Annual Report 2011

IFRS – compliant Group Management Report and Consolidated Financial Statements

Raiffeisenlandesbank Niederösterreich-Wien

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

Monetary values are in €m	2011	+/(–) CHANGE	2010
Consolidated Income Statement			
Net interest income after impairment charge	149.5	(22.8%)	193.8
Net fee and commission income	67.6	2.8%	65.7
Net trading income	(1.6)	—	24.2
Profit from investments in entities accounted for using the equity method	120.6	(53.0%)	256.4
General administrative expenses	(187.1)	3.5%	(180.7)
Profit for the year before tax	107.6	(66.0%)	316.3
Consolidated net profit for the year	109.7	(64.5%)	308.6
Consolidated Balance Sheet			
Loans and advances to other banks	10,915	(10.5%)	12,189
Loans and advances to customers	10,094	4.3%	9,680
Deposits from other banks	14,429	(9.2%)	15,899
Deposits from customers	7,294	3.2%	7,071
Equity (incl. profit)	2,272	(4.7%)	2,383
Consolidated assets	32,103	(1.8%)	32,683
Regulatory information [1]			
Risk-weighted basis of assessment	13,547	4.8%	12,930
Total own funds	2,033	11.3%	1,826
Own funds requirement	1,155	4.8%	1,102
Surplus own funds ratio	76.1%	10.3 ppt	65.8%
Tier 1 ratio (credit risk)	10.1%	0.4 ppt	9.7%
Total Tier 1 ratio	9.4%	0.3 ppt	9.1%
Total own funds ratio	14.1%	0.8 ppt	13.3%
Performance			
Return on equity before tax	4.6%	(9.7 ppt)	14.3%
Consolidated return on equity	4.7%	(9.3 ppt)	14.0%
Consolidated cost:income ratio	52.5%	17.9 ppt	34.6%
Earnings per share, €	49.35	(65.3%)	142.06
Return on assets after tax	0.34%	(0.62 ppt)	0.96%
Risk:earnings ratio	27.6%	14.3 ppt	13.3%
Additional information			
Workforce on balance sheet date	1,354	1.7%	1,332
Branches and offices	66	(1)	67

[1] The RLB NÖ-Wien Group is 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 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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GROUP MANAGEMENT REPORT

Business performance and economic conditions

THE GLOBAL ECONOMIC ENVIRONMENT

After the global recession in 2009—when global GDP shrank by 0.7 per cent—and following the recovery in 2010—a recovery artificially induced by economic stimulus packages when global GDP grew by 5.2 per cent—growth fell slightly again in 2011. However, the growth rate was still above the long-term average of 3.4 per cent since 1990, at 3.8 per cent. Some countries actually wanted slower growth, with a number of threshold countries adopting an increasingly restrictive monetary policy in their efforts to cool down their gradually overheating economies and, above all, to stem soaring inflation.

However, every economic factor was overlain by a multitude of events, the bulk of which had far-reaching effects. The most important was, of course, the debt crisis. It began in Greece and Ireland, which were already forced to ask their partner countries and the IMF for financial help in 2010. Then it spread to other peripheral countries as well. Portugal sought a rescue package in April after raising funds in the capital markets became unaffordable because the risk premiums were too high. Then, as the summer of 2011 progressed, budget problems in Spain and Italy increasingly became the focus of attention in the financial markets. As a result, interest rates rose so high that those countries' long-term ability to finance themselves seemed seriously at risk and the ECB also began buying their government bonds.

However, the United States also had debt problems. Following the raising of the debt ceiling at the last minute, attention briefly shifted to America. As there were doubts whether the U.S. Congress and the government would come to an agreement on urgently needed additional savings, the Standard & Poor's rating agency downgraded the U.S. credit rating by one notch to AA+ with a 'negative' outlook. This implies the threat that it may be downgraded again within the next two years.

Besides the debt debate, which has overshadowed everything else, geopolitical events also affected the economy and developments in the financial markets. Two of the most important were the upheavals in North Africa and the Middle East that became known as the 'Arab Spring'—pushing up raw material prices and, as a result, inflation—and the triple disaster in Japan (earthquake, tsunami and nuclear crisis) with its far-reaching effects.

Economic Growth in Austria

(Percentage Real Change versus Previous Year. Data sources: Statistik Austria, WIFO.)

THE ECONOMIC ENVIRONMENT IN AUSTRIA

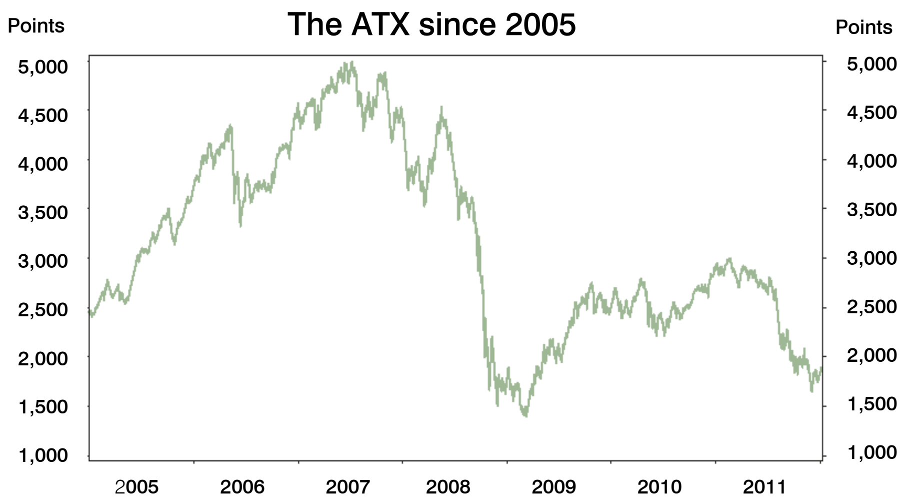
Austria's economy had an exceptionally strong start to the year 2011 with a GDP growth rate of 0.9 per cent in the first quarter. However, it lost a huge amount of momentum towards year-end, and *OeNB* has calculated that it stagnated in the last quarter. Nonetheless, according to WIFO estimates, the rate of growth over the whole of 2011 was comparatively high, at 3.2 per cent. Once again, growth was driven by exports, but private consumption also grew well. This was entirely satisfactory given that real household incomes were burdened by high rates of inflation averaging 3.2 per cent during 2011 and only increased weakly despite the good employment numbers.

THE EUROZONE MONEY AND CAPITAL MARKETS AND THE INTERNATIONAL EQUITY MARKETS

The economy's satisfactory performance and growing pricing pressures led to a turnaround in eurozone interest rates in April 2011. Having been at an all-time low of 1.00 per cent since May 2009, the ECB's main interest rate had increased to 1.50 per cent by the summer of 2011. However, the debt crisis worsened again during the summer, so interest rates did not continue to increase. Although the main interest rate was then unchanged for some months, the ECB was very active on another front, adopting and putting into effect a series of exceptional measures to ensure that Europe's shaken banking system would have adequate access to liquid funds. For instance, the ECB launched long-term refinancing operations, initiated additional covered bond purchase programmes and stepped up its purchases of government bonds of financially weak members of the eurozone. Under the leadership of the new ECB president, Mario Draghi, who replaced Jean-Claude Trichet in November 2011 when his contract expired as planned, the ECB Council reversed its two spring rate increases in the fourth quarter. This brought its key rate back to 1.00 per cent by year-end.

