system proves insufficient. The customer deposit guarantee association of the *Raiffeisen Banks*, *Regional Raiffeisen Banks* and *RZB* thus provides a double safety net to secure customer deposits.

The solidarity association (*Solidaritätsverein*) of *Raiffeisen-Bankengruppe Niederösterreich-Wien*

RLB NÖ-Wien and the *Raiffeisen Banks* in Lower Austria have jointly set up this solidarity association to ensure that members in financial difficulties can be given suitable help. The solidarity association thus provides added security alongside the Austrian and Lower Austrian *Raiffeisen* deposit guarantee system described below.

³ The associated regions correspond to Austria's nine political provinces.

Deposit guarantee facilities of the Austrian *Raiffeisen* organization

RLB NÖ-Wien and the *Raiffeisen Banks* in Lower Austria are members of *Österreichische Raiffeisen-Einlagensicherung reg. Gen. mbH*, by way of *Raiffeisen-Einlagensicherung Niederösterreich-Wien reg. Gen. mbH*. This deposit guarantee cooperative is the “liability facility” (*Haftungseinrichtung*) for the whole of the *Austrian Raiffeisen Banking Group* for the purposes of § 93, § 93a and § 93b BWG. The early-warning system set up to safeguard deposits within the Austrian *Raiffeisen* organization provides a high level of security for savers and investors that goes far beyond the legislative requirements. This early-warning system is based on extensive income and risk performance reporting by all the *Regional Raiffeisen Banks* (including all the *Raiffeisen Banks* within a particular province) to *Österreichische Raiffeisen-Einlagensicherung reg. Gen. mbH* combined with appropriate ongoing analysis and monitoring processes.

The Austrian *Raiffeisen Banking Group*

The Austrian *Raiffeisen Banking Group* (*Österreichische Raiffeisen-Bankengruppe*) is the country's largest private banking group. It consists of 500 locally active *Raiffeisen Banks*, eight *Regional Raiffeisen Banks* and *RZB* in Vienna, making up the country's densest banking network with a total of 1,700 banking outlets. Roughly 1.7 million Austrians are members—and therefore also co-owners—of a *Raiffeisen* bank.

Government deposit guarantees

To boost saver confidence, the Austrian government reacted to the uncertainty among savers and investors caused by the financial markets crisis by guaranteeing 100 per cent of personal deposits. This guarantee remained in place until 31 December 2009; from 1 January 2010, the guaranteed amount has been limited to €100,000. At the same time, the deposits of small and medium-sized enterprises were guaranteed up to a maximum of €50 thousand, and the ceiling will be increased to €100,000 from 1 January 2011. There is an exhaustive list of exceptions to these deposit guarantees that includes the deposit balances of large corporations.

(32) DERIVATIVE FINANCIAL INSTRUMENTS

The following tables present the derivative financial products outstanding on the balance sheet date, broken down by maturity.

- Derivative financial products not held for trading and reported on the Balance Sheet in the line items *Other assets* or *Other liabilities*:

€'000 2009	NOMINAL AMOUNTS				FAIR VALUES	
	TERM TO MATURITY				TOTAL	POSITIVE
	UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER			
Total	16,428,556	28,412,522	21,303,342	66,144,420	1,914,704	(2,047,626)
a) Interest rate contracts	12,634,377	27,960,223	20,789,111	61,383,711	1,860,362	(1,968,639)
(contracts traded on an exchange)						
Interest rate futures	269,300	0	0	269,300	1,082	(132)
(OTC products)						
Interest rate swaps	9,504,253	26,612,194	20,410,377	56,526,824	1,850,649	(1,953,319)
FRA – calls	520,846	138,831	0	659,677	192	(211)
FRA – puts	520,846	138,831	0	659,677	220	(136)
Interest rate options – calls	471,700	380,788	133,834	986,322	7,960	0
Interest rate options – puts	1,347,432	657,579	244,900	2,249,911	0	(14,342)
Bond options - puts	0	11,500	0	11,500	259	0
Bond options - calls	0	20,500	0	20,500	0	(499)
b) Exchange rate contracts	3,586,285	45,873	231,578	3,863,736	36,895	(68,813)
(OTC products)						
Currency forwards	37,454	0	0	37,454	240	(587)
Cross currency and cross currency interest rate swaps	3,410,193	22,877	225,578	3,658,648	32,964	(64,535)
Currency options – calls	69,319	11,498	3,000	83,817	3,691	0
Currency options – puts	69,319	11,498	3,000	83,817	0	(3,691)
c) Securities contracts	14,011	19,711	282,653	316,375	7,677	(8,259)
(contracts traded on an exchange)						
Equity and index futures	4,458	0	0	4,458	0	(49)
(OTC products)						
Equity and index options – calls	0	4,400	91,900	96,300	763	0
Equity and index options – puts	9,553	4,401	92,900	106,854	0	(2,551)
Other securities contracts	0	10,910	97,853	108,763	6,914	(5,659)
d) Credit derivatives	193,883	386,715	0	580,598	9,770	(1,915)
(OTC products)						
Credit default swaps – secured party	0	69,300	0	69,300	605	(1,659)
Credit default swaps – securing party	193,883	317,415	0	511,298	9,165	(256)

€'000 2008	NOMINAL AMOUNTS				FAIR VALUES	
	TERM TO MATURITY				TOTAL	POSITIVE
	UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER			
Total	6,708,518	7,671,437	8,644,836	23,024,791	532,666	(645,423)
a) Interest rate contracts	4,427,436	7,156,224	8,385,002	19,968,662	453,402	(526,933)
(contracts traded on an exchange)						
Interest rate futures	5,800	0	0	5,800	129	0
(OTC products)						
Interest rate swaps	4,255,436	5,950,414	7,251,492	17,457,342	447,579	(498,206)
Interest rate options – calls	115,236	492,828	90,982	699,046	5,693	0
Interest rate options – puts	48,964	692,882	1,042,528	1,784,374	0	(28,098)
Bond options – calls	2,000	20,100	0	22,100	0	(629)
b) Exchange rate contracts	2,213,449	214,656	130,207	2,558,312	46,696	(82,185)
(OTC products)						
Currency forwards	46,586	0	0	46,586	1,331	(2,260)
Cross currency and cross currency interest rate swaps	2,148,389	52,282	120,937	2,321,608	39,808	(74,368)
Currency options – calls	9,237	81,187	4,635	95,059	5,557	0
Currency options – puts	9,237	81,187	4,635	95,059	0	(5,557)
c) Securities contracts	67,633	229,257	129,627	426,517	30,016	(35,017)
(contracts traded on an exchange)						
Equity and index futures	1,980	0	0	1,980	39	0
(OTC products)						
Equity and index options – calls	27,574	167,964	0	195,538	20,445	0
Equity and index options – puts	38,079	45,293	0	83,372	0	(23,337)
Other securities contracts	0	16,000	129,627	145,627	9,532	(11,680)
d) Credit derivatives	0	71,300	0	71,300	2,552	(1,288)
(OTC products)						
Credit default swaps – secured party	0	46,300	0	46,300	2,552	0
Credit default swaps – securing party	0	25,000	0	25,000	0	(1,288)

€'000 2008	NOMINAL AMOUNTS				FAIR VALUES		
	TERM TO MATURITY				TOTAL	POSITIVE	NEGATIVE
	UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER				
Total	6,096,519	22,976,215	25,127,783	54,200,517	1,711,928	(1,782,801)	
a) Interest rate contracts	3,001,460	22,863,900	25,127,783	50,993,143	1,501,100	(1,573,841)	
(contracts traded on an exchange)							
Interest rate futures	34,000	0	0	34,000	0	(108)	
(OTC products)							
Interest rate swaps	2,740,460	22,361,900	24,983,599	50,085,959	1,495,025	(1,563,963)	
Interest rate options – calls	1,000	251,000	52,092	304,092	6,075	0	
Interest rate options – puts	226,000	251,000	92,092	569,092	0	(9,770)	
b) Exchange rate contracts	3,093,139	112,315	0	3,205,454	210,268	(208,400)	
(OTC products)							
Currency options – calls	1,475,659	55,814	0	1,531,473	208,463	0	
Currency options – puts	1,563,678	56,501	0	1,620,179	0	(206,415)	
Other exchange rate contracts – calls	26,109	0	0	26,109	1,805	0	
Other exchange rate contracts – puts	27,693	0	0	27,693	0	(1,985)	
c) Securities contracts	1,920	0	0	1,920	560	(560)	
(OTC products)							
Equity and index options – calls	960	0	0	960	560	0	
Equity and index options – puts	960	0	0	960	0	(560)	
d) Credit derivatives	0	0	0	0	0	0	

These nominal and fair values are derived from the (non-netted) totals of all calls and puts. Fair values are stated herein at dirty prices (fair value inclusive of accrued interest).

