

Semi-Annual Report 30 June 2012

**IFRS-Compliant Semi-Annual Group
Management Report and Consolidated
Interim Financial Statements**

SUMMARY OF KEY DATA

IFRS-COMPLIANT CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE RLB NÖ-WIEN GROUP

| Monetary Values are in €m | 2012 | + / (-) CHANGE ¹ | 2011 |
|---|------------------|-----------------------------|---------------------------|
| Consolidated Income Statement | 1/1–30/6 | | 1/1–30/6 |
| Net interest income | 85.5 | (27.0%) | 117.2 |
| Net fee and commission income | 35.7 | 7.1% | 33.3 |
| Net trading income | 2.6 | (37.1%) | 4.1 |
| Profit from investments in entities accounted for using the equity method | 150.5 | (13.1%) | 173.2 |
| General administrative expenses | (91.5) | 2.0% | (89.7) |
| Profit for the period before tax | 163.9 | (10.7%) | 183.6 |
| Consolidated net profit for the period (after minorities) | 164.4 | (10.7%) | 184.1 |
| Consolidated Balance Sheet | 30 June | | 31 December |
| Loans and advances to other banks | 10,830 | (0.8%) | 10,915 |
| Loans and advances to customers | 10,813 | 7.1% | 10,094 |
| Deposits from other banks | 14,963 | 3.7% | 14,429 |
| Deposits from customers | 8,216 | 12.6% | 7,294 |
| Equity (incl. minorities and profit) | 2,476 | 9.0% | 2,272 |
| Consolidated assets | 33,583 | 4.6% | 32,103 |
| Regulatory Information ² | 30 June | | 31 December |
| Basis of assessment (total risk) | 15,072 | 4.4% | 14,432 |
| Total own funds | 2,036 | 0.1% | 2,033 |
| Own funds requirement | 1,206 | 4.4% | 1,155 |
| Surplus own funds ratio | 68.8% | (7.3 ppt) | 76.1% |
| Tier 1 ratio (credit risk) | 9.7% | (0.4 ppt) | 10.1% |
| Total Tier 1 ratio | 9.1% | (0.3 ppt) | 9.4% |
| Total own funds ratio | 13.5% | (0.6 ppt) | 14.1% |
| Performance | 1/1–30/6 | | 1/1–30/6 |
| Return on equity before tax | 13.3% | (1.1 ppt) | 14.4% |
| Consolidated return on equity (after minorities) | 13.4% | (1.0 ppt) | 14.4% |
| Consolidated cost:income ratio | 34.0% | 6.0 ppt | 28.0% |
| Earnings per share, € | 75.76 | (10.8%) | 84.92 |
| Return on assets after tax | 1.00% | (0.15 ppt) | 1.15% |
| Risk:earnings ratio | 27.1% | (16.3 ppt) | 43.4% |
| Additional Information | | | |
| Staff Information | 1/1–30/6 | | 1/1–30/6 |
| Employees (average full time equivalents) | 1,276 | 1.9% | 1,252 |
| Information about Branches and Offices | 30 June | | 31 December |
| Branches and offices | 66 | 0.0% | 66 |
| Moody's rating | Long term | Short term | Financial strength |
| | A1 | P-1 | C- |

¹ ppt = percentage point

² The RLB NÖ-Wien Group is a part 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. The presentation of this bank regulatory information in accordance with BWG on the basis of partial consolidation within the credit institution group (*Kreditinstitutsgruppe*) is therefore provided for informational purposes only.

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RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN LIVING FOR THE FUTURE

Lasting success is the reward one receives for adapting to one's customers' multifarious needs and the specific features of one's markets. Raiffeisenlandesbank Niederösterreich-Wien (RLB NÖ-Wien) embodies local solidarity, stability, dependability, strong customer orientation and innovative strength.

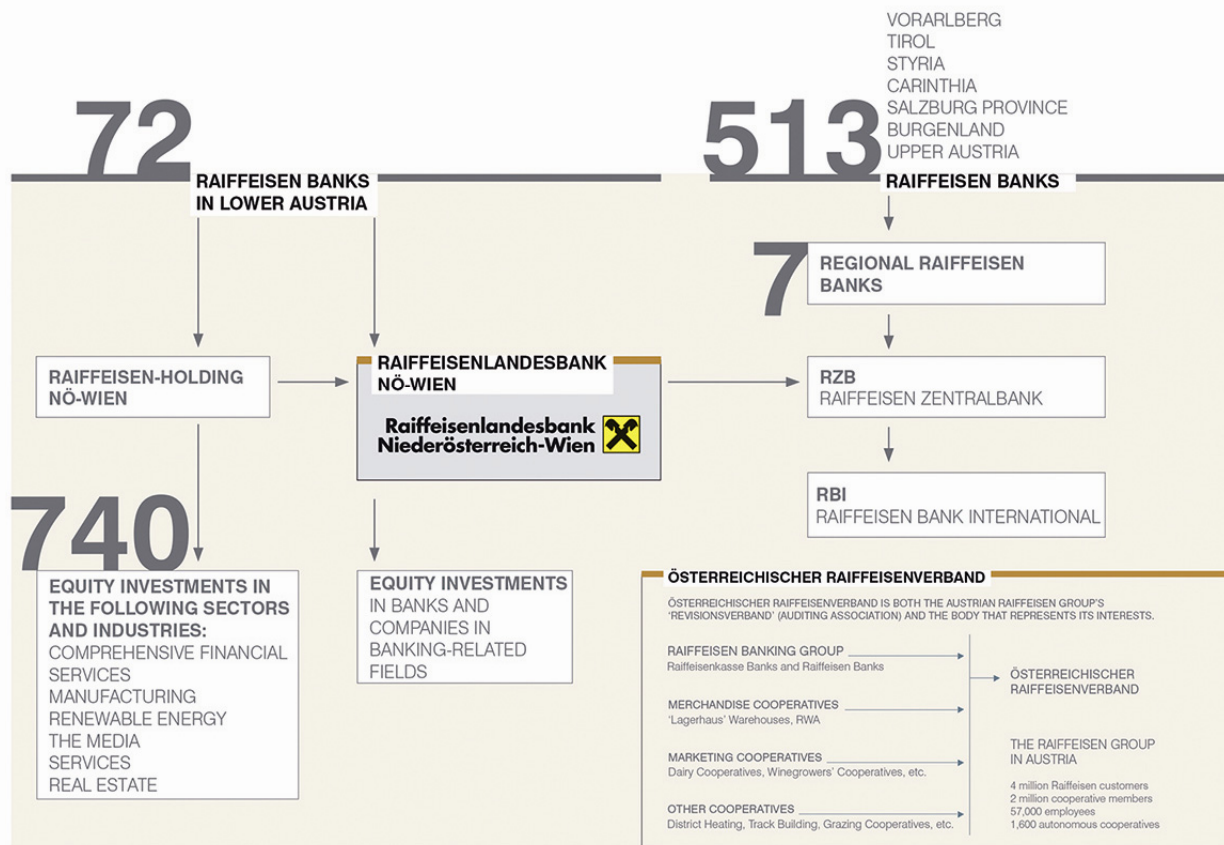
Because it is rooted in the local economy and community, RLB NÖ-Wien is especially familiar with the needs of the people in the regions it serves. However, diversity, scale and an international reach are also just as important if one is to succeed in the market, and they are achieved through RLB NÖ-Wien's partnership with the other companies in the Austrian Raiffeisen Group.

SUCCESS BASED ON COOPERATION WITHIN THE AUSTRIAN RAIFFEISEN ORGANIZATION

RLB NÖ-Wien is part of a strong alliance. Its principal shareholder is *Raiffeisen-Holding NÖ-Wien*, which holds a qualified, 78.58 per cent majority stake in RLB NÖ-Wien. The *Raiffeisen Banks* in Lower Austria hold the remaining stock. RLB NÖ-Wien, its owners and the companies in which it holds equity investments—which include *Raiffeisen Zentralbank Österreich*, building soci-

ety *Raiffeisen Bausparkasse*, *Raiffeisen Capital Management*, *Raiffeisen-Leasing* and insurance broker *Raiffeisen Versicherungsmaklerdienst AKTUELL*—work closely together, creating significant synergistic benefits for their customers. RLB NÖ-Wien's equity investments supplement its banking operations, with each making a significant contribution to its results.

STRUCTURE



LIVING CORPORATE RESPONSIBILITY

Alongside adherence to the professional standards formulated in our code of corporate governance and the application of core ethical values founded on Friedrich Wilhelm Raiffeisen's thinking when he created the organization, corporate responsibility is a basis for everything RLB NÖ-Wien does. The starting point is a comprehensive doctrine that takes account of business, social and environmental issues. In line with its



The Raiffeisen *Festwochen* Lounge in the Loos House in 2012.

cooperative mission, *Raiffeisen* also lives out a philosophy aimed at protecting and promoting the well-being of

the individual and the region where he or she lives. Its central values are security, regionality and sustainability.

During the first half of 2012, RLB NÖ-Wien supported a variety of cultural, social and sporting projects in Vienna and Lower Austria in accordance with its self-image as a strong and dependable regional partner—and it did so in a difficult economic environment. The beneficiaries included the *Wiener Festwochen* festival (in particular in the form of the Raiffeisen *Festwochen* Lounge in the Loos House), *Theater in der Josefstadt*, *Volksoper Wien*, *Wiener Lustspielhaus* and *Raiffeisen Vikings Vienna* as well as a multitude of initiatives at, among others, *Festspielhaus St. Pölten*, *Kunstmeile Krems* and *Donaufestival*.

RLB NÖ-Wien also supports efforts to keep the environment permanently intact for future generations. For this reason, it is a member of the *Raiffeisen* Climate Protection Initiative set up as a joint venture by Austrian *Raiffeisen* organizations. This is where their activities to protect the environment come together.

RLB NÖ-Wien in Profile

RLB NÖ-Wien stands for the relentless endeavour to maximize customer satisfaction. It can look back on some 126 years of tradition and experience since the first *Raiffeisen* bank in Austria was founded in 1886. RLB NÖ-Wien is a local provider of financial services

employing roughly 1,300 people. Furthermore, as a modern and dynamic 'universal' bank, it is also part of a strong global network in association with the Austrian *Raiffeisen* Banking Group and is able to offer its customers access to the international financial markets.

– PERSONAL AND BUSINESS BANKING CUSTOMERS

At the moment, over 700 account managers are servicing roughly 265,000 RLB NÖ-Wien customers at 66 branches and offices in Vienna. These include 48 retail banking branches, seven private banking team offices and six special centres of excellence for trade and business customers. The *Raiffeisen-MitarbeiterBeratung* staff advice units provide a special service at another five locations for companies within the Austrian *Raiffeisen* organization and for their employees. This translates into a market share of about 13 per cent.



Raiffeisen in Vienna is doing more for customers from an immigrant background.