Money market rates moved in line with the changes in the ECB rate. Having begun the year at 1.00 per cent, the 3-month Euribor rose as far as 1.62 per cent on 26 July and fell back to 1.36 per cent by year-end. 10-year capital market rates were still dominated by concern about the euro debt crisis. While yields on some peripheral bonds rose to previously undreamt-of heights, German *bunds* in particular profited from their status as a safe haven. In mid-September, the yield on 10-year *bunds* fell to an all-time low of below 1.7 per cent.

The international equity markets had another volatile year. Many indices still achieved double-digit growth in the first half, but the picture changed dramatically in the summer when the sovereign debt crisis worsened again. With the exception of American indices, every major index posted negative performance for the year. The DAX lost nearly 15 per cent and the ATX lost close on 35 per cent.



Source:Reuters EcoWin

Results in 2011

The RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN Group (RLB NÖ-Wien Group) returned a good profit in the 2011 financial year. The performance of the economy and the financial markets had a positive impact on the RLB NÖ-Wien Group's operations during the first half of 2011. However, the sovereign debt crisis that began to take hold in a number of European countries in the second half put a strain on capital market operations. The Group's focus on the developing economies of the *Centrope* region and its successful business model with its focus on customer operations proved their sustained efficacy in 2011.

- At 31 December 2011, the Group's **consolidated assets** came to €32,102.7 million. That was 1.8 per cent or €580.1 million less than the figure of €32,682.8 million recorded at year-end 2010.

- The changes in the structure of the Consolidated Balance Sheet were attributable to the drop, as planned, in interbank operations and pleasing growth in the Group's customer operations. **Loans and advances to customers** grew by 4.3 per cent or €413.3 million to €10,093.7 million. This was financially the most important line item on the assets side of the Consolidated Balance Sheet.

- On the equity and liabilities side of the Consolidated Balance Sheet, **primary funds**—comprising balances of **deposits from customers**, **liabilities evidenced by paper** and **subordinated debt capital**—increased by 4.5 per cent or €526.7 million to €12,195.6 million, with **savings deposit balances** growing by 13.5 per cent to €2,565.9 million.

- **Consolidated operating profit** came to €169.1 million in 2011. This was €172.9 million or 50.5 per cent down on the prior-year figure of €341.9 million.

- **Net interest income**—the most important item of income from the Group's core operations—fell slightly in 2011, coming to €206.6 million. This was €16.9 million or 7.6 per cent down on the prior-year figure of €223.5 million.

- **Net fee and commission income** totalled €67.6 million, which was another €1.9 million or 2.8 per cent up on the previous year.

- **Net trading income** was hit by the high volatility of the financial markets, which reduced it to negative €1.6 million. This was €25.8 million down on 2010.

- **Profit from investments in entities accounted for using the equity method**, which mainly mirrors the performance of the *Raiffeisen Zentralbank Österreich AG Group* (*RZB Group*), came to €120.6 million in 2011. This was €135.8 million or 53.0 per cent down on the previous year.

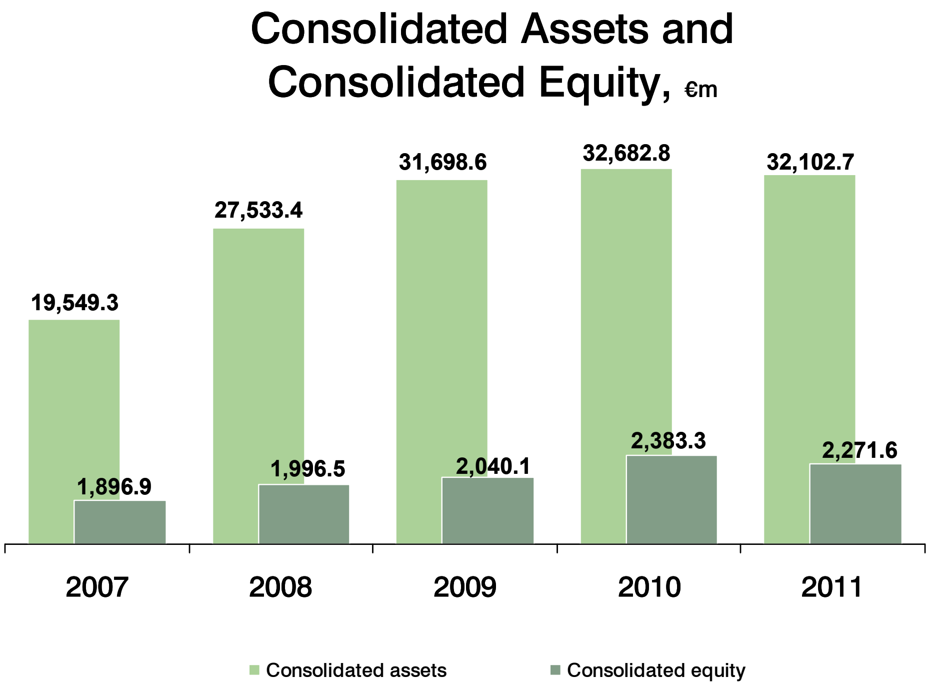
- **Profit/(loss) from financial investments** was €8.7 million down on 2010 to negative €4.5 million. This was the result of realized gains from the sale of the Group's investments in *Raiffeisenbank a.s.*, Prague, and in *Tatra Banka a.s.*, which were accounted for using the equity method, in the amount of €48.8 million, and losses on financial instruments designated as at fair value through profit or loss in the amount of €50.2 million.

- **General administrative expenses** increased by €6.4 million or 3.5 per cent to €187.1 million in 2011, having come to €180.7 million in 2010. The cost reduction and efficiency enhancement programme that has been in place since 2008 continued to brake the rise in costs and further improve workflows during 2011.

- **Consolidated profit for the year after tax and minority interests** came to €109.7 million, compared with €308.6 million in 2010. The total decline of €198.9 million was essentially due to the decrease in profit from investments in entities accounted for using the equity method, higher impairment allowances and the drop in net trading income.

- The RLB NÖ-Wien Group's **consolidated equity** was €111.7 million down on the end of 2010 to €2,271.6 million.

- At 31 December 2011, the Group had a **Tier 1 ratio** calculated in relation to total risk of 9.4 per cent, which was significantly up on the prior-year figure of 9.1 per cent. This means that its Tier 1 ratio was already above the high figure required for systemic banks by the European Banking Association even though the RLB NÖ-Wien Group does not have to meet this requirement.