Derivative interest rate instruments and derivatives on securities were mainly acquired within the scope of proprietary trading. Exchange rate derivatives were acquired within the scope of both customer and proprietary business. Credit derivatives were only acquired within the scope of proprietary trading.

In 2009, derivatives with a nominal value of €48.9 billion were transferred from the trading book to the banking book.

(33) FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments recognized at fair value

Fair value is the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. One distinguishes between different valuation "levels": At **Level I**, available market prices are used (applies mainly to securities and derivatives traded on exchanges and in liquid markets). All other financial instruments are

measured using valuation models. These are mainly present value and generally accepted option price models. At **Level II**, use is made of input data based directly or indirectly on observable market data. At **Level III**, valuation takes place using models that estimate fair value based on the bank's own internal assumptions.

2009 €'000	LEVEL I	LEVEL II	LEVEL III
Assets			
Trading assets	20,366	346,501	22,050
Other current financial assets designated as at fair value through profit or loss	967,510	1,528,253	8,527
Financial investments classified as available for sale and measured at fair value	570,740	547,424	32,029
Other assets (positive fair values of derivative financial instruments)	1,058	1,924,531	259
Liabilities			
Liabilities evidenced by paper designated as at fair value through profit or loss	0	882,356	0
Trading liabilities	0	56,938	0
Other liabilities (negative fair values of derivative financial instruments)	132	2,053,951	487
Subordinated debt capital designated as at fair value through profit or loss	0	77,860	0

The fair values of derivatives are stated here at dirty prices (fair value inclusive of accrued interest).

The following reclassifications between Level I and Level II took place during the 2009 financial year.

2009 €'000	FROM LEVEL I TO LEVEL II
Assets	
Trading assets	19,648
Other current financial assets designated as at fair value through profit or loss	642,390
Financial investments classified as available for sale and measured at fair value	916

Reconciliation

Financial instruments allocated to Level III:

2009 €'000	TRADING ASSETS	CURRENT FINANCIAL ASSETS	FINANCIAL INVEST- MENTS	OTHER ASSETS	OTHER LIABILITIES
At 1 January	0	9,580	0	7	(273)
Reclassification to Level III	22,050	0	29,339	0	0
Purchased	0	953	2,400	259	(450)
Revaluation gains and losses (other operating profit/(loss))	0	0	0	(7)	236
Interest accruals	0	(6)	291	0	0
Sold	0	(2,000)	0	0	0
At 31 December	22,050	8,527	32,029	259	(487)
Gains and losses on financial instruments recognized in the Consolidated Income Statement for the 12 months ended 31 December	0	0	0	(7)	236

It was permissible not to provide comparative figures in the 2009 financial year. The RLB NÖ-Wien Group made use of this option.

Financial instruments not recognized at fair value

Fixed-interest loans and advances to and deposits from customers and other banks were only measured to fair values different from their carrying amounts on the Balance Sheet if they had a term to maturity of more than one year. Variable-rate loans and advances and deposits were only included if they had an interest rate adjustment period of more than one year; only in such

cases does discounting based on an assumed interest rate in line with market rates have a material effect. The table below presents the fair values and carrying amounts of balance sheet items that are, as a rule, not recognized at fair value. *Loans and advances to other banks* and *Loans and advances to customers* are reported net of impairment allowance balances.

2009 €'000	FAIR VALUE	CARRYING AMOUNT	DIFFERENCE
Assets			
Loans and advances to other banks	12,903,235	12,742,977	160,258
Loans and advances to customers	8,473,330	8,452,772	20,557
Financial investments	3,276,911	3,278,686	(1,775)
Of which classified as held to maturity	2,049,306	2,051,081	(1,775)
Of which classified as available for sale and measured at cost	77,411	77,411	0
Of which classified as available for sale and measured at fair value	1,150,193	1,150,193	0
Liabilities			
Deposits from other banks	16,083,277	15,883,332	199,945
Deposits from customers	6,870,845	6,870,496	349
Liabilities evidenced by paper	3,653,369	3,664,804	(11,435)
Of which measured at amortized cost	2,771,013	2,782,448	(11,435)
Of which designated as at fair value through profit or loss	882,356	882,356	0
Subordinated debt capital	697,270	715,890	(18,620)
Of which measured at amortized cost	619,410	638,030	(18,620)
Of which designated as at fair value through profit or loss	77,860	77,860	0

2008 €'000	FAIR VALUE	CARRYING AMOUNT	DIFFERENCE
Assets			
Loans and advances to other banks	8,906,397	8,911,767	(5,370)
Loans and advances to customers	8,279,854	8,289,936	(10,082)
Financial investments	2,842,993	2,946,129	(103,136)
Of which classified as held to maturity	2,292,626	2,395,762	(103,136)
Of which classified as available for sale and measured at cost	113,005	113,005	0
Of which classified as available for sale and measured at fair value	437,362	437,362	0
Liabilities			
Deposits from other banks	11,436,459	11,358,887	77,572
Deposits from customers	6,465,091	6,462,072	3,019
Liabilities evidenced by paper	3,796,503	3,852,601	(56,098)
Subordinated debt capital	662,961	670,608	(7,647)
Of which measured at amortized cost	614,421	622,068	(7,647)
Of which designated as at fair value through profit or loss	48,540	48,540	0

If no reliable market values were available for equity instruments reported in the line item *Financial investments*, they were measured at cost. If the volume or frequency of trades gave reason to doubt a price's validity, listed equity instruments were measured at cost. In the case of unlisted equity instruments, there were no observable market transactions in identical or similar equity instruments on the basis of which reliable fair

values could be deduced. Estimation of a reliable fair value or its determination within a range of fluctuation weighted on the basis of specific occurrence probabilities by means of a discounted cash flow measurement or similar method was not productive in that fair values can only be calculated on the basis of an entity's internal data, from which, however, no market relevance can be reliably deduced.