Every third trading company or business in the region with assets of up to €5 million is already an RLB NÖ-Wien customer. Every fifth professional in Vienna is a client of *Raiffeisen Private Banking*.

Since 2008, RLB NÖ-Wien has been deliberately developing its 'ethnobanking' services. Its formula for success consists of multilingual customer services provided

– CORPORATE CUSTOMERS

Mehr[Wert]Beratung or 'Value Added Advice' is the name of RLB NÖ-Wien's model for building comprehensive business relationships with its corporate customers. What it means is that RLB NÖ-Wien's account managers, product specialists, business analysts and risk managers work closely together, drawing on the support of the bank's networks and also consulting with external advisors such as tax specialists during customer meetings. Their analyses make a qualitative contribution to an enterprise's strategic development. RLB NÖ-Wien's corporate loan portfolio grew by roughly 7 per cent during the first half of 2012.

In addition, RLB NÖ-Wien offers its customers the infrastructure (specialist companies, representative offices and much more) that they need to operate in the so-called *Centrope* region—an area that includes the cities of Vienna, St. Pölten, Prague, Budapest and Bratislava—as well as providing the necessary quality products and services.

As a small, open economy, the performance of the Austrian economy is especially dependent on its success in foreign trade. RLB NÖ-Wien will therefore continue to

– THE RAIFFEISEN BANKS IN LOWER AUSTRIA

RLB NÖ-Wien is the central institution of *Raiffeisen-Bankengruppe NÖ-Wien* (the *Raiffeisen* Banking Group



The *Raiffeisen Banks* in Lower Austria play a major role in shaping life in the region.

by staff members who are themselves from immigrant backgrounds and who know and understand their customers' needs. Ten *Raiffeisen* branches in Vienna also offer customers advice in Turkish, Bosnian, Croatian and Serbian.



RLB NÖ-Wien gives its customers a home advantage when doing business abroad.

intensify its advisory focus on international operations (exports, imports and foreign investment) during the second half of 2012.

in Lower Austria and Vienna). It supports the 72 independent *Raiffeisen Banks* in Lower Austria, providing them with a broad range of advice and other products and services. This range of products and services is being continually refined and optimized in line with medium-term goals that have been developed jointly for the entirety of *Raiffeisen-Bankengruppe NÖ-Wien*.

The Lower Austrian *Raiffeisen Banks* are the region's foremost local providers of financial services with a market share of 42 per cent. To create local value added, deposits are generally used to provide loans to businesses and people within the region.

– FINANCIAL MARKETS

RLB NÖ-Wien is a stable partner to investors in a turbulent market environment. RLB NÖ-Wien's 'advisor bank' concept stresses the early detection of problems, helping its customers map the fastest route through more difficult times. Customer confidence is strengthened by trusting cooperation with customers, by prudent advisory services provided on the basis of in-depth analyses of the business climate, the economy and developments in the financial markets and by innovative ideas.

Moody's reaffirmed RLB NÖ-Wien's strength in the first half of 2012 with a very good A1 rating. This is the best rating that any Austrian bank has at the moment and is an excellent basis for RLB NÖ-Wien's collaboration with its correspondents abroad.

Moody's rating:

| | |
|--------------------|-----|
| Long term | A1 |
| Short term | P-1 |
| Financial strength | C- |

– RISK MANAGEMENT AND ORGANIZATION

As a service provider, RLB NÖ-Wien strives to offer its customers the best possible products, services and advice. To enable it to do so, its risk management activities are based on active, stable and seamless management processes. Thanks to its business model as a bank for customers and as a so-called *universal bank*, RLB NÖ-Wien is well positioned to face the challenges of the future and meet the requirements that will be introduced by Basel III.

The European Banking Authority (EBA) has told the systemic banks that they must have core capital ratios of at least 9 per cent by the middle of 2012. Although the EBA has not required it to do so, RLB NÖ-Wien achieved a core capital ratio of 9.1 per cent in the first half.

SEMI-ANNUAL GROUP MANAGEMENT REPORT

THE BANKING ENVIRONMENT DURING THE FIRST HALF OF 2012

Developments in the financial markets in the first half of 2012 were dominated by the European sovereign debt crisis. The European Central Banks (ECB) managed to pacify the markets somewhat at the turn of the year with two 3-year tenders, but the outlook has deteriorated significantly again since the second quarter.

The outcome of the Greek parliamentary elections was positive, producing a pro-European government that has basically agreed to the austerity programme arranged with the 'troika'. This has reduced the risk that Greece will leave the euro. Nonetheless, it is far from certain whether the Greek government will be able to make lasting progress in dealing with the country's structural problems.

The Spanish banks' capital requirements became the focus of market players' attention in June, leading to a big increase in the yields on Spanish and Italian government bonds. The heads of government of all the EU Member States responded by agreeing within the scope of the EU Council to set up a common eurozone bank supervision system under the ECB, to extend the eurozone rescue facility and to make it possible to offer banks direct help.

Economic developments in the eurozone were overshadowed by the intensification of the sovereign debt crisis and economic policy responses to it. Eurozone GDP in the first quarter of 2012 was virtually static versus both the previous quarter and the same period of 2011. However, when it came to economic performance, the various economies in the region grew further and further apart.

When one looks at the various eurozone economies, one can see a sharp economic divide between the Member States. Whereas Germany and Austria were positive surprises, delivering year-on-year GDP growth of 1.2 per cent and 2.0 per cent, respectively, the recession in the peripheral economies deepened as expected. Portugal suffered one of the biggest year-on-year drops in GDP, namely 2.2 per cent. The Spanish economy shrank by 0.4 per cent, and Italy's GDP fell by slightly more, declining by 1.4 per cent. Greece's GDP was actually 6.2 per cent down on 2011.

According to the initial projection provided by the eurozone purchasing managers' index for July, which was stuck well below 50 points—the generally accepted border between expansion and contraction—at 46.4 points, the eurozone recession will continue for some time to come.

Given the dull economic outlook and the fact that inflation in the eurozone is falling (reaching 2.4 per cent a year in June), the ECB decided to cut the eurozone's main interest rate to below 1 per cent for the first time during its June session, lowering it to 0.75 per cent. The rate paid for overnight deposits was also cut by 25 basis points, taking it down to zero per cent. The ECB hopes that this will persuade the commercial banks to stop parking up to €800 billion with the ECB and to feed the money into the real economy by granting loans instead.

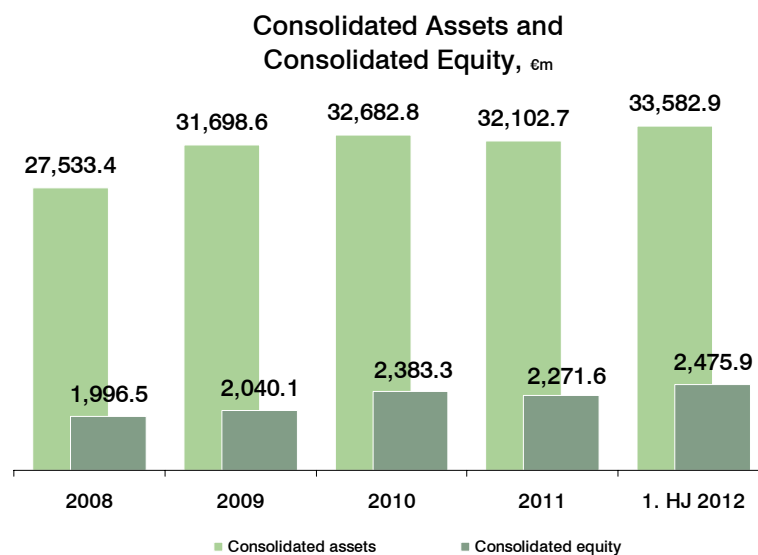
Although conditions were difficult, the Austrian economy did comparatively well in the first half of 2012. Like Germany's, Austria's economy is finding it more and more difficult to escape the effects of negative developments in the eurozone as a whole. As a result, the leading economic indicators are pointing to a weakening of economic momentum. Although industrial output, retailing and exports developed relatively well in the first quarter, they were already flagging in the second quarter. The increase in private household consumption had a stabilizing effect, inflation stayed low at about 2.3 per cent and employment actually went on rising. Austria's jobless rate of 4.5 per cent (June 2012) was the lowest anywhere in the EU.

The United States' economic numbers in the first half failed to convince overall. Although the U.S. economy was slowly pulling out of the crisis, the job market's weak performance remained a stumbling block to stronger economic growth. If the unemployment numbers continue to disappoint, the U.S. Fed is likely to carry out a third round of bond purchasing. Other central banks are also using expansionary monetary policies to bolster the cooling global economy. For instance, in June, China's central bank responded to the unexpectedly big downturn in the economy's performance (China's GDP grew by just 7.6 per cent in the second quarter, which was the lowest growth figure in three years) by cutting its key rates for the second time in a month.

The Group's Performance in the First Half of 2012

The Raiffeisenlandesbank Niederösterreich-Wien Group (RLB NÖ-Wien Group) posted a satisfactory result in difficult conditions for the first half of 2012. In view of its responsibility for the sustainable evolution of the RLB NÖ-Wien Group as a regional provider of banking services, the Managing Board focused its attention primarily on continuing both the successful development of customer operations and the Group's cost optimization programme.

- The Group's **consolidated assets** increased by 4.6 per cent or €1,480.2 million to €33,582.9 million during the first half of 2012.
- **Loans and advances to customers**—financially the most important line item on the assets side of the Balance Sheet—continued to grow, increasing by 7.1 per cent to €10,812.9 million. Customer operations on the equity and liabilities side of the Balance Sheet also grew significantly. **Primary funds**, which comprise **deposits from customers, liabilities evidenced by paper and subordinated debt capital**, increased by €995.8 million or 8.2 per cent to €13,191.4 million.
- **Consolidated profit for the period after tax and minorities** came to €164.4 million in the first half of 2012. This was €19.7 million or 10.7 per cent down on the same period of 2011.
- **Operating income** in the first half of 2012 came to €269.3 million, which was €51.0 million or 15.9 per cent down on the same period of 2011. **General administrative expenses** increased by €1.8 million or 2.0 per cent to €91.5 million. The Group's low operating income increased its **cost:income ratio** to 34.0 per cent (compared with 28.0 per cent in the same period of 2011).
- **Net interest income** in the first six months of this year was €31.7 million or 27.0 per cent down on the same period of 2011 to €85.5 million, but at the same time, it proved possible to reduce the **impairment charge on loans and advances** from €50.9 million to €23.2 million. **Net interest income after the impairment charge** came to €62.3 million, which was €4.0 million or 6.0 per cent down on the first half of 2011.
- **Net fee and commission income** grew by €2.4 million or 7.1 per cent to €35.7 million. **Net trading income** was €1.5 million down on the first half of 2011 to €2.6 million.
- Profit from **investments in entities accounted for using the equity method**, which was essentially a reflection of the development of the *Raiffeisen Zentralbank Österreich AG Group* (RZB Group), fell by €22.7 million to €150.5 million.