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

CONSOLIDATED OPERATING PROFIT IN 2011 COMPARED WITH 2010

€'000	2011	2010
Net interest income	206,567	223,539
Net fee and commission income	67,585	65,714
Net trading income	(1,634)	24,189
Profit from investments in entities accounted for using the equity method	120,642	256,430
Other operating profit/(loss)	(36,956)	(47,272)
Operating income	**356,204**	**522,600**
Staff costs	(101,853)	(99,120)
Other administrative expenses	(80,803)	(77,468)
Depreciation/amortization/write-offs	(4,421)	(4,155)
General administrative expenses	**(187,077)**	**(180,743)**
Consolidated operating profit	**169,127**	**341,857**

Net interest income in 2011 was slightly down on the previous year, falling by €16.9 million to €206.6 million. Another increase in net interest income from customer operations was achieved by expanding lending operations in core areas and thanks to the growing interest margin in the corporate customers segment. On the other hand, interest income from derivatives operations and financial investments fell. Overall, this and the rise in interest expenses accounted for the small drop in net interest income.

Because of the way the economy was developing, the RLB NÖ-Wien Group's customers invested mainly in the first half of 2011, making it possible to increase loan portfolios in both the corporate and the retail banking segment. Impairment charges varied. Lending risks went in a very positive direction. However, an impairment allowance of €53.8 million was required for derivative transactions for the account of customers, increasing the impairment allowance balance by a total of €27.3 million.

Net fee and commission income came to €67.6 million in 2011, which was slightly up on the prior-year figure of €65.7 million. The stability of this line item was pleasing, service operations having recovered significantly in 2010. Its constancy was particularly gratifying when it came to securities operations, where the challenges were particularly acute because of 2012's weaker economic outlook and the turbulence created by the sovereign debt crisis. Growth in the customer base helped to ensure that other kinds of fee and commission income like earnings from payment services, insurance commission and credit commission also made material contributions to this line item.

Net trading income in 2011 was affected by the rise in volatility caused by the sovereign debt crisis in a number of European countries and by the weakening of the European economy. It was negative as a result, at minus €1.6 million, compared with positive €24.2 million in 2010. As a result of reorganization of the Group's treasury operations, which was completed at the end of 2011, there will be greater emphasis on customer operations in the future.

The Group's **profit from investments in entities accounted for using the equity method** fell sharply in 2011. The crucial factor was the profit of the *RZB Group*, which was hit by the losses posted by *Raiffeisenbank Hungary* and other effects of the sovereign debt crisis. As a result, this line item fell from €256.4 million in 2010 to €120.6 million in the year under review. This translates into a decline of €135.8 million or 53.0 per cent.

Profit/(loss) from financial investments fell from positive €4.2 million in 2010 to negative €4.5 million in the year under review. The increase in credit spreads in the wake of the sovereign debt crisis was a major factor. Financial instruments designated as at fair value through profit or loss made a negative contribution to this line item of €50.2 million. On the other hand, the sale of the Group's investments in *Raiffeisenbank a.s.*, Prague, and *Tatra Banka a.s.*, which were accounted for using the equity method, generated a realized gain of €48.8 million.

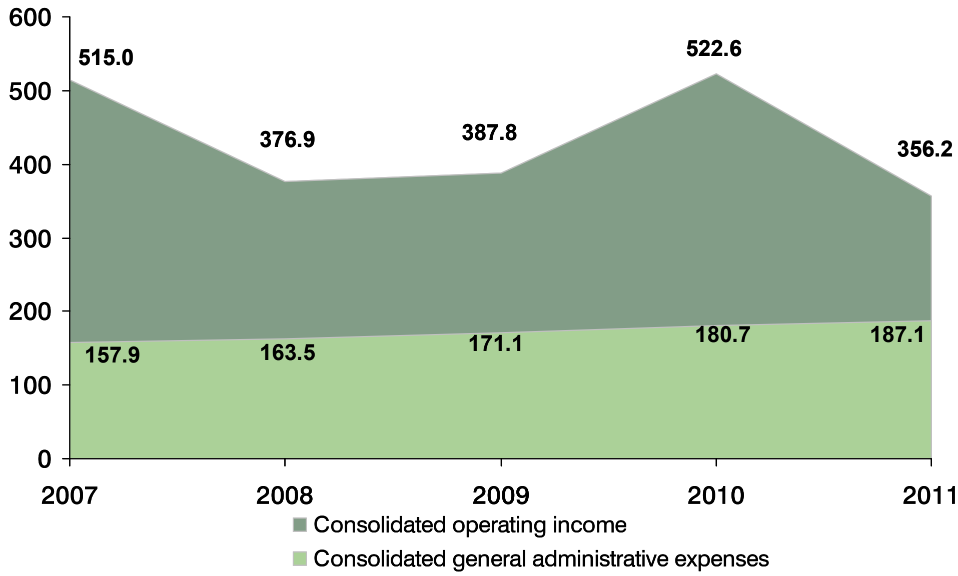
Other operating profit/(loss) came to negative €37.0 million in the year under review. This was €10.3 million or 21.8 per cent better than the prior-year figure of negative €47.3 million. The largest sub-items were profit/(loss) from derivative financial instruments that were neither held for trading nor hedging instruments within the meaning of IAS 39 and reimbursements of costs in connection with products and services provided to members of the *Raiffeisen* organization in Austria. The banking levy introduced in 2011 was a new introduction that cost €15.3 million.

General administrative expenses came to €187.1 million. They comprised staff costs of €101.9 million, other administrative expenses of €80.8 million and depreciation/amortization/write-offs of property and equipment and intangible assets totalling €4.4 million. They were 3.5 per cent higher than in the previous year.

Staff costs in 2011 were a total of 2.8 per cent or €2.8 million higher than in the previous year. This reflected the year-on-year increase of 23 in the workforce. Most new staff were hired in sales, and the Group also took on 12 apprentices.

The focus was on continuing to expand the Group's customer operations in order to create perceptible value-added for customers. The bank-wide efficiency enhancement and cost optimization programme was continued so as to support the Group's growth strategy by improving efficiency. Investments for the future—including, in particular, investments undertaken within the scope of the *Eine IT für Österreich* (one IT system for Austria) project—and a raft of marketing activities in Vienna created the foundations for the RLB NÖ-Wien Group's positioning as a modern, customer orientated 'advisor bank.'

Consolidated Operating Income and Consolidated General Administrative Expenses, €m



CONSOLIDATED NET PROFIT IN 2011 COMPARED WITH 2010

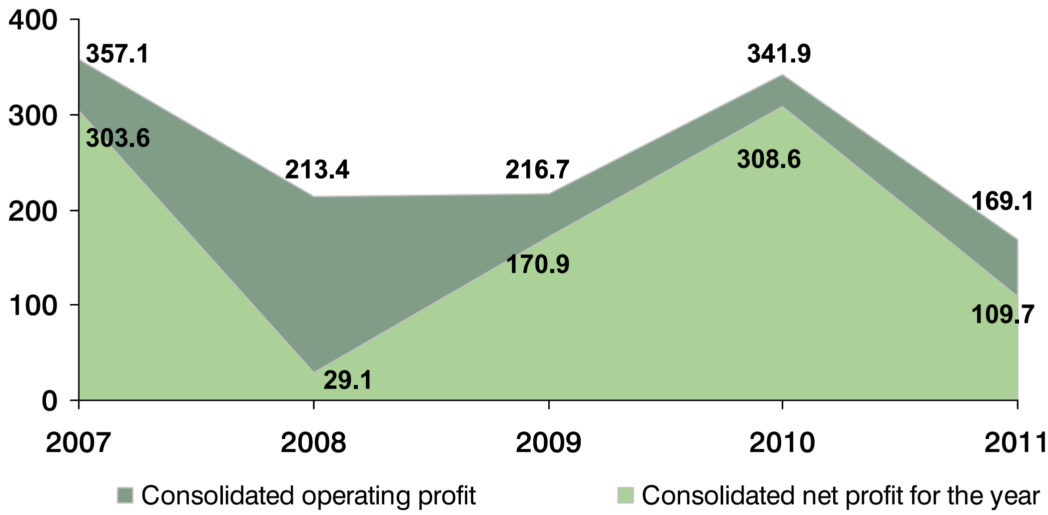
€'000	2011	2010
Consolidated operating profit	**169,127**	**341,857**
Impairment charge on loans and advances	(57,019)	(29,732)
Profit/(loss) from financial investments	(4,495)	4,151
Profit for the year before tax	**107,613**	**316,276**
Income tax	2,067	(7,703)
Profit for the year after tax	**109,680**	**308,573**
Minority interests in profit	1	(8)
Consolidated net profit for the year	**109,681**	**308,565**