ADDITIONAL INFORMATION

(34) BREAKDOWN OF TERMS TO MATURITY

Breakdown of terms to maturity at 31 December 2009:

€'000	ON DEMAND OR OF UNSPECIFIED MATURITY	UP TO 3 MONTHS	FROM 3 MONTHS UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER	TOTAL
Loans and advances to other banks	855,399	6,876,570	1,154,713	2,886,123	985,417	12,758,222
Loans and advances to customers	308,776	2,002,981	1,048,768	2,532,337	2,803,276	8,696,138
Trading assets	2,609	29,172	50,350	116,664	197,790	396,585
Other current financial assets	350,315	68,432	159,978	1,365,450	560,115	2,504,290
Financial investments	199,426	82,596	476,537	1,619,553	900,574	3,278,686
Deposits from other banks	4,005,241	6,793,468	2,188,398	1,607,526	1,288,699	15,883,332
Deposits from customers	3,406,765	773,330	969,275	1,173,247	547,879	6,870,496
Liabilities evidenced by paper	0	273,503	538,451	1,883,949	968,901	3,664,804
Trading liabilities	0	10,894	28,594	19,641	5,910	65,039
Subordinated debt capital	44,934	36,664	0	83,275	551,017	715,890

Breakdown of terms to maturity at 31 December 2008:

€'000	ON DEMAND OR OF UNSPECIFIED MATURITY	UP TO 3 MONTHS	FROM 3 MONTHS UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER	TOTAL
Loans and advances to other banks	1,760,289	5,282,193	440,624	1,115,934	324,957	8,923,997
Loans and advances to customers	280,182	1,857,825	1,062,474	2,453,815	2,860,016	8,514,312
Trading assets	0	497,013	475,670	458,041	806,086	2,236,810
Other current financial assets	362,483	195,770	351,899	876,406	426,589	2,213,147
Financial investments	340,198	35,422	358,871	1,522,384	689,254	2,946,129
Deposits from other banks	2,291,943	6,180,697	1,163,338	848,273	874,636	11,358,887
Deposits from customers	2,317,915	1,215,210	2,279,308	120,740	528,899	6,462,072
Liabilities evidenced by paper	0	324,719	657,084	1,953,067	917,731	3,852,601
Trading liabilities	0	463,780	483,242	430,032	810,348	2,187,402
Subordinated debt capital	48,540	39,940	42,174	90,152	449,802	670,608

(35) RELATED PARTY DISCLOSURES

€'000	2009	2008
Loans and advances to other banks		
Parent	1,363,262	1,660,905
Entities accounted for using the equity method	5,714,835	2,961,985
Associates not accounted for using the equity method	2,561	3,222
Loans and advances to customers		
Entities related via the parent	291,506	183,218
Non-consolidated subsidiaries	9,759	12,796
Entities accounted for using the equity method	120	0
Associates not accounted for using the equity method	9,798	9,724
Impairment allowance balance		
Non-consolidated subsidiaries	(1,583)	(1,658)
Trading assets		
Parent	2,487	38,245
Entities accounted for using the equity method	21,656	14,520
Other current financial assets		
Entities accounted for using the equity method	105,833	263,750
Financial investments		
Parent	277	277
Entities accounted for using the equity method	168,550	279,515
Other assets		
Parent	91,514	38,073
Entities related via the parent	249	0
Entities accounted for using the equity method	54,094	42,824
Associates not accounted for using the equity method	203	50

€'000	2009	2008
Deposits from other banks		
Parent	0	53,386
Entities accounted for using the equity method	4,056,443	1,599,803
Deposits from customers		
Entities related via the parent	283,119	249,603
Non-consolidated subsidiaries	9,104	6,938
Associates not accounted for using the equity method	7,460	4,922
Liabilities evidenced by paper		
Non-consolidated subsidiaries	155	157
Entities accounted for using the equity method	9,193	12,606
Trading liabilities		
Entities accounted for using the equity method	283	6,820
Other liabilities		
Parent	73,880	56,026
Entities related via the parent	0	5
Entities accounted for using the equity method	56,416	40,628
Provisions		
Parent	0	4,183
Entities related via the parent	2	11
Subordinated debt capital		
Parent	25,436	96,366
Entities related via the parent	0	35,032
Entities accounted for using the equity method	12,481	43,970

€'000	2009	2008
Contingent liabilities		
Parent	6,123	6,679
Entities related via the parent	10,729	11,244
Non-consolidated subsidiaries	14,398	14,388
Entities accounted for using the equity method	159,221	1,000
Associates not accounted for using the equity method	22	22

RLB NÖ-Wien's parent is *Raiffeisen-Holding NÖ-Wien*. Business relationships between RLB NÖ-Wien and *Raiffeisen-Holding NÖ-Wien* primarily involved the funding of *Raiffeisen-Holding NÖ-Wien* and the use of derivative financial instruments.

Business relationships with related parties were conducted on arm's length terms and conditions.

In view of the immaterial amounts involved, receivables from and payables to members of the Managing Board and members of the Supervisory Board of RLB NÖ-Wien, management personnel, members of the Managing Board and members of the Supervisory Board of *Raiffeisen-Holding NÖ-Wien* and members of their families as related parties for the purposes of IAS 24 were not disclosed. Those business relationships did not have any material effects on the Consolidated Financial Statements.

(36) REMUNERATION OF BOARD MEMBERS

Expenditure on the members of the Managing Board of RLB NÖ-Wien broke down as follows:

€'000	2009	2008
Expenditure on		
Short-term benefits	1,507	2,423
Post-employment benefits	531	996
Other long-term benefits	0	(2)
Termination benefits	727	0

€55 thousand was paid to the members of the Supervisory Board during 2009 (2008: €55 thousand).

Remuneration paid to erstwhile Managing Board members (including erstwhile members of the managing board of the former *RLB reg. Gen.m.b.H.*) and their surviving dependents came to €2,102 thousand (2008: €977 thousand).

(37) DISCLOSURE OF LOANS AND ADVANCES TO MEMBERS OF THE MANAGING BOARD AND SUPERVISORY BOARD IN ACCORDANCE WITH § 266 Z. 5 UGB

On the balance sheet date, loans outstanding to the members of the Managing Board came to €1,560 thousand (2008: €1,209 thousand). Loans and advances to members of the Supervisory Board came to €109 thousand (2008: €361 thousand).

No guarantees were in place on behalf of this group of persons. Loans and advances to the members of the Supervisory Board also included loans and advances to

employees appointed to the Supervisory Board by the Works Council.

Durations and interest rates were those generally available from banks. During the financial year, €59 thousand was repaid by the members of the Managing Board (2008: €49 thousand), and €185 thousand was repaid by members of the Supervisory Board (2008: €55 thousand).

(38) FOREIGN CURRENCY BALANCES

The following balances of assets and liabilities denominated in a foreign currency were recognized in the Consolidated Financial Statements:

€'000	2009	2008
Assets	2,696,153	3,135,845
Liabilities	968,030	1,469,849

(39) ASSETS AND LIABILITIES ABROAD

Assets and liabilities arising from transactions with counterparties outside Austria broke down as follows:

€'000	2009	2008
Assets	6,369,582	6,386,759
Liabilities	3,559,076	2,149,709

(40) SUBORDINATED ASSETS

The line item *Assets* includes the following subordinated assets:

€'000	2009	2008
Loans and advances to other banks	40,609	6,937
Loans and advances to customers	6,937	3,689
Trading assets	5,076	1,064
Other current financial assets	31,378	26,146
Financial investments	301,996	389,587
Total	385,996	427,423

Supplementary capital

The following supplementary capital instruments were issued during the 2009 financial year:

	CURRENCY	AMOUNT (€'000)	COUPON	MATURING ON	EXTRAORDINARY RIGHT OF TERMINATION
<i>Kündbare variabel verzinsten Raiffeisen Ergänzungskapital-</i>					
1	€	50,000	¹	29 June 2019	Issuer can terminate

¹ Throughout the term of these notes, the coupon will be set quarterly at 3.00 percentage points above the 3-month EURIBOR.

This is subordinated debt capital within the meaning of *§ 23 Abs. 7 BWG*.

These notes are securities issued in a continuous manner.