Notes on the Group's Profit, Assets and Liabilities and Financial Position

CONSOLIDATED OPERATING PROFIT IN THE FIRST HALF OF 2012 COMPARED WITH THE SAME PERIOD OF THE PREVIOUS YEAR

| €'000 | 1/1–30/6 2012 | 1/1–30/6 2011 |
|---|-----------------|-----------------|
| Net interest income | 85,484 | 117,175 |
| Net fee and commission income | 35,666 | 33,296 |
| Net trading income | 2,593 | 4,120 |
| Profit from investments in entities accounted for using the equity method | 150,546 | 173,189 |
| Other operating profit/(loss) | (4,977) | (7,435) |
| Operating income | 269,312 | 320,345 |
| Staff costs | (50,480) | (48,610) |
| Other administrative expenses | (38,384) | (38,647) |
| Depreciation/amortization/write-offs | (2,643) | (2,429) |
| General administrative expenses | (91,507) | (89,686) |
| Operating profit | 177,805 | 230,659 |

Various factors dented **net interest income** in the first half of 2012. As a result, it was €31.7 million or 27.0 per cent down on the same period of 2011 to €85.5 million. The sharp drop in the Euribor rate reduced net interest income, and although loan and customer deposit operations continued to develop well, that did not suffice to make up for the decline. Derivatives operations also contributed less to profit than in the same period of 2011.

First-half **net fee and commission income** grew by €2.4 million or 7.1 per cent to €35.7 million. The increase was generated by traditional banking products and services like loans and payments, demonstrating our success in implementing the RLB NÖ-Wien Group's 'advisor bank' concept. Fee and commission earnings from securities operations were the only exception to this growth, falling sharply as a result of the weak economy and turbulence in the bond markets.

Net trading income fell to €2.6 million, having been €4.1 million in the first half of 2011. While customer trading operations remained stable, interest trading operations did not live up to our expectations.

Profit from investments in entities accounted for using the equity method came to €150.5 million, which was €22.7 million or 13.1 per cent less than in the first half of 2011. This line item is largely a reflection of the performance of the RZB Group. Nonetheless, given the sovereign debt crisis and the difficult economic

conditions, we can be pleased with the profits of the RZB Group and *Raiffeisen Bank International* (RBI) in the first half of 2012. Furthermore, profits in 2011 included the Group's interest in the earnings of *Raiffeisenbank a.s.*, Prague, and *Tatra banka a.s.*, which were sold in December 2011.

Other operating profit/(loss) consisted largely of earnings from 'other' derivative operations, profit from services and cost reimbursements. It came to negative €5.0 million, which was €2.4 million better than in the first half of 2011. The balance of revaluation gains and losses on derivative financial instruments that were neither held for trading nor hedging instruments within the scope of IAS 39 improved by €3.6 million. On the other hand, the banking levy increased by 25.0 per cent or €1.9 million to a total of €9.5 million.

First-half **general administrative expenses** increased by 2.0 per cent or €1.8 million to €91.5 million. Our bank-wide efficiency enhancement and cost optimization programme was continued so as to brake the rise in costs notwithstanding the Group's growth strategy. General administrative expenses broke down as follows: €50.5 million of staff costs, €38.4 million of other administrative expenses and €2.6 million of depreciation/amortization/write-offs of property and equipment and intangible assets.

Staff costs in the first half of 2012 were a total of 3.9 per cent or €1.9 million higher than in the same period of 2011. This reflected the increase in the workforce during 2011. The number of staff was virtually unchanged in the first half of 2012. **Other administrative expenses** fell by 0.5 per cent or €0.2 million in the period under review. The biggest components of the line item *Other administrative expenses* were expenditure on process-enhancing IT applications and outlay on marketing carried out to support the Group's activities in the Viennese market. It proved possible to keep **depreciation/amortization/write-offs of property and equipment and intangible assets** stable.

Consolidated net profit came to €177.8 million. This was a satisfactory result, even if it was €52.9 million down on the exceptionally high profit of €230.7 million recorded in the first half 2011. The decrease was predominantly attributable to the level of profit from investments in entities accounted for using the equity method and the drop in net interest income.

CONSOLIDATED NET PROFIT FOR THE PERIOD IN THE FIRST HALF OF 2012 COMPARED WITH THE SAME PERIOD OF THE PREVIOUS YEAR

| €'000 | 1/1–30/6 2012 | 1/1–30/6 2011 |
|---|----------------|----------------|
| Operating profit | 177,805 | 230,659 |
| Impairment charge on loans and advances | (23,181) | (50,889) |
| Profit from financial investments | 9,249 | 3,824 |
| Profit for the period before tax | 163,873 | 183,594 |
| Income tax | 555 | 493 |
| Profit for the period after tax | 164,428 | 184,087 |
| Minority interests in profit | 6 | (8) |
| Consolidated net profit for the period | 164,434 | 184,079 |

The **net impairment charge on loans and advances** (impairment allowances on loans and advances, impairment reversals, direct write-offs of receivables and recoveries of loans and receivables previously written off) was cut by €27.7 million from €50.9 million to €23.2 million. The improvement in the net impairment charge was due to the absence of a one-off effect caused by risks associated with off-balance-sheet liabilities in 2011.

Profit from financial investments came to €9.2 million. This line item was dominated by revaluation gains and losses on financial instruments designated as at fair value through profit or loss or classified as available for sale. Overall, this was a pleasing improvement compared with the figure of €5.4 million recorded in the same period of 2011.

These line items gave us **profit for the period before tax** of €163.9 million, which was €19.7 million or 10.7 per cent less than the figure of €183.6 million recorded in the first half of 2011.

Consolidated net profit for the period after tax and minorities came to a satisfactory €164.4 million in the first half of 2012.

SEGMENTAL REPORT FOR THE FIRST HALF OF 2012 (SEE NOTE 9)

The RLB NÖ-Wien Group is divided into the segments listed below. Segment definitions are based on the customers being serviced. The focus is on strict customer orientation. (Segmental reporting in accordance with IFRS 8 is based on the RLB NÖ-Wien Group's internal management reporting system.)

- Personal and Business Banking Customers (Retail Banking)
- 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 with personal banking, trade and business and self-employed customers. Within the scope of this segment, the Group provides its Viennese customers with banking products and services, including in particular investment and loan advice services; the Group's private banking teams provide professional advice to high net worth personal banking customers in Vienna; and the Group's centres of excellence for trade and business customers give support to small and medium-sized enterprises in Vienna.

Profit for the period from personal and business banking customer operations before tax came to a pleasing total of €15.2 million in the first half of 2012, compared with €16.8 million in the same period of 2011. The customer base grew by about 11,500 between the end of the first half of 2011 and the end of the period under review. Competition between banks in Vienna was very tough, making the first six months of this year enormously challenging, especially in the deposits market. This segment's return on equity before tax fell to 17.6 per cent, having been 21.0 per cent in the same period of 2011. Its cost:income ratio improved from 72.5 per cent in the first half of 2011 to 70.7 in the first half of 2012.

The various operational subsegments of the **Corporate Customers** segment continued to perform well in the first half of 2012. Uncompromising customer orientation and made-to-measure products and solutions were key to our corporate customers' success in the Centrope region. The Group continued to deepen business relationships with its existing customers and to pursue its customer acquisition strategy. In addition, customers were offered extensive support as they exported, imported or invested abroad. *Raiffeisen's* international network—including, above all, its alliances with the Centrope banks—is a significant competitive advantage.

Our business policy in the corporate customers segment generated an increase in business volumes in the first half of 2012 as well as another advance in net interest income, which increased by €8.0 million to €69.9 million. In the absence of the high impairment allowances that were necessary in 2011, net interest income after the impairment charge increased by €19.6 million. As a result, profit for the period before tax in this segment came to €49.1 million, compared with €29.2 million in the same period of 2011. With equity employed of €794.0 million, the segment delivered a return on equity before tax of 12.4 per cent, as against 7.5 per cent in the same period of 2011.

Against the backdrop of big fluctuations in the money and capital markets, the **Financial Markets** segment suffered a drop in profit in the first half of 2012. Net interest income after the impairment charge was affected most, falling to €6.0 million from €22.3 million in the first half of 2011. This drop in net interest income was mitigated by an improvement in the Group's earnings from derivatives operations. As a result, *Other operating profit/(loss)* improved to negative €2.7 million from negative €7.7 million in the same period of 2011. Profit from financial investments came to €8.5 million, making another positive contribution to the segment's profit for the period before tax, which came to €1.8 million. This means that profit in this segment was €8.6 million down on the same period of 2011.

The **Investments** segment made another important contribution to the RLB NÖ-Wien Group's profit for the period before tax, namely €115.0 million. This compared with €141.3 million in the first half of 2011. The RZB Group's consolidated profit was a major factor. Group equity employed in this segment averaged €1,167.0 million, giving it a return on equity before tax of 19.7 per cent, as against 21.9 per cent in the same period of 2011.

The **Management Services** segment encompasses all the activities of the RLB NÖ-Wien Group within the scope of its role within the Austrian *Raiffeisen* organization—where it serves the *Raiffeisen Banks* in Lower Austria as their central institution—as well as income and expenses arising from the work done to support activities in the market undertaken in the other business segments. In addition, the banking levy of €9.5 million paid in respect of the first half of 2012 was charged to this segment. This segment recorded a first-half loss of €17.2 million, compared with a loss of €14.2 million in 2011.

BALANCE SHEET PERFORMANCE DURING THE FIRST HALF OF 2012

The RLB NÖ-Wien Group's **consolidated assets** increased by €1,480.2 million or 4.6 per cent to €33,582.9 million between 31 December 2011 and 30 June 2012. Interbank activities were again reduced. Because of its role as the central institution of the *Raiffeisen Banks* in Lower Austria, transactions within the Austrian *Raiffeisen* organization dominate the RLB NÖ-Wien Group's operations.

ASSETS

| €m | 30/06/2012 | 31/12/2011 | + / (-) CHANGE |
|---|-----------------|-----------------|----------------|
| Loans and advances to other banks | 10,830.0 | 10,915.2 | (0.8%) |
| Loans and advances to customers | 10,812.9 | 10,093.7 | 7.1% |
| Impairment allowance balance | (305.0) | (290.9) | 4.8% |
| Trading assets, securities and equity investments | 6,737.4 | 6,374.4 | 5.7% |
| Investments in entities accounted for using the equity method | 2,718.5 | 2,539.1 | 7.1% |
| Other assets | 2,789.2 | 2,471.2 | 12.9% |
| Total assets | 33,582.9 | 32,102.7 | 4.6% |

Loans and advances to other banks fell by €85.2 million or 0.8 per cent to €10,830.0 million in the first half of 2012.