The balance of impairment allowances and impairment reversals resulted in an **impairment charge on loans and advances** of €57.0 million, which was significantly more than the prior-year figure of €29.7 million. Most of the increase was due to the impairment allowance for derivatives transactions undertaken for the account of customers. Thanks to consistent risk management and the Group's successful credit strategy, it was possible to continue to reduce the impairment charge for actual loan operations.

Earnings from tax accruals and deferrals and 'Steuerumlagen' (tax contributions) came to €2.1 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).

In total, the Group's successful business growth in core areas resulted in another satisfactory profit in 2011 despite the fall in profit from equity investments and the burdensome impact of the sovereign debt crisis on securities operations. **Consolidated net profit for the year** came to €109.7 million, compared with €308.6 million in the previous year. Thanks to efficient cost controls, seamless risk management and a sustained focus on customer operations, the RLB NÖ-Wien Group thus made a presentable profit in a very challenging year for banks.

Consolidated Operating Profit and Consolidated Net Profit for the Year, €m



SEGMENTAL REPORT FOR 2011

The RLB NÖ-Wien Group's segment definitions focus strictly on the customers being serviced. The segments were as follows:

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

(Segmental reporting in accordance with IFRS 8 is based on the RLB NÖ-Wien Group's internal management reporting system.)

The **Personal and Business Banking Customers (Retail Banking)** segment encompasses retail business carried on by the Group's Viennese branches and therefore covers the banking requirements of personal banking customers in Vienna. In particular, this includes providing them with advisory services 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 give support to small and medium-sized enterprises in Vienna.
Customer operations developed very satisfactorily in 2011 thanks to the economy's recovery in the first half. As a result, it proved possible to expand the Group's lending and sustain securities operations at the same high level as in the previous year. However, demand in both those areas fell in the second half, although nonetheless, the demand for insurance products and customers' willingness to entrust deposits to the RLB NÖ-Wien Group did not weaken. Overall, savings deposit and current account balances and the loan portfolio grew again.

Profit for the year before tax in this segment came to €25.0 million in 2011, compared with €25.1 million in 2010. This resulted in a return on equity before tax of 15.0 per cent (2010: 17.3 per cent). This segment's cost:income ratio went from 73.5 per cent in 2010 to 74.3 per cent in 2011.

The **Corporate Customers** segment delivered a good profit in 2011. The keys to this segment's success are made-to-measure products and solutions and close attention to the needs of corporate customers in the *Centrope* region. The Group continued to pursue a consistent business acquisition strategy at the same time as deepening its relationships with existing customers.

The Group's profit-orientated business policy in this segment led to another increase in business volumes and further advances in net interest income and net fee and commission income in 2011. The segment's overall risk position was satisfactory when it came to loans themselves. However, a risk allowance for off-balance-sheet exposures was needed, reducing the segment's profit for the year before tax to €59.8 million. This compared with €94.1 million in 2010.

The corporate customers segment delivered a return on equity before tax of 7.5 per cent (2010: 13.3 per cent).

Overall, the **Financial Markets** segment failed to make a positive contribution to profit in 2011. Net interest income came to €51.9 million, which was €27.0 million down on the prior-year figure of €78.9 million. The sovereign debt crisis and the weakening economy dented profit, resulting in a loss for the year before tax in the financial markets segment of €58.2 million.

The **Investments** segment accounted for the biggest slice of the RLB NÖ-Wien Group's profit for the year before tax, namely €110.8 million. Once again, the *RZB Group*'s consolidated net profit played an essential role in 2011, even if its contribution to profit was not as big as in 2010. The sale of RLB NÖ-Wien' interests in the *Raiffeisen Network Banks* in the Czech Republic and Slovakia significantly increased its profit from financial investments, which came to €48.8 million. On the other hand, the banking levy and the government-prescribed possibility of converting Swiss franc loans in Hungary severely dented RLB NÖ-Wien's earnings from its investment in *Raiffeisen Bank Zrt.* in Hungary, which came to negative €77.0 million.

The **Management Services** segment encompasses all the activities of the RLB NÖ-Wien Group in the context 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 the Group's activities in the market in its other business segments. Because the banking levy that has been paid since 2011 is accounted for in that line item, *Other operating profit/(loss)* was €16.3 million down on the previous year. As a result, this segment's profit for the year before tax also fell, declining by €14.8 million from negative €15.1 million to negative €29.9 million.

BALANCE SHEET PERFORMANCE IN 2011

The RLB NÖ-Wien Group's **consolidated assets** decreased by €580.1 million or 1.8 per cent to €32,102.7 million between the end of 2010 and the end of the period under review. The steady and stable growth of the Group's customer operations continued. On the assets side of the Balance Sheet, *Loans and advances to customers* increased most, while the line item *Loans and advances to other banks* was reduced. Changes on the equity and liabilities side of the Balance Sheet were dominated by increases in *Deposits from customers* and *Liabilities evidenced by paper* and a fall in *Deposits from other banks*.