(42) CONTINGENT LIABILITIES AND OTHER OFF-BALANCE-SHEET LIABILITIES AND COMMITMENTS

The following off-balance-sheet liabilities and commitments existed at year-end:

€'000	2009	2008
Contingent liabilities	917,488	773,378
Of which arising from "other" guarantees	837,024	725,705
Of which arising from letters of credit	80,352	47,561
Of which "other" contingent liabilities	112	112
Commitments	5,600,372	4,579,714
Of which arising from revocable loan promises (stand-by facilities)	5,600,372	4,579,714
Up to 1 year	4,037,451	3,388,537
More than 1 year	1,562,921	1,191,177
Of which arising from "non-genuine" or "pseudo" repurchase agreements	0	0

RLB NÖ-Wien is a member of *Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien* (Raiffeisen customer deposit guarantee association in Lower Austria and Vienna). Under the provisions of the association's memorandum and articles (*Vereinssatzung*), the joint and several settlement of payables to customers (as per line item 2 of *Equity and liabilities* on

the Balance Sheet) and payables to other banks (as per line item 1 of *Equity and liabilities* on the Balance Sheet) and securities issued by any insolvent member of the association are guaranteed up to a limit of the sum of the individual capacities of the other members of the association.

The capacity of any one member of the association will depend on its freely available reserves subject to the pertinent provisions of *BWG*.

Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien is, in turn, a member of *Raiffeisen-Kundengarantiegemeinschaft Österreich* (*Raiffeisen* customer deposit guarantee association in Austria), whose members are *RZB* and other *Raiffeisen* customer deposit guarantee associations in individual provinces. The purpose of the association is the same as that of *Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien* with respect to *RZB* and the members of the *Raiffeisen Landeskundengarantiegemeinschaften* (regional *Raiffeisen* customer deposit guarantee associations) that have joined it (see also Note (31) *Risk Report*).

(43) “GENUINE” REPURCHASE AGREEMENTS

The following repurchase and redelivery commitments existed at 31 December:

€'000	2009	2008
Genuine repurchase agreements as pledgor		
Deposits from other banks	708,288	139,175
Total	708,288	139,175

At the end of the financial year, the carrying amount of the securities sold subject to a sale and repurchase agreement came to €712,713 thousand (year-end 2008: €140,047 thousand). No securities were purchased within the scope of a sale and repurchase agreement.

(44) ASSETS PLEDGED AS COLLATERAL

The following assets recognized on the Balance Sheet were pledged as collateral for the liabilities listed below:

€'000	2009	2008
Securities lodged in connection with ECB tenders	2,200,388	1,836,851
Collateral for derivative contracts	989,353	929,080
Cover pool for issued covered partial debentures	657,112	682,540
Receivables assigned to <i>OeNB</i>	621,176	0
Receivables assigned to <i>OeKB</i>	578,688	595,264
Bonds lodged with <i>OeKB</i> in connection with EIB loans	126,914	66,162
Receivables assigned to the EIB	91,454	122,697
Collateral for securities transactions with <i>OeKB</i> (securities)	29,000	29,348
Cover pool for fiduciary savings deposit balances	12,983	11,238
Bonds lodged with <i>OeKB</i> as a clearing link for the <i>Deutsche Börse (Xetrahandel)</i>	8,754	8,355
Receivables assigned to <i>KfW</i>	7,960	0
Other receivables assigned	6,903	0
Government bond pledged in favour of <i>Raiffeisen Wohnbaubank AG</i>	6,154	6,151
Deposit for HOAM.AT (Home Accounting Module Austria, formerly ARTIS) lodged with <i>OeNB</i>	5,153	5,183
Collateral for securities transactions lodged with <i>OeKB</i> (cash deposit)	54	54

The following liabilities were collateralized by the assets recognized on the Balance Sheet:

€'000	2009	2008
Deposits from other banks	2,941,530	2,726,721
Deposits from customers	8,497	6,136
Liabilities evidenced by paper	570,663	590,797
Other liabilities	989,353	929,080
Total	4,510,043	4,252,734

(45) TRUST ACTIVITIES

Fiduciary balances on the balance-sheet date that were not included on the Balance Sheet changed as follows:

€'000	2009	2008
Loans and advances to customers	22,834	6,764
Fiduciary assets	22,834	6,764
Deposits from customers	22,834	6,764
Fiduciary liabilities	22,834	6,764

(46) DISCLOSURE OF BONDS AND OTHER FIXED-INTEREST SECURITIES AND OF BONDS ISSUED BY THE GROUP IN ACCORDANCE WITH § 64 BWG ABS. 1 Z. 7 BWG

Bonds and other fixed-interest securities and bonds issued by the Group maturing in the year following the balance sheet date broke down as follows:

€'000	2009	2008
a) Receivables arising from bonds and other fixed-interest securities	532,053	803,596
b) Payables arising from bonds issued by the Group	710,061	631,490

(47) DISCLOSURE OF SECURITIES ADMITTED FOR TRADING ON AN EXCHANGE IN ACCORDANCE WITH § 64 BWG ABS. 1 Z. 10 BWG

€'000	LISTED		UNLISTED	
	2009	2008	2009	2008
Bonds and other fixed-interest securities	4,446,636	3,765,196	0	0
Shares and other variable-yield securities	236,247	187,248	0	0

**(48) DISCLOSURE OF FINANCIAL INVESTMENTS IN ACCORDANCE WITH
§ 64 ABS. 1 Z. 11 BWG**

The securities included in the line items *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 investments broke down as follows:

€'000	2009	2008
a) Bonds and other fixed-interest securities	2,136,166	1,872,688
b) Shares and other variable-yield securities	186,772	138,707

Classification as a *Financial investment* or *Current financial asset* was decided on a case-by-case basis by the responsible committees.

**(49) DISCLOSURE OF (NOMINAL) HOLDINGS IN THE TRADING BOOK IN ACCORDANCE
WITH § 22 BWG**

€'000	2009	2008
Fixed-interest securities, nominal values	190,959	123,343
Supplementary capital bonds, nominal values	450	450
Shares, investment certificates, participation notes (<i>Genussrecht</i>), market prices	2,609	0
Other financial instruments (derivatives), nominal values	5,904,928	54,200,517

(50) REGULATORY OWN FUNDS

The RLB NÖ-Wien Group is a subgroup of the *Raiffeisen-Holding NÖ-Wien Group*. The calculation of regulatory own funds in accordance with § 24 BWG in conjunction with § 30 BWG is geared to the superordinate institution in the credit institution group (*Kreditinstitutsgruppe*). Consequently, regulatory own funds are presented in the consolidated financial statements of the *Raiffeisen-Holding NÖ-Wien Group*. BWG does not govern the regulatory own funds of subsidiaries that make up a subgroup. The following presentation of RLB NÖ-Wien's own funds within the meaning of BWG is therefore provided for informational purposes only. Calculations were carried out in accordance with the applicable provisions of BWG 1993 as amended in 2006 (*Basel II*).

€'000	2009	2008
Paid-in capital	290,743	290,743
Earned capital	1,008,973	937,666
Minorities	75	125
Hybrid capital	0	0
Intangible assets	(6,272)	(5,958)
Tier 1 capital	1,293,519	1,222,576
Deductions from Tier 1 capital	(154,103)	(128,951)
Eligible Tier 1 capital after deductions	1,139,416	1,093,625
Supplementary capital within the meaning of § 23 (1) 5 BWG	271,232	281,705
Hidden reserves	20,700	13,300
Supplement in respect of amounts guaranteed	0	0
Long-term subordinated debt capital	371,140	264,528
Additional own funds	663,072	559,533
Deductions from additional own funds	(154,102)	(128,950)
Additional own funds after deductions	508,970	430,583
Eligible own funds	1,648,386	1,524,208
Tier 2 capital available to be reclassified as Tier 3 capital	12,665	43,831
Total own funds	1,661,051	1,568,039
Surplus own funds	597,645	521,232
Surplus own funds ratio	56.20%	49.79%
Tier 1 ratio (credit risk)	9.07%	9.10%
Own funds ratio (credit risk)	13.12%	12.69%
Total own funds ratio	12.50%	11.98%

The Tier 1 ratio and own funds ratio are stated in relation to the risk-weighted basis of assessment pursuant to § 22 BWG.