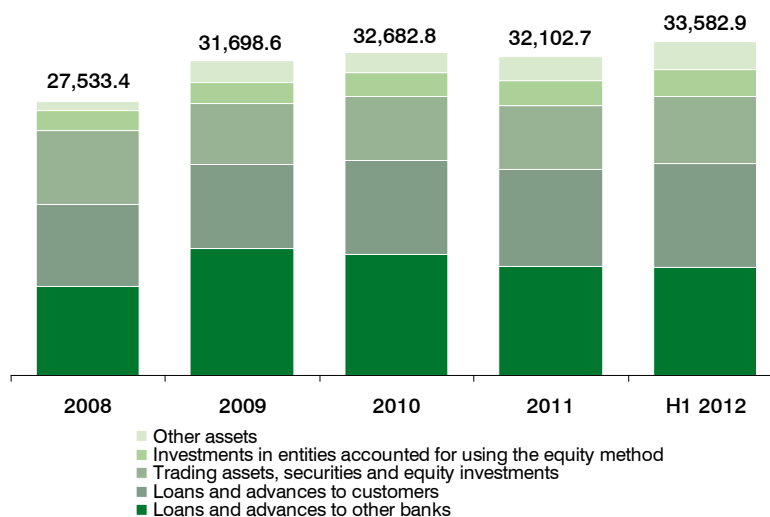
Loans and advances to customers increased by 7.1 per cent or €719.2 million to €10,812.9 million between 31 December 2011 and 30 June 2012. This was one of the most important line items on the assets side of the Balance Sheet, accounting for 32.2 per cent of total assets. This line item continued to grow throughout the first half of 2012 as the Group selectively targeted only the most creditworthy customers. Both loans and advances to corporate customers and the retail loan portfolio grew. At the same time, there was a slight increase in the public sector loan portfolio.

The Group continued to consistently pursue its conservative risk policy and actively manage its existing loan portfolio. The **impairment allowance balance** increased to €305.0 million.

Trading assets, securities and equity investments were increased by a total of €363.0 million or 5.7 per cent. Within the line item *Trading assets*, holdings of bonds and other fixed-interest securities were increased. Fixed-interest items also increased most in the securities and equity investment portfolios.

Other assets too increased, growing by €317.9 million to €2,789.1 million.

Structure of Assets on the Consolidated Balance Sheet €m



EQUITY AND LIABILITIES

| €m | 30/06/2012 | 31/12/2011 | + / (-) CHANGE |
|---|-----------------|-----------------|----------------|
| Deposits from other banks | 14,963.0 | 14,429.5 | 3.7% |
| Deposits from customers | 8,215.5 | 7,294.4 | 12.6% |
| Liabilities evidenced by paper | 4,275.8 | 4,196.8 | 1.9% |
| Trading liabilities and other liabilities | 2,952.7 | 3,206.1 | (7.9%) |
| Subordinated debt capital | 700.1 | 704.4 | (0.6%) |
| Equity | 2,475.9 | 2,271.6 | 9.0% |
| Total equity and liabilities | 33,582.9 | 32,102.7 | 4.6% |

Deposits from other banks increased by €533.5 million or 3.7 per cent to €14,963.0 million. Deposits from *Raiffeisen Banks* in Lower Austria and from RZB came to €7,781.6 million, or roughly 49.8 per cent of all deposits from other banks, reflecting RLB NÖ-Wien's role as the central institution of *Raiffeisenbanken-Gruppe Niederösterreich-Wien*. The *Raiffeisen Banks* in Lower Austria hold their statutory liquidity reserves at RLB NÖ-Wien. The RLB NÖ-Wien Group itself does not carry on retail banking business in Lower Austria.

Deposits from customers increased by €921.1 million or 12.6 per cent to €8,215.5 million. **Savings deposit balances** within the RLB NÖ-Wien Group accounted for €2,540.2 million of the total at 30 June 2012, which was roughly the same figure as at the end of 2011.

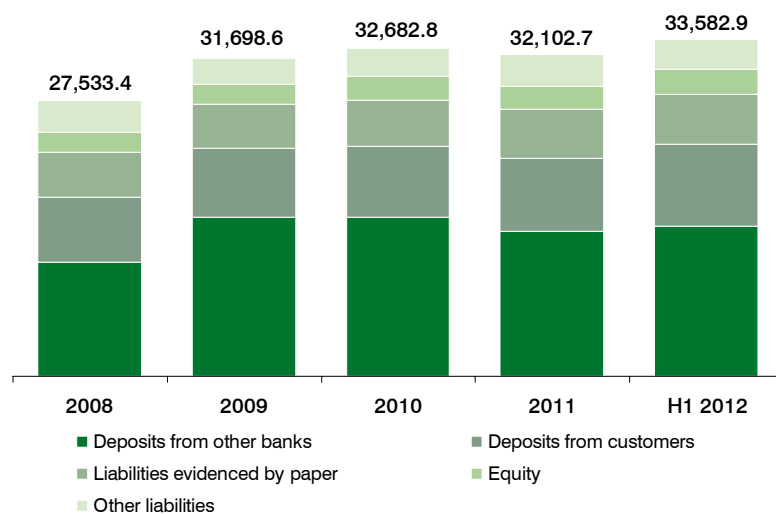
Liabilities evidenced by paper increased by €79.0 million or 1.9 per cent to €4,275.8 million.

So-called **primary funds**—comprising deposits from customers inclusive of liabilities evidenced by paper and subordinated debt capital—again increased significantly, growing by 8.2 per cent to €13,191.4 million to account for 39.3 per cent of the Group's balance sheet total.

Trading liabilities and other liabilities decreased by €253.4 million or 7.9 per cent. This was primarily the result of a reduction in the negative fair values of derivatives.

Consolidated equity on the face of the Balance Sheet of the RLB NÖ-Wien Group increased by a total of €204.3 million or 9.0 per cent to €2,475.9 million during the first half of 2012.

**Structure of Equity and Liabilities
on the Consolidated Balance Sheet €m**



Financial Performance Indicators

PERFORMANCE RATIOS

The Group's **cost:income ratio** in the six months ended 30 June 2012 came to 34.0 per cent, compared with 28.0 per cent in the same period of 2011. The drop in operating income—above all, the decreases in profit from investments in entities accounted for using the equity method and net interest income—had a negative impact.

The Group's **consolidated return on equity after tax and minorities**—its return on equity based on average consolidated equity—came to 13.4 per cent in the first half of 2012. This was a very good return, even if it was below the figure of 14.4 per cent recorded in the first half of 2011.

The Future Development of the RLB NÖ-Wien Group

OUTLOOK FOR THE SECOND HALF OF 2012

THE ECONOMIC ENVIRONMENT

The sovereign debt crisis in the peripheral eurozone countries is braking the eurozone's economic growth, and it will slide into a recession in 2012. However, since the core countries—including, above all, not just Germany and France but also Finland and, fortunately, Austria—are performing relatively well, the decline will remain small. As a result, the IMF and the EU Commission expect the eurozone's GDP to shrink by just 0.3 per cent in 2012. As for the domestic economy, the Austrian Institute of Economic Research (WIFO) is predicting GDP growth of 0.6 per cent in 2012, and growth should accelerate to 1.3 per cent in 2013. However, WIFO has stressed that this forecast rests on very confident assumptions regarding the resolution of the European sovereign debt crisis.

On the other hand, there are major risk factors, and they could exert a drag on the eurozone and, with it, the entire global economy: high sovereign indebtedness, the weakness of the banking system, excessively strong fiscal braking and inadequate growth momentum. If one believes senior politicians and central bankers, monetary policy measures will do everything possible to preserve the eurozone in its present form. The EU summit at the end of June decided to take further action aimed at deepening the monetary union. The creation of a common eurozone bank supervision system under the ECB will make it possible to offer ESM loans directly to ailing banks.

Growing concern about the economy as the second quarter progressed temporarily depressed the price of crude oil to below US\$90 a barrel. Although it has now risen a little, inflation will go on falling. The ECB believes that inflation may fall below the 2 per cent price stability mark this year. However, one needs to keep an eye on food prices, bad weather in many parts of the world having increased the cost of corn and wheat by up to 50 per cent in recent weeks.

The ECB is expected to cut its main interest rate by another 25 basis points to 0.50 per cent in the third quarter of 2012. This will, no doubt, primarily be done with the ulterior motive of making funds even cheaper for banks. Further rate cuts from this level will not generate any more economic momentum. The main interest rate is then likely to stay at this level for a long time. As a result, money market rates will drop to new record lows and stay there.

New record lows are also possible in the capital markets. A (small) rise in yields is not to be expected until near the turn of the year, and even then, yields will still be extremely low.

RISK ASSESSMENT FOR THE SECOND HALF OF 2012

The RLB NÖ-Wien Group still believes that markets will stay weak and volatilities will stay high. Based on this assumption, the Group's risk management activities will include continuous analyses carried out with an additional focus on these developments.

The sovereign debt crisis in the peripheral countries, including, above all, Greece, Spain and Italy, and the associated exchange rate volatilities (sustained appreciation of the Swiss franc versus the euro) had a big impact in the first half of 2012. Interest and exchange rates are expected to remain highly volatile in the second half. In addition, various leading 'real economy' indicators suggest that the global economy will cool.

The RLB NÖ-Wien Group's risk positioning in its trading and banking books is currently correspondingly defensive. Among other things, this has been clearly mirrored by the Group's low average value at risk during the year to date. The selective and tighter management of existing risk positions will continue in the second half. Besides standardized stress testing and backtesting, management activities will be supplemented by ad hoc assessments as the need arises as well as by close to real-time reporting to the Managing Board.

Heightened uncertainty in the peripheral countries is also being allowed for by the application of appropriate stress scenarios. We are examining, assessing and continuously monitoring not only the impact of direct exposures in the sovereigns and banks domain but also the indirect adverse effects of scenarios that could affect the RLB NÖ-Wien Group's correspondents. Market movements and the effects of developments in the financial markets on the real economy mean that our profit for the year 2012 is likely to be dented by an increase in the requisite impairment charge on loans and advances—although, as things stand at the moment, it looks as if that charge will remain within the range that we have budgeted for.

The RLB NÖ-Wien Group will thus be making allowance for the possible repercussions of the economy's continued weakness on its credit customers and the impact of uncertainty in the financial markets.

RLB NÖ-WIEN—THE 'BEST ADVISOR BANK'

The RLB NÖ-Wien Group's outlook for the second half of 2012 is cautiously positive.

Against the backdrop of continuing volatility in the financial markets, the RLB NÖ-Wien Group is following a commercial path that is consistently geared towards sustainability as it remains firmly committed to its cooperative roots.

The RLB NÖ-Wien Group services its customers in markets with which it is not just familiar but in which it has also had sustained success to date. During 2012, the RLB NÖ-Wien Group is continuing to advise and support its retail and corporate customers as Vienna's 'Best Advisor Bank'. Although the global economy is weak and the Austrian economy's outlook is muted, both our conservative lending operations and our investment activities, which are focused on sustainability, will benefit from this.

Overall, our continuous risk monitoring activities and risk assessments have not revealed any signs of risks besides those mentioned above that would be likely to materially affect the development of the RLB NÖ-Wien Group.