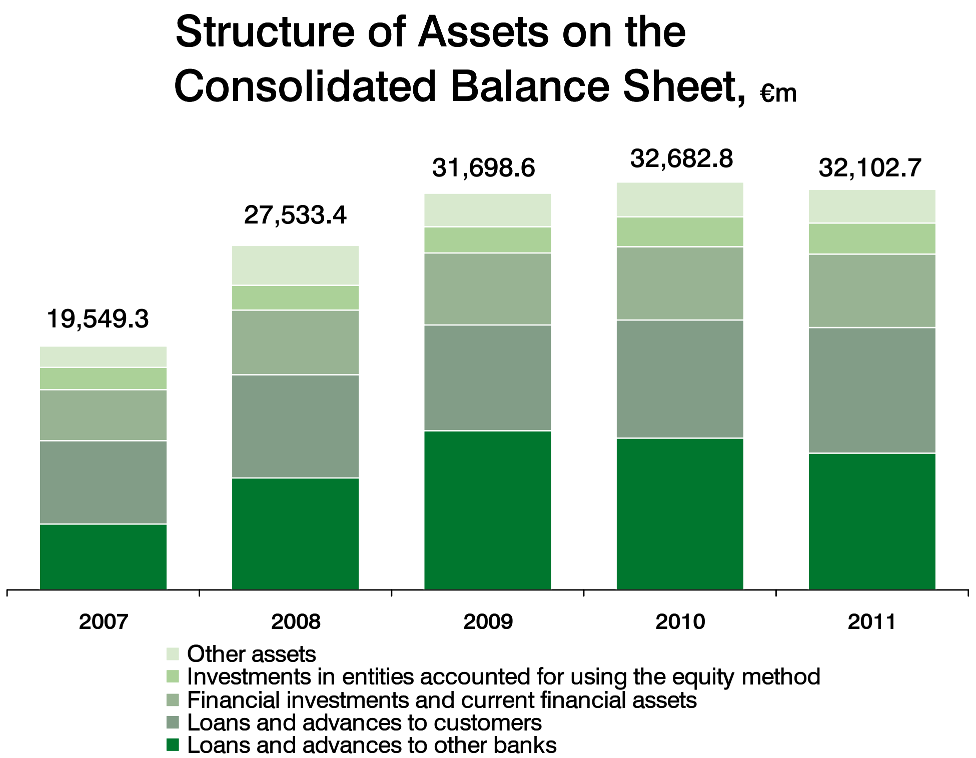
ASSETS

In the course of 2011, **Loans and advances to other banks** fell by €1,273.3 million or 10.4 per cent to €10,915.2 million. This was, above all, due to a reduction in intra-organizational receivables within the Austrian *Raiffeisen* organization.

Loans and advances to customers increased by €413.3 million or 4.3 per cent to €10,093.7 million. This was one of the financially most important line items on the assets side of the Balance Sheet alongside *Deposits from other banks*, accounting for 31.4 per cent of total assets. Thanks to the economy's stability in the first half of 2011, lending to corporate and retail banking customers and public authorities grew. In this way, RLB NÖ-Wien Group remained true to its mission to be, above all, a reliable partner to the economy. Qualitative growth was always the main priority in the customer loan market. The Group retained its conservative risk policy throughout and continued to actively manage its existing loan portfolio.

Other current financial assets fell slightly, decreasing by €67.7 million or 2.9 per cent to €2,252.8 million. **Financial investments** were virtually static on the previous year at €3,555.5 million. **Trading assets** decreased from €588.3 million to €566.1 million.

The line item **Investments in entities accounted for using the equity method** grew to €2,539.1 million. The increase was essentially due to capital contributed to *RZB* when the RLB NÖ-Wien Group subscribed to non-voting non-ownership capital (*Partizipationskapital*) of *RZB* in the amount of €341.8 million. In addition, the RLB NÖ-Wien Group sold its directly and indirectly held stakes in *Raiffeisenbank a.s.*, Prague (year-end 2010: 24.0 per cent), and *Tatra banka a.s.* (year-end 2010: 12.62 per cent) to *RZB* (subject to official approval). Furthermore, the RLB NÖ-Wien Group acquired shares in *HYPO NOE Gruppe Bank AG* via a second-tier subsidiary. The RLB NÖ-Wien Group remained *RZB*'s biggest single shareholder, with a 31.92 per cent stake (year-end 2010: 31.41 per cent).



EQUITY AND LIABILITIES

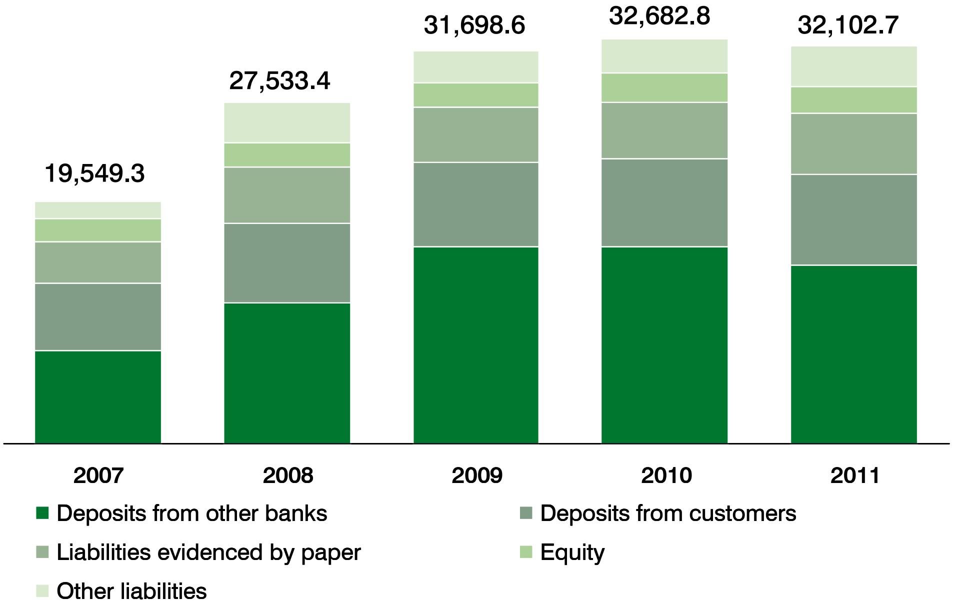
Deposits from other banks fell sharply during 2011, decreasing by €1,469.8 million to €14,429.5 million. This compared with €15,899.3 million at the end of the previous year. Deposits from *Raiffeisen Banks* in Lower Austria and from *RZB* came to €4,440.3 million, or 31.0 per cent of all deposits from other banks. The structure of the RLB NÖ-Wien Group's equity and liabilities is a reflection of RLB NÖ-Wien's role as the central institution of *Raiffeisen-Bankengruppe NÖ-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 €223.2 million or 3.2 per cent to €7,294.4 million during the financial year. **Savings deposit balances** accounted for €2,565.9 million of that total at year-end, having increased by €305.8 million or 13.5 per cent compared with the end of the previous year. Overall, demand for secure forms of investment among retail banking customers was undiminished, confirming customer confidence in the RLB NÖ-Wien Group. Customer **sight deposit balances** came to €3,615.2 million at the end of 2011. **Time deposit balances** totalled €1,113.3 million.

Liabilities evidenced by paper came to €4,196.8 million, which was 9.2 per cent or €352.8 million more than the total of €3,844.0 million recorded at the end of the previous year.

Primary funds—comprising balances of deposits from customers, liabilities evidenced by paper and subordinated debt capital—totalled €12,195.6 million, accounting for 38.0 per cent of the RLB NÖ-Wien Group's balance sheet total.

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



Financial Performance Indicators

PERFORMANCE

The most important of the performance indicators used to make international comparisons were once again good in 2011.

The Group's **consolidated cost:income ratio**—the ratio of operating costs to operating income—came to 52.5 per cent. When it is compared with the ratios of similar enterprises in other countries, this shows that the Group had consistently and successfully put into effect its cost optimization and efficiency enhancement programme as well as other measures in the customer operations and proprietary trading fields.

The Group's **consolidated return on equity**—its return on equity based on average consolidated equity —came to 4.7 per cent in 2011, compared with 14.0 per cent in the previous year. This ratio was reduced mainly by a sharp fall in profit from the Group's investment in the *RZB Group* and losses in the financial markets.