The total own funds requirement was made up as follows:

€'000	2009	2008
Own funds requirement		
Credit risk pursuant to § 22 Abs. 2 BWG	1,005,352	960,983
Trading book pursuant to § 22o Abs. 2 BWG	12,665	43,831
Operational risk pursuant to § 22i BWG	45,389	41,993
Qualifying equity investments pursuant to § 29 Abs. 4 BWG	0	0
Total own funds requirement	1,063,406	1,046,807
Basis of assessment (credit risk) pursuant to § 22 Abs. 2 BWG	12,566,900	12,012,288

Information required to be disclosed pursuant to § 26 und § 26a BWG and the *Offenlegungsverordnung* (Austrian disclosures directive) is published by the superordinate institution, *Raiffeisen-Holding NÖ-Wien*, on its website at www.rhnoew.at. The relevant information pertaining to RLB NÖ-Wien is published on its website at www.rlbnoew.at.

(51) AVERAGE NUMBER OF STAFF

The average number of staff employed during the financial year (full time equivalents) broke down as follows:

	2009	2008
White collar	1,196	1,168
Blue collar	0	0
Total	1,196	1,168

(52) EVENTS AFTER THE BALANCE SHEET DATE AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

On 22 February 2010, *Raiffeisen Zentralbank Österreich AG* issued a press release and its subsidiary *Raiffeisen International Bank-Holding AG* made an *ad hoc* announcement regarding the possibility of a merger between *Raiffeisen Zentralbank Österreich AG* and *Raiffeisen International Bank-Holding AG* as one of a number of possible strategic options under consideration. At the time of writing of the Consolidated Financial Statements of RLB NÖ-Wien, no board decision has as

yet been made to implement one of those options. The possible financial effects cannot be gauged.

The Consolidated Financial Statements were completed by the Managing Board during the Managing Board meeting on 22 March 2010, are being examined by the Supervisory Board and will be presented for approval during the Supervisory Board meeting on 13 April 2010.

OVERVIEW OF EQUITY INVESTMENTS (PURSUANT TO § 265 ABS. 2 UGB)

The tables below present the RLB NÖ-Wien Group's equity investments.

(53) CONSOLIDATED SUBSIDIARIES

Entity	SUBSCRIBED SHARE CAPITAL	CURRENCY	PERCENTAGE HELD	TYPE ¹
"ARSIS" Beteiligungs GmbH, Vienna	140,000.00	€	100.00%	OT
"BARIBAL" Holding GmbH, Vienna	105,000.00	€	100.00%	OT
"EXEDRA" Holding GmbH, Vienna	70,000.00	€	100.00%	OT
"FIBULA" Beteiligungs GmbH, Vienna	70,000.00	€	100.00%	OT
Acceptia Holding GmbH, Vienna	35,000.00	€	100.00%	OT
Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs AG, Vienna	250,000.00	€	80.00%	OT
RLB NÖ-Wien Holding GmbH, Vienna	70,000.00	€	100.00%	OT
RLB NÖ-Wien Sektorbeteiligungs GmbH, Vienna	35,000.00	€	100.00%	OT
RLB Ostbankenholding GmbH, Vienna	37,000.00	€	100.00%	OT
Tatra Holding GmbH, Vienna	37,000.00	€	100.00%	OT
VAKS - Veranstaltungskartenservice Ges.m.b.H., Vienna	37,000.00	€	100.00%	OT

(54) ENTITIES ACCOUNTED FOR IN THE CONSOLIDATED FINANCIAL STATEMENTS USING THE EQUITY METHOD

Entity	SUBSCRIBED SHARE CAPITAL	CURRENCY	PERCENTAGE HELD	TYPE ¹
Raiffeisenbank a.s., Prague (CZ)	6,564,000,000.00	Kč	24.00%	BA
Raiffeisen Bank Zrt., Budapest (H)	45,129,140,000.00	Ft	16.23%	BA
Raiffeisen Informatik GmbH, Vienna	1,460,000.00	€	47.75%	OT
Raiffeisen International Bank-Holding AG, Vienna	471,735,875.00	€	0.86%	FH
Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna	443,713,864.00	€	31.41%	BA
Tatra banka a.s., Bratislava (SK)	54,554,928.00	€	12.80%	BA

Stock market prices of entities accounted for using the equity method:

€ per share

31 DECEMBER 2009

Raiffeisen International Bank-Holding AG

39.50

Summary of financial information about entities accounted for using the equity method:

€'000	2009	2008
Assets	249,806,166	271,023,540
Liabilities	230,566,600	253,940,203
Revenues (non-banking sectors)	1,164,682	0
Net interest income (banking sector)	7,213,403	7,927,626
Consolidated profit	809,266	1,284,536

(55) NON-CONSOLIDATED SUBSIDIARIES

Entity	SUBSCRIBED SHARE CAPITAL	CURRENCY	PERCENTAGE HELD	TYPE ¹
"AKTUELL" Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H., Vienna	73,000.00	€	100.00%	OT
"PRONEPOS" Immobilienentwicklungs- und Beteiligungs GmbH, Vienna	35,000.00	€	100.00%	OT
"PRUBOS" Beteiligungs GmbH, Vienna	35,000.00	€	100.00%	OT
"TEMISTO" Beteiligungs GmbH, Vienna	35,000.00	€	100.00%	OT
"TOJON" Beteiligungs GmbH, Vienna	70,000.00	€	100.00%	OT
AKTUELL-VERITAS Versicherungsmakler Gesellschaft m.b.H., Vienna	40,188.00	€	90.42%	OT
Baureo Projektentwicklungs GmbH, Vienna	35,000.00	€	100.00%	OT
B&E Projektmanagement GmbH, Vienna	41,176.00	€	85.00%	OT
KREBEG Finanzierungsberatungs GmbH, Vienna	35,000.00	€	95.00%	OT
MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH, Vienna	400,000.00	€	75.00%	OT
NÖ Raiffeisen Kommunalservice Holding GmbH, Vienna	35,000.00	€	100.00%	OT
Raiffeisen Beratung direkt GmbH, Vienna	37,000.00	€	100.00%	BR
Raiffeisen-Einlagensicherung Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna	41,936.00	€	98.40%	OT
Raiffeisen Versicherungs- und Bauspar-Agentur GmbH, Vienna	70,000.00	€	100.00%	OT
RALV Holding GmbH, Vienna	37,000.00	€	100.00%	OT
RLB Businessconsulting GmbH, Vienna	35,000.00	€	100.00%	OT
RLB NÖ-W Factoring Beteiligungs GmbH, Vienna	70,000.00	€	100.00%	OT
RLB NÖ-Wien Leasingbeteiligungs GmbH, Vienna	35,000.00	€	100.00%	OT
TIONE Altbau-Entwicklung GmbH, Vienna	37,000.00	€	100.00%	OT
Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H., Graz	50,000.00	€	100.00%	OT

(56) OTHER EQUITY INVESTMENTS

Associates not accounted for using the equity method:

Entity	SUBSCRIBED SHARE CAPITAL	CURRENCY	PERCENTAGE HELD	TYPE ¹
"SALUTANS" Holding GmbH, Vienna	35,000.00	€	50.00%	OT
Central Danube Region Marketing & Development GmbH, Vienna	200,000.00	€	50.00%	OT
ecoplus International GmbH, Vienna	35,000.00	€	30.00%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna	36,400.00	€	40.00%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG, Vienna ²	—	—	—	FI
e-force Internet-Entwicklungen für e-business GmbH, Linz	39,375.00	€	20.28%	OT
NÖ Beteiligungsfinanzierungen GmbH, Vienna	1,816,820.85	€	29.00%	BA
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna	50,000.00	€	74.00%	FI
Raiffeisen Factoring Holding GmbH, Vienna	35,000.00	€	35.77%	OT
Raiffeisen Software Solution und Service GmbH, Vienna	773,000.00	€	37.83%	OT
RSC Raiffeisen Daten Service Center GmbH, Vienna	2,000,000.00	€	25.01%	OT
STRATEGIE TEAM Strategieberatung GmbH, Vienna	35,000.00	€	39.71%	OT

As a result of contractual agreements, NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H. and Die Niederösterreichische Leasing Gesellschaft m.b.H. & Co. KG were not controlled.