The RLB NÖ-Wien Group's strength also makes it a reliable partner to the *Raiffeisen Banks* in Lower Austria and to RZB and its subsidiary RBI. Cooperation within the Austrian *Raiffeisen* organization will continue to be deepened in 2012.

In the course of 2012, the RLB NÖ-Wien Group will be striving for further growth in its customer operations as it applies its business model, even if that growth will be much slower than in prior years. In addition, the RLB NÖ-Wien Group will meet all regulatory capital requirements so as to be able to seize future opportunities for expansion in its customer operations. In all, consistent sales recommendation management, the acquisition of new customers and the cultivation of existing customers in order to turn RLB NÖ-Wien into their principal banking provider should ensure that the RLB NÖ-Wien Group achieves sustained growth and that its positive business development continues.

IFRS-COMPLIANT CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

| €'000 | Note | 1/1–30/6 2012 | 1/1–30/6 2011 |
|---|------------|----------------|----------------|
| Interest income | (1) | 393,153 | 374,038 |
| Interest expenses | (1) | (307,669) | (256,863) |
| Net interest income | (1) | 85,484 | 117,175 |
| Impairment charge on loans and advances | (2) | (23,181) | (50,889) |
| Net interest income after impairment charge | | 62,303 | 66,286 |
| Fee and commission income | (3) | 49,265 | 48,313 |
| Fee and commission expenses | (3) | (13,599) | (15,017) |
| Net fee and commission income | (3) | 35,666 | 33,296 |
| Net trading income | (4) | 2,593 | 4,120 |
| Profit from investments in entities accounted for using the equity method | | 150,546 | 173,189 |
| Profit from financial investments | (5) | 9,249 | 3,824 |
| General administrative expenses | (6) | (91,507) | (89,686) |
| Other operating profit/(loss) | (7) | (4,977) | (7,435) |
| Profit for the period before tax | | 163,873 | 183,594 |
| Income tax | | 555 | 493 |
| Profit for the period after tax | | 164,428 | 184,087 |
| Minority interests in profit | | 6 | (8) |
| Consolidated net profit for the period | | 164,434 | 184,079 |
| | | | |
| | | 1/1–30/6 2012 | 1/1–30/6 2011 |
| Undiluted earnings per share, € | (8) | 75.76 | 84.92 |

There were no conversion or option rights in issue. Consequently, there was no dilution of earnings per share.

RECONCILIATION TO CONSOLIDATED COMPREHENSIVE INCOME

| €'000 | Attributable to Equity Holders of the Parent | | | Minority Interests | |
|---|--|-----------------|---------------|--------------------|------------|
| | 1/1–30/6 2012 | 1/1–30/6 2011 | 1/1–30/6 2012 | 1/1–30/6 2011 | |
| Consolidated net profit for the period | 164,434 | 184,079 | (6) | | 8 |
| Cash flow hedge reserve | 1,430 | 7,695 | 0 | | 0 |
| Available-for-sale reserve | 35,101 | 7,115 | 0 | | (3) |
| Enterprise's interest in other comprehensive income of the entities accounted for using the equity method | (7,342) | (24,442) | 0 | | 0 |
| Deferred taxes | 709 | (3,503) | 0 | | 0 |
| Other comprehensive income | 29,898 | (13,136) | 0 | | (3) |
| Consolidated comprehensive income | 194,332 | 170,943 | (6) | | 5 |

B. CONSOLIDATED BALANCE SHEET

| ASSETS, €'000 | Note(s) | 30/6/2012 | 31/12/2011 |
|---|--------------|-------------------|-------------------|
| Cash and balances with the central bank | | 52,607 | 56,412 |
| Loans and advances to other banks | (10, 26) | 10,830,026 | 10,915,248 |
| Loans and advances to customers | (11, 26) | 10,812,851 | 10,093,695 |
| Impairment allowance balance | (12, 26) | (305,036) | (290,935) |
| Trading assets | (13, 26) | 550,750 | 566,138 |
| Securities and equity investments | (14, 26) | 6,186,672 | 5,808,293 |
| Investments in entities accounted for using the equity method | | 2,718,500 | 2,539,149 |
| Intangible assets | (15) | 7,286 | 7,839 |
| Property and equipment | (16) | 7,771 | 8,533 |
| Other assets | (17, 26) | 2,721,501 | 2,398,366 |
| Consolidated assets | | 33,582,928 | 32,102,738 |
| | | | |
| EQUITY AND LIABILITIES, €'000 | Note(s) | 30/6/2012 | 31/12/2011 |
| Deposits from other banks | (18, 26) | 14,962,974 | 14,429,457 |
| Deposits from customers | (19, 26) | 8,215,508 | 7,294,376 |
| Liabilities evidenced by paper | (20, 26, 27) | 4,275,815 | 4,196,777 |
| Trading liabilities | (21, 26) | 299,118 | 457,637 |
| Other liabilities | (22, 26) | 2,585,269 | 2,672,702 |
| Provisions | (23, 26) | 68,273 | 75,796 |
| Subordinated debt capital | (24, 26, 27) | 700,115 | 704,425 |
| Equity | (25) | 2,475,856 | 2,271,568 |
| Attributable to equity holders of the parent | | 2,311,365 | 2,271,476 |
| Consolidated net profit for the period ¹ | | 164,434 | 0 |
| Minority interests | | 57 | 92 |
| Consolidated equity and liabilities | | 33,582,928 | 32,102,738 |

¹ Because of the profit-transfer agreement in place with *Raiffeisen-Holding NÖ-Wien*—the principal equity holder of *RLB NÖ-Wien AG*—profit for the year ended 31 December remaining after transfers to the contractually provided reserves was transferred to *Raiffeisen-Holding NÖ-Wien*.

C. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| €'000 | Subscribed Capital | Non-voting Non-ownership Capital (Partizi- pationskapital) | Capital Reserves | Retained Earnings | Consolidated Profit for the Period | Minority Interests | Total |
|---------------------------------|-----------------------|--|---------------------|----------------------|--|-----------------------|------------------|
| Equity at 1 January 2012 | 214,520 | 76,500 | 432,688 | 1,547,768 | 0 | 92 | 2,271,568 |
| Comprehensive income | | | | 29,898 | 164,434 | (6) | 194,326 |
| Distributions | | | | | | (28) | (28) |
| Other changes | | | | 9,991 | | | 9,991 |
| Equity at 30 June 2012 | 214,520 | 76,500 | 432,688 | 1,587,657 | 164,434 | 57 | 2,475,856 |

| €'000 | Subscribed Capital | Non-voting non-ownership capital (Partizi- pationskapital) | Capital Reserves | Retained Earnings | Consolidated Profit for the Period | Minority Interests | Total |
|---------------------------------|-----------------------|--|---------------------|----------------------|--|-----------------------|------------------|
| Equity at 1 January 2011 | 214,520 | 76,500 | 432,688 | 1,659,457 | 0 | 98 | 2,383,264 |
| Comprehensive income | | | | (13,136) | 184,079 | 5 | 170,948 |
| Distributions | | | | | | (3) | (3) |
| Other changes | | | | (7,057) | | | (7,057) |
| Equity at 30 June 2011 | 214,520 | 76,500 | 432,688 | 1,639,264 | 184,079 | 100 | 2,547,151 |

D. CONSOLIDATED CASH FLOW STATEMENT

| €'000 | 1/1-30/6 2012 | 1/1-30/6 2011 |
|--|---------------|---------------|
| Cash and cash equivalents at end of previous period | 56,412 | 42,837 |
| Net cash from operating activities | 645,079 | 8,854 |
| Net cash from/(used in) investing activities | (583,538) | 92,367 |
| Net cash from/(used in) financing activities | (65,363) | (85,459) |
| Effect of exchange rate changes | 17 | (1) |
| Cash and cash equivalents at end of period | 52,607 | 58,598 |

E. NOTES

RECOGNITION AND MEASUREMENT POLICIES

The Consolidated Financial Statements of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) are prepared in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB) inclusive of the applicable interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. This Interim Report as at and for the six months ended 30 June 2012 complies with the IFRS provisions collected together in IAS 34 laying down the minimum components of an interim financial report and identifying the recognition and measurement principles that should be applied in an interim reporting period.

Unless specifically stated otherwise with respect to the item in question, figures are stated in thousands of euros.

The number of consolidated entities and entities accounted for using the equity method was unchanged in the period under review.

During the period under review, neither business combinations nor restructurings took place and no business operations were discontinued.

During the first half of 2012, no special seasonal factors arose and no business transactions of an unusual kind, scope or frequency took place that could have materially affected the Group's assets, liabilities, financial position or profit or loss.

Although economic developments in the eurozone were overshadowed by the worsening sovereign debt crisis and economic policy responses to it, the Austrian economy held up relatively well in the first half of 2012 and was a positive surprise, with GDP growth of 2.0 per cent. The RLB NÖ-Wien Group profited from its rebound. However, the outlook for the second half of 2012 is less upbeat. Austria's economy will become less and less able to escape the effects of negative developments in the eurozone as a whole.

No material events occurred between the end of the interim reporting period and the time of preparation of the Interim Report that were not reflected in the Interim Report.

On the reporting date, there were no pending legal disputes whose outcome might threaten the enterprise's continued existence. Following the Annual General Meeting held on 4 May 2012, the amount of €57.2 million (2011: €56.5 million) was paid to *RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien)*, the parent of RLB NÖ-Wien, under the current profit transfer agreement. The fixed payment on non-voting non-ownership capital (*Partizipationskapital*) was €3.8 million (H1 2011: €3.8 million).

The semi-annual financial report has been neither audited in full nor examined by an auditor.

CHANGE IN THE FORMAT OF THE BALANCE SHEET

In the Consolidated Interim Financial Statements as at and for the six months ended 30 June 2012, the line items previously designated as *Other current financial assets* and *Financial investments* have been collected together in a line item designated as *Securities and equity investments*. The line item *Other current financial assets* included financial instruments designated as at fair value through profit or loss under the fair value option. The line item *Financial investments* included held-to-maturity and available-for-sale financial instruments. In the Consolidated Financial Statements as at and for the 12 months ended 31 December 2011, the line item *Other current*

financial assets included financial instruments in respect of which the Group's investment strategy changed and the Group now intends to hold them on a long-term basis. The format of the Balance Sheet was amended to ensure a clear presentation. The figures for prior periods have been restated accordingly. Now, the line item *Securities and equity investments* includes held-to-maturity and available-for-sale financial instruments as well as financial instruments designated as at fair value through profit or loss under the fair value option. The financial instruments contained in this line item are still described in more detail in Note (14) *Securities and equity investments*.