REGULATORY OWN FUNDS

At 31 December 2011, the RLB NÖ-Wien Group had **own funds** totalling €2,033.1 million. This compared with a regulatory own funds requirement of €1,154.6 million, giving the Group surplus own funds of €878.5 million or 76.1 per cent of its own funds requirement on its balance sheet date in 2011.

The RLB NÖ-Wien Group was able to keep its **Tier 1 ratio** calculated in relation to total risk high at 9.4 per cent, compared with a legislative minimum of 4.0 per cent. This was above the threshold for systemic banks laid down as of 30 June 2012. The Group's **own funds ratio** calculated in relation to total risk was 14.1 per cent at the end of 2011, compared with a legislative minimum of 8.0 per cent. This too was therefore well above the minimum requirement. (See Note (50) *Regulatory own funds*.)

The Internal Control System for the Financial Reporting Process

The Managing Board of RLB NÖ-Wien has put in place an effective and appropriate internal control system for the financial reporting process. The Supervisory Board monitors the effectiveness of this internal control system.

The internal control system for the financial reporting process is designed to ensure reasonable reliability during the preparation and fair presentation of published annual financial statements, consolidated financial statements and financial information in accordance with the legislative requirements and provisions under EU law contained in BWG (Austrian banking act), UGB (Austrian enterprises code) and the IFRSs.

THE CONTROL ENVIRONMENT

Because of the pre-defined controls, the internal control system is 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 based on the defined risks. The system's concepts and framework are regulated with mandatory effect in the *IKS-Handbuch* (ICS manual) on the basis of Managing Board decisions. The Supervisory Board and Managing Board rely on the support of experts, including, in particular, the experts in Accounts and Controlling—which is a Head Office department—as the unit responsible for the financial reporting process and the ICS in that connection, in coordination with the Overall Bank Risk Department—which reports directly to the Managing Board—as the RLB NÖ-Wien's ICS agent.

RISK ASSESSMENT

Material risks, including, in particular, financial reporting risks, are assessed and monitored, taking into account material business processes that are typical of the enterprise and the special risks they create for the financial reporting process. A committee has been set up for this purpose within the framework of the Group's internal ICS guidelines that has responsibility for maintaining a focus on the bank's material risks (scoping).

During the financial reporting process, the risk of material reporting errors is entailed, in particular, in estimates used when measuring the fair values of a number of financial instruments when reliable market values are not available and when making impairment charges for loans and advances and provisions, the complex recognition and measurement policies applied in preparing the Balance Sheet and the difficult business environment that currently prevails.

CONTROL ACTIONS

Risks are identified using a variety of very different instruments, including, for instance, the risk map, operational risk assessments and scoping. Risks are aggregated to obtain the overall bank risk. Control procedures are carried out in accordance with the requirements of the internal ICS Guideline during the mapping of a process and are documented. In particular, it is noted which risks should be limited, during which processes control activities should be carried out, what the control activities should be and by whom and how often they should be carried out.

All control actions are applied during the ongoing business process to ensure that potential financial reporting errors can be prevented or detected and corrected. The control actions also include scrutiny of the various periodic results by Management. Processes and the people responsible for them are documented and can be traced by anybody participating in a process.

Control actions relating to IT security are one of the cornerstones of the internal control system. For instance, the firewalling of sensitive activities is supported by restricting the granting of IT access authorizations. On the whole, accounting is carried out and financial reports are prepared using the GEBOS core banking system. The main ledger is maintained using GEBOS, which also includes the loan and deposit management (GIRO) sub-ledger function. In addition, there are a number of other sub-ledgers like GEOS (securities processing), Kondor (Treasury) and SAP (accounts receivable/accounts payable/asset accounting).

INFORMATION AND COMMUNICATION

Accounts and Controlling, which is a Head Office department, prepares the Consolidated Financial Statements in conformity with IFRSs and the provisions of UGB/BWG that must also be adhered to. In addition, a Group Management Report is prepared containing notes on the profit for the year in accordance with the legislative requirements. The Managing Board, which is responsible for completing the Consolidated Financial Statements, submits the audited Consolidated Financial Statements to the Audit Committee.

The shareholders and general public are kept informed by the semi-annual financial report and annual financial report.

To enable them to exercise their monitoring and control functions to ensure proper financial reporting and other reporting, comprehensive reports are provided to the Managing Board once a month and to the Supervisory Board and Audit Committee at least once a quarter. The flow of information contains calculations (balance sheet, income statement and comments on material developments) and analyses of all the different types of risk. In addition, the Managing Board receives daily treasury reports.

Employees working in Accounting are continually trained on changes in IFRS-compliant and UGB/BWG-compliant financial reporting so as to be able to detect in good time or avoid the risks of unintended reporting errors.

MONITORING

Responsibility for the proper execution of processes is regulated within the scope of the internal control system. Those responsible for a process are also responsible for setting up, carrying out and documenting controls in connection with the risks entailed in the process. Internal Audit, a Head Office Department, audits adherence to the internal control system. Monitoring of the effectiveness of the internal control system for the financial reporting process also falls within the scope of the audits of the Consolidated Financial Statements carried out by *Österreichische Raiffeisenverband* (ÖRV) and *KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft*.

Risk Report

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

Material Events after the Balance Sheet Date

There have been no business transactions or other events that would be of particular public interest or materially affect the annual financial statements for 2012.

Branches and Offices

At year-end 2011, over 600 account managers and sales assistants were servicing RLB NÖ-Wien's customers at 66 branches and offices in Vienna. These included 48 retail banking branches, seven private banking team offices for high net worth personal banking customers and six special centres of excellence for trade and business customers. The *Raiffeisen-Mitarbeiterberatung* staff advice service provides special services at another five locations for enterprises within the Austrian *Raiffeisen* organization and for their employees.

The Group has neither offices nor branches abroad.

Corporate customers were being serviced by some 90 account managers and sales assistants in 13 departments at *Raiffeisenhaus Wien*, which is located at *F.-W.-Raiffeisen-Platz 1* in Vienna. The Group had nearly 5,500 corporate customers. They valued the customer-orientated advice and professional services they were being offered in the classical loan, corporate customer, special and project finance, corporate finance, acquisition finance, commercial property finance, residential construction finance, trade and export finance, documentary business, international finance and local authority and financial institutions finance fields.

Research and Development

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

Non-financial Performance Indicators

HUMAN RESOURCES

As a bank with a strong advisory focus, RLB NÖ-Wien continued to enlarge its workforce in every customer segment. It processed over 7,290 job applications, carried out 1,580 individual job interviews and held 50 assessment centre modules with over 300 participants. 180 new staff joined RLB NÖ-Wien during 2011, increasing the active workforce to 1,354 by year-end.

In the course of the 2011 financial year, the Group took on 12 more apprentices in Vienna, and 12 were taken on at *Raiffeisen Banks* in Lower Austria within the scope of the organization's apprenticeships offensive. Apprentices receive intensive practical in-branch training supported by a mentor combined with training at MODAL—the training centre of *Raiffeisen Bankengruppe NÖ-Wien* (*RBG NÖ-Wien*)—and studies at a vocational school.