KEY:

- ¹ Entity type
- BA Bank
- BR Entity rendering banking-related ancillary services
- FH Financial holding company
- FI Other financial institution
- OT Other

² Partner with unlimited liability.

(57) ENTITIES RELATED VIA PARENT *RAIFFEISEN-HOLDING NÖ-WIEN*

Of which consolidated subsidiaries of *Raiffeisen-Holding NÖ-Wien*

"ADELANTE" Holding GmbH, Vienna
"ALDOS" Beteiligungs GmbH, Vienna
"ALMARA" Holding GmbH, Vienna
"BALURA" Holding GmbH, Vienna
"BELLAGIO" Holding GmbH, Vienna
"BORTA" Holding GmbH, Vienna
"CRIOLLA" Beteiligungs GmbH, Vienna
"DICUNIA" Beteiligungs GmbH, Vienna
"DIMALO" Beteiligungs GmbH, Vienna
"EMERIA" Beteiligungs GmbH, Vienna
"ERCOM" Beteiligungs GmbH, Vienna
"FLIUS" Holding GmbH, Vienna
"Küche & Kantine" Betrieb GmbH (LLI AG subgroup), Vienna
"LAREDO" Beteiligungs GmbH, Vienna
"LOMBA" Beteiligungs GmbH, Vienna
"MARMARIS" Holding GmbH, Vienna
"MORUS" Beteiligungs GmbH, Vienna
"Octavia" Holding GmbH, Vienna
"OLIGO" Holding GmbH, Vienna
"PIANS" Beteiligungs GmbH, Vienna
"PROCAS" Holding GmbH, Vienna
"PROKAP" Beteiligungs GmbH, Vienna
"RASKIA" Beteiligungs GmbH, Vienna
"RUMOR" Holding GmbH, Vienna
"SEPTO" Beteiligungs GmbH, Vienna
"TALIS" Holding GmbH, Vienna
"TERRA NOE" LiegenschaftsverwaltungsgmbH, Vienna
"URUBU" Holding GmbH, Vienna
AMPA s.r.o. (LLI AG subgroup), Pardubice (CZ)
AURORA Kamionka Sp. z o.o. (LLI AG subgroup), Kamień Krajeński (PL)
AURORA MÜHLE HAMBURG GmbH (LLI AG subgroup), Hamburg (D)
AURORA MÜHLEN GMBH (LLI AG subgroup), Hamburg (D)
AURORA POLSKA Sp. z o.o. (LLI AG subgroup), Kutno (PL)
BLR-Baubeteiligungs GmbH, Vienna
Botrus Beteiligungs GmbH, Vienna
cafe+co International Holding GmbH (LLI AG subgroup), Vienna
cafe+co Ital- és Étélautomata Kft. (LLI AG subgroup), Alsónémedi (H)
Delikommat Betriebsverpflegung Gesellschaft m.b.H. (LLI AG subgroup), Vienna
Delikommat Deutschland Automaten Catering GmbH (LLI AG subgroup), Regensburg (D)
DELIKOMAT d.o.o. (LLI AG subgroup) Maribor (SLO)
Delikommat Polska Sp. z o.o. (LLI AG subgroup), Bielsko-Biala (PL)
Delikommat s.r.o. (LLI AG subgroup), Brno (CZ)
DELTA MLYNY s.r.o. (LLI AG subgroup), Kyjov (CZ)
DEVELOP Baudurchführungs- und Stadtentwicklungs-Gesellschaft m.b.H., St. Pölten
DEVON GRUNDSTÜCKSVERWALTUNGS-GESELLSCHAFT MBH & Co. Mühlenobjekte KG (LLI AG subgroup), Eschborn (D)
Diamant International Malom Kft. (LLI AG subgroup), Baja (H)
Diamant International Polska Młyn Stanisława Grygiera Sp.z o.o. (LLI AG subgroup), Poznań (PL)
DIAMANT STRADUNIA Sp.z o.o. (LLI AG subgroup), Stradunia (PL)
DZR Immobilien und Beteiligungs GmbH, Vienna
Eidermühle GmbH (LLI AG subgroup), Hamburg (D)
Erste Wiener Walzmühle Vonwiller Gesellschaft m.b.H. (LLI AG subgroup), Schwechat
Estezet Beteiligungsgesellschaft m.b.H., Vienna
Eudamonia Projektentwicklungs GmbH, Vienna
FARINA Mühlen GmbH (LLI AG subgroup), Raaba

FIDEVENTURA Beteiligungs GmbH, Vienna
Frischlogistik und Handel GmbH, Baden bei Wien
Gloria Mühlenwerke GmbH (LLI AG subgroup), Hamburg (D)
HOLSATIAMÜHLE GmbH (LLI AG subgroup), Hamburg (D)
KAMPPFMEYER Food Innovation GmbH (LLI AG subgroup), Hamburg (D)
Kampffmeyer Mühlen GmbH (LLI AG subgroup), Hamburg (D)
Kremser Landstraße Projektentwicklung GmbH, Vienna
LBD Lebensmittel Beratungsdienst GmbH (LLI AG subgroup), Mannheim (D)
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna
LLI EUROMILLS GmbH (LLI AG subgroup), Vienna
Marchfelder Zuckerfabriken Gesellschaft m.b.H. (LLI AG subgroup), Vienna
MAZ Beteiligungs GmbH (LLI AG subgroup), Vienna
Mecklenburger Elde-Mühlen GmbH (LLI AG subgroup), Parchim (D)
Mona Hungary Kft., Budapest (H)
Müller's Mühle GmbH (LLI AG subgroup), Gelsenkirchen (D)
NBV Beteiligungs- und Vermögensverwaltungsgesellschaft m.b.H., Vienna
Niederösterreichische Milch Holding GmbH, Vienna
NOBE Grundstücksverwaltung GmbH (LLI AG subgroup), Hamburg (D)
NOM AG, Baden bei Wien
NOM DAIRY UK LIMITED, London (UK)
NOM International AG, Baden bei Wien
Nordland Mühlen GmbH (LLI AG subgroup), Jarmen (D)
PANNONMILL Malomipari Zrt. (LLI AG subgroup), Komárom (H)
Raiffeisen Agrar Holding GmbH (LLI AG subgroup), Vienna
Raiffeisen Agrar Invest GmbH (LLI AG subgroup), Vienna
RAIFFEISEN-HOLDING NO-Wien Beteiligungs GmbH, Vienna
Rannersdorfer Bio Mühlen GmbH (LLI AG subgroup), Schwechat
RARITAS Holding GmbH, Vienna
R-FMZ Immobilienholding GmbH, Vienna
RFT Beteiligungs GmbH, Vienna
RH Anteilsverwaltungs GmbH, Vienna
RH Finanzberatung und Treuhandverwaltung Gesellschaft m.b.H., Vienna
RH Finanzbeteiligungs GmbH, Vienna
RHG Holding GmbH, Vienna
RHG Management GmbH, Vienna
RH Versicherungsholding GmbH, Vienna
RH WEL Beteiligungs GmbH, Vienna
Rosenmühle GmbH (LLI AG subgroup), Ergolding (D)
Rossauer Lände 3 Immobilienprojektentwicklung GmbH, Vienna
Schüttmühle Berlin GmbH (LLI AG subgroup), Berlin (D)
Sofia Mel AD (LLI AG subgroup), Sofia (BG)
St. Leopold Liegenschaftsverwaltungs- und Beteiligungsgesellschaft m.b.H., Vienna
TITAN S.A. (LLI AG subgroup), Pantelimon (RO)
TOP-CUP Office-Coffee-Service Vertriebsgesellschaft m.b.H. (LLI AG subgroup), Klagenfurt
TOV Regionprodukt, Gnidin (UA)
UNIMILLS a.s. (LLI AG subgroup), Prague (CZ)
Vendare Warenhandelsgesellschaft m.b.H. (LLI AG subgroup), Vienna
VK "Polen" GmbH (LLI AG subgroup), Hamburg (D)
VK Mühlen Aktiengesellschaft (LLI AG subgroup), Hamburg (D)
VK MÜHLEN POLSKA Sp.z o.o. (LLI AG subgroup), Grodzisk Wielkopolski (PL)
Zucker-Beteiligungsgesellschaft m.b.H., Vienna
Zucker Invest GmbH, Vienna
Zuckermarkt - Studiengesellschaft m.b.H., Vienna
Zucker Vermögensverwaltungs GmbH, Vienna