The table below provides a reconciliation from the line items *Other current financial assets* and *Financial investments* to the line item *Securities and equity investments*:

| €m | 30/6/2012 | 31/12/2011 |
|--|----------------|----------------|
| Other current financial assets | 2,186.3 | 2,252.8 |
| Designated as at fair value through profit or loss | 2,186.3 | 2,252.8 |
| Financial investments | 4,000.4 | 3,555.5 |
| Classified as available for sale | 2,678.9 | 2,158.1 |
| Classified as held to maturity | 1,321.5 | 1,397.4 |
| Securities and equity investments | 6,186.7 | 5,808.3 |

CHANGES IN RECOGNITION AND MEASUREMENT POLICIES

With the exception of the following new requirements that have already been adopted by the EU, the same recognition and measurement principles were applied as in the Consolidated Financial Statements as at and for the 12 months ended 31 December 2011:

| | | Effective for Annual Periods Beginning on or After | Already Adopted by the EU |
|-------------------------|---|--|---------------------------------|
| New Provisions | | | |
| Amendments to Standards | | | |
| IFRS 7 | Amendment on enhancing disclosures about transfers of financial assets (amended October 2010) | 1 July 2011 | Yes |

The following new standards have not yet been adopted by the EU:

| | | Effective for Annual Periods Beginning on or After | Already Adopted by the EU |
|-------------------------|---|--|---------------------------------|
| New Provisions | | | |
| Amendments to Standards | | | |
| IAS 12 | Income Taxes (revised December 2010) | 1 January 2012 | No |
| IFRS 1 | Amendment on fixed dates relating to restating derecognition transactions (amended December 2010) | 1 July 2011 | No |
| IFRS 1 | Amendment on severe hyperinflation (amended December 2010) | 1 July 2011 | No |

The above amended financial reporting standards have not had any material effects on the presentation of the RLB NÖ-Wien Group's assets, liabilities, financial position or profit or loss for interim reporting purposes.

DETAILS OF THE CONSOLIDATED INCOME STATEMENT

(1) NET INTEREST INCOME

| €'000 | 1/1–30/6 2012 | 1/1–30/6 2011 |
|--|------------------|------------------|
| Interest income | 382,046 | 365,876 |
| from loans and advances to other banks | 75,201 | 91,101 |
| from loans and advances to customers | 153,186 | 140,597 |
| from held-for-trading securities | 1,299 | 2,973 |
| from other fixed-interest securities | 89,522 | 90,302 |
| from derivative financial instruments | 62,832 | 40,888 |
| Other | 6 | 15 |
| Current income | 11,107 | 8,162 |
| from shares and other variable-yield securities | 6,939 | 7,040 |
| from equity investments in subsidiaries | 20 | 19 |
| from other equity investments | 4,148 | 1,103 |
| Total interest and similar income | 393,153 | 374,038 |
| Interest expenses | (307,669) | (256,863) |
| on deposits from other banks | (95,598) | (109,063) |
| on deposits from customers | (58,228) | (44,126) |
| on liabilities evidenced by paper | (63,032) | (58,176) |
| on subordinated debt capital | (15,860) | (15,994) |
| on derivative financial instruments | (74,909) | (29,463) |
| Other | (42) | (41) |
| Total interest expenses and similar charges | (307,669) | (256,863) |
| Net interest income | 85,484 | 117,175 |

(2) IMPAIRMENT CHARGE ON LOANS AND ADVANCES

| €'000 | 1/1–30/6 2012 | 1/1–30/6 2011 |
|---|-----------------|-----------------|
| Item-by-item allowances for impairment | (23,672) | (50,739) |
| Impairment allowances | (38,275) | (75,723) |
| Impairment reversals | 14,118 | 24,516 |
| Direct write-offs | (171) | (172) |
| Recoveries of loans and receivables previously written off | 656 | 640 |
| Collective assessment of impairment of the portfolio | 491 | (150) |
| Impairment allowances | (2,288) | (741) |
| Impairment reversals | 2,779 | 591 |
| Total | (23,181) | (50,889) |

(3) NET FEE AND COMMISSION INCOME

| €'000 | 1/1–30/6 2012 | 1/1–30/6 2011 |
|---|---------------|---------------|
| Payment services | 9,913 | 8,449 |
| Loan processing and guarantee operations | 7,283 | 5,373 |
| Securities operations | 9,886 | 10,884 |
| Foreign exchange, notes-and-coin and precious-metals business | 2,121 | 2,246 |
| Other banking services | 6,463 | 6,344 |
| Total | 35,666 | 33,296 |

(4) NET TRADING INCOME

| €'000 | 1/1–30/6 2012 | 1/1–30/6 2011 |
|----------------------------|---------------|---------------|
| Interest rate contracts | (564) | 87 |
| Currency contracts | (300) | 1,216 |
| Equity and index contracts | 2,585 | 2,363 |
| Other contracts | 872 | 454 |
| Total | 2,593 | 4,120 |

(5) PROFIT FROM FINANCIAL INVESTMENTS

| €'000 | 1/1–30/6 2012 | 1/1–30/6 2011 |
|--|---------------|---------------|
| Gains less losses from financial instruments classified as held to maturity | 1,255 | (372) |
| Gains less losses from financial instruments classified as available for sale and measured at fair value | (22,798) | (67) |
| Gains less losses from financial instruments classified as available for sale and measured at cost | (1,010) | (1,156) |
| Gains less losses from unlisted securities recognized as receivables and classified as loans and receivables | 1 | 295 |
| Gains less losses from financial instruments designated as at fair value through profit or loss | 30,909 | 5,124 |
| Realized gains and losses from liabilities measured at cost | 892 | 0 |
| Total | 9,249 | 3,824 |

(6) GENERAL ADMINISTRATIVE EXPENSES

| €'000 | 1/1–30/6 2012 | 1/1–30/6 2011 |
|--|-----------------|-----------------|
| Staff costs | (50,480) | (48,610) |
| Other administrative expenses | (38,384) | (38,647) |
| Depreciation/amortization/write-offs of property and equipment and intangible assets | (2,643) | (2,429) |
| Total | (91,507) | (89,686) |

(7) OTHER OPERATING PROFIT/(LOSS)

| €'000 | 1/1–30/6 2012 | 1/1–30/6 2011 |
|--|----------------|----------------|
| Effect of hedge accounting | 569 | 1,188 |
| Gains less losses from other derivatives | (3,773) | (7,365) |
| Other operating income | 8,181 | 6,814 |
| Other operating expenses | (9,954) | (8,072) |
| Total | (4,977) | (7,435) |

(8) EARNINGS PER SHARE

| | 1/1–30/6 2012 | 1/1–30/6 2011 |
|--|---------------|---------------|
| Consolidated net profit for the period, €'000 | 164,434 | 184,079 |
| Less distribution in respect of non-voting non-ownership capital (<i>Partizipationskapital</i>) | (1,913) | (1,913) |
| Adjusted consolidated net profit for the period | 162,521 | 182,167 |
| Number of ordinary shares in issue | 2,145,201 | 2,145,201 |
| Undiluted earnings per share, € | 75.76 | 84.92 |

There were no conversion or option rights in circulation. Consequently, there was no dilution of earnings per share.

(9) DETAILED SEGMENTAL BREAKDOWN ¹

| 1/1–30/6 2012 €'000 | Retail Banking | Corporate Customers | Financial Markets | Investments | Management Services | Total |
|--|-------------------|------------------------|----------------------|----------------|------------------------|----------------|
| Net interest income | 45,094 | 69,879 | 5,972 | (33,663) | (1,798) | 85,484 |
| Impairment charge on loans and advances | (4,041) | (19,140) | 0 | 0 | 0 | (23,181) |
| Net interest income after impairment charge | 41,053 | 50,739 | 5,972 | (33,663) | (1,798) | 62,303 |
| Net fee and commission income | 16,679 | 14,187 | (899) | 0 | 5,699 | 35,666 |
| Net trading income | 1,635 | 850 | (1,483) | 0 | 1,591 | 2,593 |
| Profit from investments in entities accounted for using the equity method | 0 | 0 | 0 | 150,546 | 0 | 150,546 |
| Profit/(loss) from financial investments | 0 | 1,789 | 8,459 | (999) | 0 | 9,249 |
| General administrative expenses | (46,308) | (17,884) | (7,560) | (922) | (18,833) | (91,507) |
| of which staff costs | (27,941) | (11,309) | (3,335) | (276) | (7,619) | (50,480) |
| of which other administrative expenses | (17,002) | (6,362) | (3,592) | (630) | (10,798) | (38,384) |
| of which depreciation/amortization/write-offs | (1,365) | (213) | (633) | (16) | (416) | (2,643) |
| Other operating profit/(loss) | 2,093 | (532) | (2,712) | 38 | (3,864) | (4,977) |
| Profit for the period before tax | 15,152 | 49,149 | 1,777 | 115,000 | (17,205) | 163,873 |
| Average risk-weighted assets, €m | 1,782 | 8,228 | 2,841 | 1,876 | 494 | 15,223 |
| Average allocated equity, €m | 172 | 794 | 274 | 1,167 | 49 | 2,456 |
| Return on equity before tax | 17.6% | 12.4% | 1.3% | 19.7% | — | 13.3% |
| Cost:income ratio | 70.7% | 21.2% | > 100% | 0.8% | > 100% | 34.0% |

¹ See page 13 of this Semi-Annual Group Management Report: *Segmental Report for the First Half of 2012*.

| 1/1–30/6 2011 €'000 | Retail Banking | Corporate Customers | Financial Markets | Investments | Management Services | Total |
|--|-------------------|------------------------|----------------------|----------------|------------------------|----------------|
| Net interest income | 43,042 | 61,853 | 42,118 | (29,461) | (377) | 117,175 |
| Impairment charge on loans and advances | (303) | (30,769) | (19,817) | 0 | 0 | (50,889) |
| Net interest income after impairment charge | 42,739 | 31,084 | 22,301 | (29,461) | (377) | 66,286 |
| Net fee and commission income | 16,752 | 11,800 | (752) | 0 | 5,496 | 33,296 |
| Net trading income | 1,817 | 1,323 | (645) | 0 | 1,625 | 4,120 |
| Profit from investments in entities accounted for using the equity method | 0 | 0 | 0 | 173,189 | 0 | 173,189 |
| Profit/(loss) from financial investments | 0 | 723 | 4,608 | (1,507) | 0 | 3,824 |
| General administrative expenses | (45,063) | (17,492) | (7,359) | (913) | (18,859) | (89,686) |
| of which staff costs | (26,683) | (11,007) | (3,188) | (270) | (7,461) | (48,610) |
| of which other administrative expenses | (17,002) | (6,295) | (3,637) | (635) | (11,078) | (38,647) |
| of which depreciation/amortization/write-offs | (1,378) | (189) | (534) | (8) | (320) | (2,429) |
| Other operating profit/(loss) | 563 | 1,802 | (7,732) | (26) | (2,042) | (7,435) |
| Profit for the period before tax | 16,808 | 29,240 | 10,421 | 141,282 | (14,157) | 183,594 |
| Average risk-weighted assets, €m | 1,600 | 7,818 | 2,760 | 1,557 | 480 | 14,215 |
| Average allocated equity, €m | 154 | 753 | 266 | 1,246 | 46 | 2,465 |
| Return on equity before tax | 21.0% | 7.5% | 7.6% | 21.9% | — | 14.4% |
| Cost:income ratio | 72.5% | 22.8% | 22.3% | 0.6% | > 100% | 28.0% |