When recruiting staff, RLB NÖ-Wien attaches particular importance to working together with secondary schools, universities and vocational colleges. Lectures by management staff and RLB NÖ-Wien's presence at professional fairs also help it meet its sizeable staffing requirements. The *Karrieretalk* sessions, which took place with over 200 school pupils, again proved to be a highly effective positioning and recruiting instrument. Since the 2011 winter semester, RLB NÖ-Wien has been intensifying its cooperation with a number of commercial colleges in Vienna, supplementing it with the FIRI (finance and risk management) training programme during which pupils can specialize in banking and insurance.

From their first day at work, employees' development is fostered by an intensive training programme made up of on-the-job training and seminars. Mentorships play a special role, making sure that new employees reach their potential more rapidly. The induction scheme for new staff members makes an important contribution to their integration. It consists of a Welcome Day and being greeted personally by the Managing Board on the day of their induction.

Management training honed the management skills of 39 existing and prospective management personnel. The new *Chancenprogramm* (opportunities programme) was added to the *Pool*, *Team Captain* and *Professionalität in der Führung* (professionalism in management) programmes already on offer in prior years. This new programme aims to strengthen social skills. It is accompanied by meetings with mentors and informal sessions with the Managing Board as a whole. A raft of internal training modules, mentor-based training courses, training courses for deputy branch managers and the Group's trainee programme for young college and university graduates will ensure the ongoing promotion and development of new replacement management staff and top account managers.

RLB NÖ-Wien's refinement of its job profile landscape in the course of 2011 constituted an important step forward in raising the quality of staff leadership and improving orientation among employees and Management. The new 5-grade and 3-grade structures of RLB NÖ-Wien's job profiles make it possible to delimit tasks and responsibilities more precisely and to develop skills in a more purposeful way. In addition, the new job profile framework will allow detailed planning, analysis and steering.

Another of the Group's milestones in 2011 was the standardization of flexible hours of work at Head Office and in-branch. On 1 February 2011, the Group introduced a homogenous time management system. Since then, times have been captured directly from workstations on a computer-assisted basis.

RLB NÖ-Wien particularly prioritizes employee satisfaction in its personnel management activities. In the year under review, the Group's feedback culture was reinforced by quarterly surveys. These were based on sentiment barometer assessments carried out in six Head Office departments. The results of these surveys were discussed directly in the departments concerned.

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 topics within the scope of the Group's *Wellness* programme. For the first time, biofeedback measurements that produce data about people's personal stress resistance were carried out during 2011. To encourage staff to be physically fit as well, they were offered a broad range of sporting opportunities by *Turn- und Sportunion Raiffeisen NÖ-Wien*. These proved very popular.

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 ÖRV (the Austrian *Raiffeisenverband*). The measures it contains have been undergoing implementation since the end of 2008. In addition, employees at RLB NÖ-Wien were regularly sent information about what RLB NÖ-Wien was doing to protect the environment via pop-ups on their PCs.

Moreover, RLB NÖ-Wien offers Vienna's population the use of bicycles ('City Bikes') in cooperation with the City of Vienna, providing them with an environmentally friendly form of public transport.

RLB NÖ-Wien's commitment to protecting the environment also finds expression in its business activities in that the financing of environmental investments in Austria and abroad is becoming more and more important. This is particularly true in the renewable energy field, which includes wind power, biomass and biogas technologies.

RLB NÖ-Wien held Lower Austria's fifth *Energy Saving Day* and Vienna's fourth in 2011, offering visitors comprehensive information about building materials, construction ecology, subsidies, financing models, heating and building regulations in cooperation with the Province of Lower Austria, *Wien Energie* and experts from the *Raiffeisen Banks*. Over 1,000 advice sessions took place during these events, which were held on 4 February 2011. This successful project is part of *Raiffeisen*'s standard annual programme in Lower Austria and Vienna.

RLB NÖ-Wien also offers its services as a partner for energy contracting. 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 substantial CO_2 saving.

'MIT.GESTALTEN'—A PROJECT FOR THE FUTURE

In 2010, RLB NÖ-Wien launched a multi-year project for the future called *mit.gestalten* (co.designing) together with *Raiffeisen-Holding NÖ-Wien*. Based on cooperative underlying principles, the project aims to refine a modern corporate strategy designed to successfully and permanently position *Raiffeisen* with its employees and customers.

RLB NÖ-Wien put a raft of measures into effect during 2011 in the following fields of action

- inter-generation.dialogue'
- migration.integration
- opportunities.equality
- Austrian *Raiffeisen* organization.network
- society.responsibility

that created value added for both customers and staff. In addition, the Group launched a series of events called *future.dialogue*. It is giving employees an opportunity to discuss current issues with personalities from the business, social and cultural communities in an informal setting.

Corporate Social Responsibility

SOCIAL WELFARE

RLB NÖ-Wien's employees demonstrated their high level of personal social commitment by cooking for the clients of the *Gruft*—a *Caritas* refuge for the homeless—within the scope of sponsorship of the *Gruft* by *Raiffeisen* and the *Kurier* newspaper as part of the 'Cardinal König' scheme. Since this partnership began in 2006, they have served over 16,000 meals there, cooking for an average of 120 men and women during nearly 150 *Raiffeisen* evening meals. Their activities were rounded off by Christmas present collections for people staying at the *Gruft* refuge and by the arrangement of collections of non-financial donations at companies close to the *Raiffeisen* organization.

The 'Cardinal König' scheme is an important part of the mosaic that makes up *Raiffeisen*'s commitment to helping socially disadvantaged people in Vienna. Specifically, help ranges from direct financial support to prevent people from sliding back into homelessness to buying food to paying for a psychiatrist for the people staying in the *Gruft* refuge. And *Raiffeisen* does more than fill the scheme's coffers directly; it also makes use of its network links to other companies, raising substantial non-financial donations from them.

This personal involvement on the part of members of our staff is a component of the corporate social responsibility lived out by RLB NÖ-Wien. We again did a number of things to improve the quality of life in the regions where our customers live during 2011.

Solidarity is the principle underlying RLB NÖ-Wien's support of other activities that help people and regions during emergencies such as disasters, strokes of fate suffered by people through no fault of their own, long-term unemployment or physical and psychological illnesses. For instance, it supports *Licht ins Dunkel*, *Concordia*, *NÖ Rettungshunde* (search and rescue dogs) and the *Kurier* newspaper's *Lernhaus* scheme.

As a show of solidarity, RLB NÖ-Wien does not send classical Christmas cards or give Christmas gifts, instead giving the money to the City of Vienna. This helps people who are in need notwithstanding Vienna's dense social welfare network.

SAFETY AND SECURITY

Ensuring that people are safe and secure is becoming increasingly important, so there too, RLB NÖ-Wien is playing an active role in collaboration with the police. Among other things, it sponsors the *Sicherheitsverdienstpreis* (security prizes of honour) for Vienna and Lower Austria, which are awarded to both law enforcement officers and civilians.