Of which non-consolidated entities in the *Raiffeisen Holding NÖ-Wien Group*:

"ARAGOS" Beteiligungs GmbH, Vienna
"ARANJA" Beteiligungs GmbH, Vienna
"BANUS" Beteiligungs GmbH (LLI AG subgroup), Vienna
"BASCO" Beteiligungs GmbH, Vienna
"BENEFICIO" Holding GmbH, Vienna
"BONADEA" Immobilien GmbH, Vienna
"CREMBS" Hotelbetriebsgesellschaft m.b.H., Krems
"ELIGIUS" Holding GmbH, Vienna
"ESTELEC" Beteiligungs GmbH, Vienna
"EUSEBIO" Beteiligungs GmbH, Vienna
"GINAWE" Beteiligungs GmbH, Vienna
"HELANE" Beteiligungs GmbH, Vienna
"MAURA" Immobilien GmbH, Vienna
"NESSOS" Beteiligungs GmbH, Vienna
"NIOB" Beteiligungs GmbH, Vienna
"PINUS" Liegenschaftsverwaltungs GmbH, Vienna
"RUFUS" Beteiligungs GmbH, Vienna
"SANSARA" Holding GmbH, Vienna
"SERET" Beteiligungs GmbH, Vienna
"SEVERUS" Beteiligungs GmbH, Vienna
ABC Reiseservice GmbH, Vienna
Beteiligungsgesellschaft Diamant Mühle Hamburg mbH (LLI AG subgroup), Hamburg (D)
Big Push Vertrieb GmbH (LLI AG subgroup), Vienna
Bioenergie Orth a. d. Donau GmbH, Vienna
Café+co Rus, ZAO (LLI AG subgroup), Moscow (RU)
CAFE+CO Timisoara S.R.L. (LLI AG subgroup), Timisoara (RO)
C - Holding s.r.o. (LLI AG subgroup), Modřice (CZ)
CEZAR Sp. z o.o. (LLI AG subgroup), Warsaw (PL)
DELIKOMAT d.o.o. (LLI AG subgroup), Zagreb (HR)
DELIKOMAT d.o.o. (LLI AG subgroup), Tomislavgrad (BiH)
DELIKOMAT d.o.o. (LLI AG subgroup), Belgrade (RS)
Delikomats Slovensko, spol. s r.o. (LLI AG subgroup), Bratislava (SK)
Diana Slovakia, spol. s r.o., Bratislava (SK)
Drück- und Trink-Verpflegungsaufbereitungs-Betriebsgesellschaft m.b.H. (in liquidation) (LLI AG subgroup), Vienna
Echion Projektentwicklungs GmbH, Vienna
Farina Marketing d.o.o. (LLI AG subgroup), Ljubljana (SLO)
Gesundheitsspark St. Pölten Errichtungs- und Betriebs GmbH, Vienna
Haldenhof Liegenschaftsverwaltungs- und -verwertungsges.m.b.H., Vienna
HEFRA solarpark development s.r.o., Lipová (CZ)
Holz- und Energiepark Vitis GmbH, Vienna
Intech Vertriebsgesellschaft mbH (LLI AG subgroup), Hamburg (D)
Internationales Reisebüro Primus-GmbH, Vienna
Kampffmeyer Food Innovation Polska Sp.z o.o. (LLI AG subgroup), Poznań (PL)
Kasernen Immobilienerichtungsgesellschaft mbH, Vienna
KASERNEN Projektentwicklungs- und Beteiligungs GmbH, Vienna
MARKANT-Gesellschaft für Werbung, Kommunikationsberatung, Handel und Veranstaltungen Gesellschaft m.b.H., Vienna
MID 5 Holding GmbH, Vienna
Müfa Mehl und Backbedarf Handelsgesellschaft mbH (LLI AG subgroup), Hamburg (D)
Neue Marktgasse Einkaufspassage Stockerau GmbH, Vienna
Neuß & Wilke GmbH (LLI AG subgroup), Gelsenkirchen (D)
PBS Immobilienholding GmbH, Vienna
PBS Immobilienprojektentwicklungs GmbH, Vienna
Pegasus Incoming Gesellschaft m.b.H., Vienna
Raiffeisen Analytik GmbH, Vienna
Raiffeisen-Fachmarktzentrum SIEBEN GmbH, Vienna

Raiffeisen-Fachmarktzentrum VIER GmbH, Vienna
Raiffeisen-Fachmarktzentrum ZWEI GmbH, Vienna
RAIFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H., Vienna
Raiffeisen PPP Infrastruktur Beteiligungs GmbH, Vienna
Raiffeisen-Reisebüro Gesellschaft m.b.H., Vienna
Raiffeisen Vorsorgewohnungserrichtungs GmbH, Vienna
Raiffeisen Wohnbauprojektentwicklung GmbH, Vienna
RBZ Holding GmbH, Vienna
RENERGIE Bad Schmiedeberg GmbH & Co. KG, Wetterzeube OT Trebnitz (D)
RENERGIE Carbox Trade GmbH, Vienna
RENERGIE Carbon GmbH, Vienna
RENERGIE Dorf Mecklenburg GmbH & Co. KG, Wetterzeube OT Trebnitz (D)
RENERGIE Elsterwerda GmbH & Co. KG, Wetterzeube OT Trebnitz (D)
RENERGIE green solutions GmbH, Wetterzeube OT Trebnitz (D)
RENERGIE green solutions Management GmbH, Wetterzeube OT Trebnitz (D)
RENERGIE Lübars GmbH & Co. KG, Wetterzeube OT Trebnitz (D)
RENERGIE Raiffeisen Managementgesellschaft für erneuerbare Energie GmbH, Vienna
RENERGIE Trebnitz GmbH & Co. KG, Wetterzeube OT Trebnitz (D)
RENERGIE Vohlgast GmbH & Co. KG, Wetterzeube OT Trebnitz (D)
R-FMZ "MERCATUS" Holding GmbH, Vienna
ROLLEGG Liegenschaftsverwaltungs GmbH, Vienna
Schöpferstrasse Projektentwicklung GmbH, Vienna
snack+co GmbH (LLI AG subgroup), Vienna
St. Hippolyt Beteiligungs-GmbH, Vienna
Steinmetz-Mehl Vertriebsgesellschaft Süd GmbH (LLI AG subgroup), Aalen (D)
TECHBASE Science Park Vienna GmbH, Vienna
Techno-Park Tulln GmbH, Wiener Neudorf
THE AUTHENTIC ETHNIC FOOD COMPANY GmbH (LLI AG subgroup), Gelsenkirchen (D)
Theranda Entwicklungsgenossenschaft für den Kosovo registrierte Genossenschaft mit beschränkter Haftung, Vienna
TOP CUP Deutschland office-coffee Service GmbH (LLI AG subgroup), Regensburg (D)
VivaNatur Mühle West GmbH (LLI AG subgroup), Grevenbroich (D)
WALDSANATORIUM PERCHTOLDSORF GmbH, Salzburg
Waldviertel Immobilien-Vermittlung GmbH, Zwettl
wertCorn GmbH Getreidespezialitäten (LLI AG subgroup), Hameln (D)
ZEG Immobilien- und Beteiligungs registrierte Genossenschaft mit beschränkter Haftung, Vienna