DETAILS OF THE CONSOLIDATED BALANCE SHEET

(10) LOANS AND ADVANCES TO OTHER BANKS

| €'000 | 30/6/2012 | 31/12/2011 |
|--------------------------|-------------------|-------------------|
| Demand deposits | 812,963 | 842,182 |
| Time deposits | 7,535,104 | 7,542,086 |
| Other loans and advances | 2,413,773 | 2,441,445 |
| Debt instruments | 24,234 | 23,890 |
| Other | 43,952 | 65,645 |
| Total | 10,830,026 | 10,915,248 |

(11) LOANS AND ADVANCES TO CUSTOMERS

| €'000 | 30/6/2012 | 31/12/2011 |
|------------------|-------------------|-------------------|
| Current accounts | 1,510,407 | 1,374,152 |
| Cash advances | 1,074,497 | 868,213 |
| Loans | 8,146,216 | 7,764,954 |
| Debt instruments | 7,400 | 12,316 |
| Other | 74,331 | 74,060 |
| Total | 10,812,851 | 10,093,695 |

| €'000 | 30/6/2012 | 31/12/2011 |
|-------------------------|-------------------|-------------------|
| Public sector exposures | 816,756 | 641,452 |
| Retail exposures | 1,619,909 | 1,594,301 |
| Corporate customers | 8,376,167 | 7,857,942 |
| Other | 19 | 0 |
| Total | 10,812,851 | 10,093,695 |

(12) IMPAIRMENT ALLOWANCE BALANCE

| 2012 | | | | | |
|--|----------------|---------------|-----------------|-----------------|----------------|
| €'000 | At 1 January | Added | Reversed | Used | At 30 June |
| Item-by-item allowances for impairment | 269,856 | 36,585 | (13,628) | (8,365) | 284,448 |
| Loans and advances to other banks | 3,113 | 0 | (1,086) | (1,381) | 646 |
| Loans and advances to customers | 266,743 | 36,585 | (12,542) | (6,984) | 283,802 |
| Collective assessment of impairment of the portfolio | 21,079 | 2,288 | (2,779) | 0 | 20,588 |
| Loans and advances to other banks | 2,906 | 1,181 | 0 | 0 | 4,087 |
| Loans and advances to customers | 18,173 | 1,107 | (2,779) | 0 | 16,501 |
| Impairment allowance balance (loans and advances)¹ | 290,935 | 38,873 | (16,407) | (8,365) | 305,036 |
| Risks arising from off-balance-sheet liabilities² | 23,597 | 1,690 | (490) | (9,447) | 15,350 |
| Total | 314,532 | 40,563 | (16,897) | (17,812) | 320,386 |

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

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

| 2011 €'000 | At 1 January | Added | Reversed | Used | At 30 June |
|--|----------------|---------------|-----------------|-----------------|----------------|
| Item-by-item allowances for impairment | 274,506 | 29,643 | (21,005) | (17,605) | 265,539 |
| Loans and advances to other banks | 12,140 | 58 | (1,609) | (7,608) | 2,981 |
| Loans and advances to customers | 262,366 | 29,585 | (19,396) | (9,997) | 262,558 |
| Collective assessment of impairment of the portfolio | 24,616 | 741 | (591) | 0 | 24,766 |
| Loans and advances to other banks | 2,821 | 0 | (116) | 0 | 2,705 |
| Loans and advances to customers | 21,795 | 741 | (475) | 0 | 22,061 |
| Impairment allowance balance (loans and advances)¹ | 299,122 | 30,384 | (21,596) | (17,605) | 290,305 |
| Risks arising from off-balance-sheet liabilities² | 13,877 | 46,080 | (3,511) | 0 | 56,446 |
| Total | 312,999 | 76,464 | (25,107) | (17,605) | 346,751 |

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

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

(13) TRADING ASSETS

| €'000 | 30/6/2012 | 31/12/2011 |
|--|----------------|----------------|
| Bonds and other fixed-interest securities | 231,516 | 100,120 |
| Shares and other variable-yield securities | 15,232 | 5,068 |
| Positive fair values of derivative contracts | 263,201 | 359,988 |
| Accruals arising from derivatives | 40,801 | 100,962 |
| Total | 550,750 | 566,138 |

(14) SECURITIES AND EQUITY INVESTMENTS

| €'000 | 30/6/2012 | 31/12/2011 |
|--|------------------|------------------|
| Bonds and other fixed-interest securities | 5,664,640 | 5,204,328 |
| Classified as held to maturity | 1,321,495 | 1,397,415 |
| Designated as at fair value through profit or loss | 1,908,786 | 1,974,792 |
| Classified as available for sale and measured at fair value | 2,434,359 | 1,832,121 |
| Shares and other variable-yield securities | 477,234 | 559,196 |
| Designated as at fair value through profit or loss | 277,530 | 278,028 |
| Classified as available for sale and measured at fair value | 171,004 | 252,468 |
| Classified as available for sale and measured at cost | 28,700 | 28,700 |
| Equity investments | 44,798 | 44,769 |
| Classified as available for sale and measured at cost ¹ | 44,798 | 44,769 |
| Total | 6,186,672 | 5,808,293 |

¹ This total includes non-voting non-ownership capital (*Partizipationskapital*) of *Raiffeisen-Holding NÖ-Wien* in the amount of €277 thousand (year-end 2011: €277 thousand)

Securities and equity investments broke down into valuation categories as follows:

| €'000 | 30/6/2012 | 31/12/2011 |
|---|------------------|------------------|
| Designated as at fair value through profit or loss | 2,186,316 | 2,252,820 |
| Bonds and other fixed-interest securities | 1,908,786 | 1,974,792 |
| Shares and other variable-yield securities | 277,530 | 278,028 |
| Classified as available for sale | 2,678,861 | 2,158,058 |
| Measured at fair value | 2,605,363 | 2,084,589 |
| Bonds and other fixed-interest securities | 2,434,359 | 1,832,121 |
| Shares and other variable-yield securities | 171,004 | 252,468 |
| Measured at cost | 73,498 | 73,469 |
| Shares and other variable-yield securities | 28,700 | 28,700 |
| Equity investments | 44,798 | 44,769 |
| Classified as held to maturity | 1,321,495 | 1,397,415 |
| Bonds and other fixed-interest securities | 1,321,495 | 1,397,415 |
| Total | 6,186,672 | 5,808,293 |

(15) INTANGIBLE ASSETS

| €'000 | 30/6/2012 | 31/12/2011 |
|-------------------------|--------------|--------------|
| Other intangible assets | 7,286 | 7,839 |
| Total | 7,286 | 7,839 |

(16) PROPERTY AND EQUIPMENT

| €'000 | 30/6/2012 | 31/12/2011 |
|---|--------------|--------------|
| Land and buildings used by the Group for its own operations | 644 | 674 |
| Other property and equipment | 7,127 | 7,859 |
| Total | 7,771 | 8,533 |

(17) OTHER ASSETS

| €'000 | 30/6/2012 | 31/12/2011 |
|---|------------------|------------------|
| Tax assets | 26,355 | 23,730 |
| Positive fair values of derivative hedging instruments in fair value hedges | 303,237 | 236,397 |
| Positive fair values of derivative hedging instruments in cash flow hedges | 22,458 | 20,815 |
| Positive fair values of derivative financial instruments designated as at fair value through profit or loss | 31,972 | 30,378 |
| Positive fair values of other derivative financial instruments | 1,609,593 | 1,512,354 |
| Interest accruals arising from derivative financial instruments | 330,970 | 420,969 |
| Remaining other assets | 396,916 | 153,723 |
| Total | 2,721,501 | 2,398,366 |

(18) DEPOSITS FROM OTHER BANKS

| €'000 | 30/6/2012 | 31/12/2011 |
|-----------------|-------------------|-------------------|
| Demand deposits | 3,378,173 | 3,408,299 |
| Time deposits | 9,309,400 | 9,900,585 |
| Borrowed funds | 2,275,401 | 1,120,573 |
| Total | 14,962,974 | 14,429,457 |

(19) DEPOSITS FROM CUSTOMERS

| €'000 | 30/6/2012 | 31/12/2011 |
|------------------|------------------|------------------|
| Sight deposits | 4,275,876 | 3,615,226 |
| Time deposits | 1,399,437 | 1,113,268 |
| Savings deposits | 2,540,195 | 2,565,882 |
| Total | 8,215,508 | 7,294,376 |

| €'000 | 30/6/2012 | 31/12/2011 |
|------------------------------|------------------|------------------|
| Public sector exposures | 877,223 | 622,788 |
| Retail exposures | 4,715,079 | 4,424,682 |
| Corporate customer exposures | 2,268,623 | 1,973,182 |
| Other | 354,583 | 273,724 |
| Total | 8,215,508 | 7,294,376 |

(20) LIABILITIES EVIDENCED BY PAPER

| €'000 | 30/6/2012 | 31/12/2011 |
|--|------------------|------------------|
| Measured at amortized cost | 3,612,971 | 3,354,763 |
| Designated as at fair value through profit or loss | 662,844 | 842,014 |
| Total | 4,275,815 | 4,196,777 |

(21) TRADING LIABILITIES

| €'000 | 30/6/2012 | 31/12/2011 |
|--|----------------|----------------|
| Negative fair values of derivative contracts | 259,543 | 355,535 |
| Accruals arising from derivatives | 39,575 | 102,102 |
| Total | 299,118 | 457,637 |

(22) OTHER LIABILITIES

| €'000 | 30/6/2011 | 31/12/2011 |
|---|------------------|------------------|
| Tax liabilities | 17,684 | 10,002 |
| Negative fair values of derivative hedging instruments in fair value hedges | 270,036 | 205,358 |
| Negative fair values of derivative hedging instruments in cash flow hedges | 53,265 | 53,700 |
| Negative fair values of derivative financial instruments designated as at fair value through profit or loss | 78,798 | 68,129 |
| Negative fair values of other derivative financial instruments | 1,704,937 | 1,621,197 |
| Interest accruals arising from derivative financial instruments | 327,224 | 422,698 |
| Contractual profit transfer | 0 | 57,228 |
| Remaining other liabilities | 133,325 | 234,390 |
| Total | 2,585,269 | 2,672,702 |

(23) PROVISIONS

| €'000 | 30/6/2012 | 31/12/2011 |
|--|---------------|---------------|
| Termination benefits | 22,751 | 21,780 |
| Post-employment benefits | 19,699 | 19,730 |
| Jubilee benefits and part-time work by older staff | 4,617 | 4,426 |
| Taxes | 263 | 135 |
| Other | 20,943 | 29,725 |
| Total | 68,273 | 75,796 |

(24) SUBORDINATED DEBT CAPITAL

| €'000 | 30/6/2012 | 31/12/2011 |
|--|----------------|----------------|
| Measured at amortized cost | 658,350 | 663,536 |
| Designated as at fair value through profit or loss | 41,765 | 40,889 |
| Total | 700,115 | 704,425 |

(25) EQUITY

| €'000 | 30/6/2012 | 31/12/2011 |
|---|------------------|------------------|
| Attributable to equity holders of the parent | 2,311,365 | 2,271,476 |
| Subscribed 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 | 1,587,657 | 1,547,768 |
| Consolidated net profit for the period ¹ | 164,434 | 0 |
| Minority interests | 57 | 92 |
| Total | 2,475,856 | 2,271,568 |

¹ Because of the profit-transfer agreement in place with *Raiffeisen-Holding NÖ-Wien*— the principal equity holder of *RLB NÖ-Wien AG*— profit for the year ended 31 December remaining after transfers to the contractually provided reserves was transferred to *Raiffeisen-Holding NÖ-Wien*.