BOARDS AND OFFICERS

Managing Board:

Chairman:

Erwin HAMESEDER

Deputy Chairman:

Robert GRUBER (to 30 April 2009)

Members:

Reinhard KARL (since 1 May 2009)

Georg KRAFT-KINZ

Michael RAB

Gerhard REHOR

Supervisory Board:

Chairman:

Christian KONRAD

Deputy Chairman:

Johann VIEGHOFER

Members:

Anton BODENSTEIN

Franz HUBINGER

Alfons NEUMAYER

Johann PLACHWITZ

Gerhard PREISS

Christian RESCH

Staff Council delegates:

Johann AMON

Anton HECHTL

Heinz PFEFFER (to 9 March 2009)

Michael HOFER (since 10 March 2009)

Sibylla WACHSLER

State commissioners:

Alfred LEJSEK

Silvia ZENDRON (to 28 February 2010)

Bernhard MAZEGGER (since 1 March 2010)

The Managing Board of RLB NÖ-Wien completed these Consolidated Financial Statements on 22 March 2010 in accordance with the provisions of the International Financial Reporting Standards (IFRSs) as adopted by the European Union. The provisions of enterprise law that were, in addition, applicable under § 245a UGB in conjunction with § 59a BWG were taken into account. The Group Management Report was prepared in accordance with the provisions of Austrian enterprise law and is consistent with the Consolidated Financial Statements.

The Managing Board



CEO
Erwin HAMESEDER



Member
Reinhard KARL



Member
Georg KRAFT-KINZ



Member
Gerhard REHOR



Member
Michael RAB

The Managing Board released the Consolidated Financial Statements for submission to the Supervisory Board on 22 March 2010.

DECLARATION BY THE MANAGING BOARD

We declare that, to the best of our knowledge, the Consolidated Financial Statements prepared in accordance with the applicable financial reporting standards present fairly, in all material respects, the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group, that the Group Management Report presents the business performance, business results and position of the RLB NÖ-Wien Group in such a way that it presents fairly, in all material respects, the assets, liabilities, financial position and profit or loss of the Group, and that the Group Management Report describes the material risks and uncertainties to which the Group is exposed.

Vienna
22 March 2010

The Managing Board



Erwin HAMESEDER
CEO

Responsible for
Raiffeisen Banks and Management Services



Reinhard KARL
Member
Responsible for

Corporate and Business Banking Customers



Georg KRAFT-KINZ
Member
Responsible for

Personal and Business Banking Customers



Gerhard REHOR
Member
Responsible for
Financial Markets



Michael RAB
Member
Responsible for
Risk Management and Organization

AUDITORS' REPORT

Report on the Consolidated Financial Statements

We have audited the accompanying **consolidated financial statements** of

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG,
Vienna, Austria,

for the **year from 1 January to 31 December 2009**. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2009, 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 2009 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that 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.

Auditor's Responsibility 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 laws and regulations applicable in Austria as well as in accordance with International Standards on Auditing, 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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 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 legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2009 and of its financial performance and its cash flows for the year from 1 January to 31 December 2009 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 23 March 2010

As the Auditors appointed by *Österreichischer Raiffeisenverband*:

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Christian Loicht
Wirtschaftsprüfer

Wilhelm Kovsca
Wirtschaftsprüfer

Franz Frauwallner
Wirtschaftsprüfer

(Austrian Chartered Accountants)

GLOSSARY

Basis of assessment—The risk-weighted basis of assessment within the meaning of § 22 BWG (see *Risk-weighted assets*).

BWG—[Austrian] federal banking act (*Bankwesengesetz*).

Clean price—The price of an interest rate instrument without accrued interest.

Dirty price—Price of an interest rate instrument including accrued interest.

Entities accounted for using the equity method—Entities over whose operating or financial policies an investor has a significant influence.

Fair value—The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

IFRIC, SIC—International Financial Reporting Interpretation Committee: Interpreter of the International Financial Reporting Standards; formerly also called SIC (Standing Interpretations Committee).

IFRSs, IASs—The International Financial Reporting Standards and International Accounting Standards are reporting standards issued by the IASB (International Accounting Standards Board) with the goal of achieving transparent and comparable accounting on an international basis.

Loan exposure—Loan exposures comprise all on-balance-sheet exposures (loans and advances, bonds)

and off-balance-sheet exposures (guarantees, credit lines).

Own funds ratio—This ratio's numerator is eligible own funds within the meaning of BWG and its denominator is the basis of assessment pursuant to § 22 BWG.

Own funds within the meaning of BWG—These are made up of Tier 1 capital, supplementary and subordinated debt capital (Tier 2) and short-term subordinated debt capital and reclassified Tier 2 capital (Tier 3).

Risk:earnings ratio—The impairment charge on loans and advances in relation to net interest income.

Risk-weighted assets—The total of the assets, off-balance-sheet items and special off-balance-sheet items in the banking book weighted according to business and/or counterparty risk, determined in accordance with the Austrian *Bankwesengesetz* (banking act).

Tier 1 capital—Paid-in capital and reserves less intangible assets and balance-sheet losses and material losses during the current financial year.

Tier 1 ratio—This ratio's numerator is Tier 1 capital and its denominator is the basis of assessment for the purposes of § 22 BWG.

UGB—*Unternehmensgesetzbuch*: Austrian enterprises code.

VaR—Value at risk expresses the potential loss that will, with a 99 per cent probability, not be exceeded in the portfolio in question within the specified holding period.

INFORMATION IN THE INTERNET

Raiffeisenlandesbank Niederösterreich-Wien's website provides detailed, up-to-date information about *Raiffeisen* at www.raiffeisenbank.at.

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Published by:

Raiffeisenlandesbank Niederösterreich-Wien AG
Friedrich-Wilhelm-Raiffeisen-Platz 1, A-1020 Wien, Austria
Phone: +43-5-1700; Fax: +43-5-1700-901
www.raiffeisenbank.at, info@raiffeisenbank.at

Publication Officer: Peter Wesely

Phone: +43-5-1700-93 004
peter.wesely@raiffeisenbank.at

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Orders:

Press Office, Raiffeisenlandesbank Niederösterreich-Wien AG
Friedrich-Wilhelm-Raiffeisen-Platz 1, A-1020 Wien, Austria
Elfriede Duda: +43-1-21 136-2466

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Enquiries should be addressed to RLB NÖ-Wien's Press Department at the above address.

Note and Disclaimer:

Certain market participants tend to attempt to derive claims from statements regarding expected future developments and assert those claims in court. Because of the rare but serious effects of such actions on the company concerned and on its equity holders, many companies keep statements about their expectations regarding future developments to the mandatory minimum required by legislation. However, the RLB NÖ-Wien Group does not see the publication of its financial reports merely as a duty. It would also like to use them as an opportunity for open communication. To ensure that this will continue to be possible, we stress the following: The forecasts, plans and forward-looking statements contained in this Report are based on the RLB NÖ-Wien Group's state of knowledge and assessments at the time of its preparation. Like all forward-looking statements, they are subject to risks and uncertainties that could cause actual results to differ substantially from those being predicted. No guarantee can be given that forecasts, planned values and forward-looking statements will prove accurate. We prepared this Financial Report with the greatest possible care and checked the data. Nonetheless, we cannot rule out rounding, transmission, typesetting or printing errors. This Report was written in German. The English report is a translation of the German report. The German version is the only authentic version.