OTHER NOTES

(26) RELATED PARTY DISCLOSURES

Receivables from, payables to and contingent liabilities to entities in which the RLB NÖ-Wien Group held equity investments and from or to *Raiffeisen-Holding NÖ-Wien* and its subsidiaries and entities accounted for by it using the equity method:

| €'000 | 30/06/2012 | 31/12/2011 |
|---|------------|------------|
| Loans and advances to other banks | | |
| Parent | 1,591,350 | 1,590,285 |
| Entities accounted for using the equity method | 5,318,622 | 5,557,650 |
| Loans and advances to customers | | |
| Entities related via the parent | 387,869 | 305,907 |
| Unconsolidated subsidiaries | 27,800 | 28,131 |
| Entities accounted for using the equity method | 538,344 | 532,845 |
| Entities accounted for using the equity method via the parent | 177,964 | 143,463 |
| Impairment allowance balance | | |
| Unconsolidated subsidiaries | (4,857) | (4,857) |
| Trading assets | | |
| Entities accounted for using the equity method | 30,017 | 19,228 |
| Entities accounted for using the equity method via the parent | 349 | 2,176 |
| Securities and equity investments | | |
| Parent | 277 | 277 |
| Entities accounted for using the equity method | 149,531 | 252,296 |
| Entities accounted for using the equity method via the parent | 21,757 | 23,114 |
| Other assets | | |
| Parent | 168,144 | 142,482 |
| Entities related via the parent | 217 | 213 |
| Entities accounted for using the equity method | 141,340 | 81,277 |

| €'000 | 30/06/2012 | 31/12/2011 |
|---|------------|------------|
| Deposits from other banks | | |
| Parent | 18,669 | 1,595 |
| Entities accounted for using the equity method | 3,539,583 | 3,522,870 |
| Deposits from customers | | |
| Entities related via the parent | 276,835 | 333,280 |
| Unconsolidated subsidiaries | 19,707 | 11,606 |
| Entities accounted for using the equity method | 62,938 | 61,813 |
| Entities accounted for using the equity method via the parent | 46,637 | 49,911 |
| Liabilities evidenced by paper | | |
| Unconsolidated subsidiaries | 501 | 507 |
| Entities accounted for using the equity method | 0 | 2,803 |
| Trading liabilities | | |
| Entities accounted for using the equity method | 289 | 367 |
| Other liabilities | | |
| Parent | 18,776 | 16,429 |
| Entities related via the parent | 19 | 26 |
| Entities accounted for using the equity method | 69,890 | 67,422 |
| Provisions | | |
| Entities related via the parent | 0 | 3 |
| Subordinated debt capital | | |
| Parent | 5,575 | 11,892 |
| Entities accounted for using the equity method | 0 | 6,140 |
| Entities accounted for using the equity method via the parent | 0 | 207 |

| €'000 | 30/06/2012 | 31/12/2011 |
|---|------------|------------|
| Contingent liabilities | | |
| Parent | 5,293 | 5,293 |
| Entities related via the parent | 18,468 | 30,073 |
| Unconsolidated subsidiaries | 51 | 51 |
| Entities accounted for using the equity method | 397,870 | 399,585 |
| Entities accounted for using the equity method via the parent | 63,920 | 91,215 |

RLB NÖ-Wien AG's parent is *Raiffeisen-Holding NÖ-Wien*. Business relations 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. There is a function allocation agreement (*Geschäftsbesorgungsvertrag*) in place between RLB NÖ-Wien and *Raiffeisen-Holding NÖ-Wien*. This agreement regulates the mutual rendering of services in detail to prevent duplication and ensure cost efficiency. In addition, a liquidity management agreement is in place between RLB NÖ-Wien and *Raiffeisen-Holding NÖ-Wien* that regulates relations between the two parties with respect to supplying, measuring and monitoring liquidity and taking the appropriate related measures.

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

In conformity with IAS 24, receivables from and payables to members of the Managing Board and members of the Supervisory Board of *RLB NÖ-Wien AG*, management personnel, members of the Managing Board and members of the Supervisory Board of *Raiffeisen-Holding NÖ-Wien* and members of their families were not disclosed because of the immaterial amounts involved. Those business relations did not have any material effects on the Consolidated Interim Financial Statements.

(27) ISSUANCES, REDEMPTIONS AND REPURCHASES OF BONDS

| €'000 | 2012 | 2011 |
|---|------------------|------------------|
| At 1 January | 4,901,202 | 4,597,692 |
| Issuances | 482,905 | 525,053 |
| Redemptions | (353,151) | (212,002) |
| Repurchases | (74,850) | (25,324) |
| Revaluation gains and losses, interest accruals | 19,823 | (53,761) |
| At 30 June | 4,975,930 | 4,831,658 |

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

| €'000 | 30/06/2012 | 31/12/2011 |
|---|------------------|------------------|
| Contingent liabilities | 1,236,428 | 1,497,090 |
| Commitments | 6,030,569 | 5,866,495 |
| Of which arising from revocable loan promises | 3,024,598 | 2,916,794 |
| Of which arising from irrevocable loan promises | 3,005,971 | 2,949,701 |

(29) 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 a credit institution group (*Kreditinstitutsgruppe*). Consequently, regulatory own funds are presented in the financial statements of the entire *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 in accordance with BWG on the basis of partial consolidation within the credit institution group is therefore provided for informational purposes only. Calculations were carried out in accordance with the applicable provisions of BWG.

| €'000 | 30/06/2012 | 31/12/2011 |
|--|------------------|------------------|
| Paid-in capital | 723,427 | 723,431 |
| Earned capital | 757,966 | 757,955 |
| Minority interests | 43 | 43 |
| Hybrid capital | 0 | 0 |
| Intangible assets | (7,285) | (7,838) |
| Tier 1 capital | 1,474,151 | 1,473,591 |
| Deductions from Tier 1 capital | (106,511) | (111,438) |
| Eligible Tier 1 capital (after deductions) | 1,367,640 | 1,362,153 |
| Supplementary capital within the meaning of § 23 Abs. 1 Z. 5 BWG | 253,815 | 252,408 |
| Hidden reserves | 145,500 | 145,500 |
| Supplement in respect of amounts guaranteed | 0 | 0 |
| Long-term subordinated debt capital | 350,947 | 365,940 |
| Additional own funds | 750,262 | 763,848 |
| Deductions from additional own funds | (106,512) | (111,438) |
| Additional own funds (after deductions) | 643,750 | 652,410 |
| Eligible own funds | 2,011,390 | 2,014,563 |
| Tier 2 capital available to be reclassified as Tier 3 capital | 24,157 | 18,548 |
| Total own funds | 2,035,547 | 2,033,111 |
| Surplus own funds | 829,786 | 878,528 |
| Surplus own funds ratio | 68.82% | 76.09% |
| Tier 1 ratio (credit risk) | 9.69% | 10.06% |
| Total Tier 1 ratio | 9.07% | 9.44% |
| Own funds ratio (credit risk) | 14.25% | 14.87% |
| Total own funds ratio | 13.51% | 14.09% |

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 | 30/06/2012 | 31/12/2011 |
|--|-------------------|-------------------|
| Own funds requirement | | |
| Credit risk pursuant to § 22 Abs. 2 BWG | 1,129,316 | 1,083,747 |
| Trading book pursuant to § 22o Abs. 2 BWG | 24,157 | 18,548 |
| Operational risk pursuant to § 22i BWG | 52,288 | 52,288 |
| 'Qualified' equity investments pursuant to § 29 Abs. 4 BWG | 0 | 0 |
| Total own funds requirement | 1,205,761 | 1,154,583 |
| Basis of assessment (credit risk) pursuant to § 22 Abs. 2 BWG | 14,116,450 | 13,546,838 |
| Basis of assessment (total risk) | 15,072,013 | 14,432,288 |

(30) AVERAGE NUMBER OF STAFF

The average number of staff employed during the period under review (full time equivalents) broke down as follows:

| | 1/1-30/6 2012 | 1/1-30/6 2011 |
|--------------|---------------|---------------|
| White collar | 1,276 | 1,252 |
| Blue collar | 0 | 0 |
| Total | 1,276 | 1,252 |

STATEMENT BY THE MANAGING BOARD

The Managing Board of *RLB NÖ-Wien AG* completed these Condensed Consolidated Interim Financial Statements as at and for the six months ended 30 June 2012 on 20 August 2012 in accordance with the provisions of the International Financial Reporting Standards (IFRSs) as adopted by the European Union. In addition, it prepared a Semi-Annual Group Management Report. The requirements regarding interim financial reporting have thus been satisfied for the purposes of § 87 *Börsegesetz* (Austrian stock exchange act).

“We confirm that, to the best of our knowledge, the Condensed Consolidated Interim 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 and that the Semi-Annual Management Report of the RLB NÖ-Wien Group presents fairly, in all material respects, the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group with respect to the important events occurring during the first six months of the financial year and their impact on the Condensed Consolidated Interim Financial Statements and with respect to the material risks and uncertainties for the remaining six months of the financial year.”

Vienna
20 August 2012

The Managing Board



Klaus BUCHLEITNER
CEO
Responsible for
Raiffeisen Banks and Management Services



Georg KRAFT-KINZ
Deputy CEO
Responsible for
Personal and Business Banking Customers
(Retail Banking)



Reinhard KARL
Member of the Managing Board
Responsible for
Corporate Customers



Gerhard REHOR
Member of the Managing Board
Responsible for
Financial Markets



Michael RAB
Member of the Managing Board
Responsible for
Risk Management and Organization

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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IFRS-Compliant Consolidated Interim Financial Statements and Semi-Annual Group Management Report

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The English translation of the Interim Report for the First Half of 2012 is available as a PDF file in the Internet at www.raiffeisenbank.at/interimreport2012.

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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 semi-annual and annual 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 actually prove accurate. We prepared this semi-annual 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.