CULTURE

Going beyond the bounds of its commercial activities, RLB NÖ-Wien supports numerous cultural activities. Since 2004, it has been the main sponsor of the *Wiener Festwochen* festival. In 2010, Raiffeisen set up the *Wiener Festwochen* Lounge in the Loos House on *Michaelerplatz* in Vienna's 1st District for the first time and made it accessible to the public free of charge. The Loos House is one of the world's most important architectural monuments of the modern age. *Raiffeisen in Wien* has installed two private banking teams and a retail banking branch in the house.

RLB NÖ-Wien is also a partner of *Theater in der Josefstadt*, *Volksoper* and *Wiener Lustspielhaus* as well as *Neue Oper Wien*. In Lower Austria, its support of *Musikfestival Grafenegg* within the scope of its collaboration with *Niederösterreich-Kultur* (NÖKU) and its support of *Donaufestival*, *Festspielhaus St. Pölten* and *Kunstmeile Krems* stand out. In addition, it launched a partnership with Vienna's Jewish Museum in 2011.

SPORT

The attractiveness of a neighbourhood also depends greatly on the leisure opportunities that it offers. Sponsoring sporting events, including, above all, running events like the *Raiffeisen Fun Run*, the *Business Run*, the *Wiener Feuerwehrlauf* and the *Wien läuft* campaign, was another of RLB NÖ-Wien's priorities. This commitment to sport is supplemented by its support of teams like the *Raiffeisen Vikings* (American football), the *Aon Fivers* (handball) and the *Austria Wien* football club.

INTEGRATION

Since 2009, RLB NÖ-Wien has been leading the way in integration, which is essential to both society and the economy. The *Wirtschaft für Integration* (business for integration) charity was set up in March 2009 at the suggestion of RLB NÖ-Wien's Deputy CEO Georg Kraft-Kinz. 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). It is a platform for top managers and business proprietors that takes essential action to address the issue of integrating people who have immigrated or are immigrating to Austria in a way that reflects their true potential. *Wirtschaft für Integration*'s basic funding is provided by RLB NÖ-Wien. In 2011, this charity continued to create new and important accents in the public debate on integration by awarding Austria's integration prize (together with ORF), organizing the *Sag's Multi* multilingual public speaking competition and running an information and discussion forum called *Forum Brunnenpassage*.

Austria's *Integration Day* was held in Vienna for the first time in March 2011. Some 400 men and women from all over Austria took part in this event. They spoke out in favour of the forward-looking integration of immigrants in a wide range of areas. RLB NÖ-Wien made this first-ever nationwide exchange of experience among a variety of groups from civil society possible as its main sponsor.

OUTLOOK FOR 2012

THE ECONOMIC ENVIRONMENT

The latest economic figures confirm that 2012 started weakly, but they also suggest that there is real hope of a good second half. All the key leading indicators have stabilized and many of them have actually turned around. There are two reasons for this change in sentiment. Firstly, the economic picture has improved considerably around the globe, and there have been some unexpectedly high rates of growth in the United States and China. Secondly, the ECB has intervened strongly. Many analysts see the introduction of the three-year tender as a game changer in the sovereign debt crisis. The supply of liquidity to banks is now assured for a long time to come, restoring confidence to the financial markets.

However, one must not get too euphoric. The debt crisis is and will remain the central issue in 2012 and is likely to affect the economy for some time to come. Consequently, GDP growth will remain weak in the second half. As things stand at the moment, zero growth in the eurozone as a whole during 2012 would already be thoroughly satisfactory. In its World Economic Outlook, which was updated in mid-January, the IMF forecasts a mild recession for the eurozone with GDP growth of negative 0.5 per cent.

RLB NÖ-WIEN—THE 'BEST ADVISOR BANK'

Against this backdrop, the RLB NÖ-Wien Group is following a commercial path that consistently aims for sustainability, with RLB NÖ-Wien 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 lasting success. During 2012, the RLB NÖ-Wien Group will continue to advise and support its retail and corporate customers as Vienna's 'Best Advisor Bank'. Even in tough economic times, the RLB NÖ-Wien Group remains a stable and dependable partner to business.

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 *Raiffeisen Bank International AG*. Cooperation within the Austrian *Raiffeisen* organization will be further strengthened in 2012.

THE RAIFFEISEN ORGANIZATION'S 'ONE IT' PROJECT

The *One IT for Raiffeisen Austria* project was launched in 2009. It will permit cost effective cooperation across Austria's regional borders, giving even greater strength to *Raiffeisen*'s already outstanding market position throughout Austria. The increases in efficiency that should result from this project will enable the Group to work in a modern way at a lower cost in the future.

Implementation of this project to create a shared nationwide IT system for the *Raiffeisen* organization in Austria began at the start of 2011. The project teams for the overlapping sub-projects went to work as planned and the programme to implement them is fully operational. The staff of the RACON and RSO software houses will be working a total of more than 40,000 person days to reach their targets on time.

Numerous preparations are needed within the Group's IT infrastructure to ensure that the shared IT solution works faultlessly. The shared infrastructure projects began in the second half of 2011. A new 'Raiffeisen client' is being developed—this is a new PC workstation that will be identical everywhere in Austria—as is a new 'Raiffeisen server' on which the harmonized banking software will run in the future.

THE RAIFFEISEN BRAND STANDS FOR TRUST

The *Raiffeisen* brand has remained *the* banking brand of trust even in uncertain times. The RLB NÖ-Wien Group will continue to earn this trust in 2012 and will be there for its customers. 'Wien erobern' (conquering Vienna) is the Group's ambitious motto, and it will come a step closer to fruition with the help of the events RLB NÖ-Wien will be holding and the many contacts it will be cultivating during 2012. The RLB NÖ-Wien Group's uncompromising customer orientation and close contact with its customers go hand in hand with a business policy that focuses on sustainability and stability, creating an outstanding point of departure for the year 2012.

In line with its medium-term plans, the RLB NÖ-Wien Group expects to achieve modest growth in its consolidated balance sheet during 2012. Growth will be driven by both corporate customer and retail banking operations. Moreover, since every business segment is planning for a steady increase in operating income that will outstrip the rise in costs, the Group's consolidated cost:income ratio should also improve. In all, consistent sales recommendation management, the acquisition of new customers and the cultivation of existing customers to make RLB NÖ-Wien their principal banking provider should ensure that the RLB NÖ-Wien Group achieves sustained growth and that its positive business development continues.

Vienna
19 March 2012

The Managing Board

CEO
Erwin HAMESEDER

Deputy CEO
Georg KRAFT-KINZ

Member
Reinhard KARL

Member
Gerhard REHOR

Member
Michael RAB

IFRS-COMPLIANT CONSOLIDATED FINANCIAL STATEMENTS

A. Consolidated Statement of Comprehensive Income

CONSOLIDATED INCOME STATEMENT

€'000	Note	2011	2010
Interest income	(1)	754,528	705,090
Interest expenses	(1)	(547,961)	(481,551)
Net interest income	**(1)**	**206,567**	**223,539**
Impairment allowance balance	(2)	(57,019)	(29,732)
Net interest income after impairment charge		**149,548**	**193,807**
Fee and commission income	(3)	94,976	94,821
Fee and commission expenses	(3)	(27,391)	(29,107)
Net fee and commission income	**(3)**	**67,585**	**65,714**
Net trading income	(4)	(1,634)	24,189
Profit from investments in entities accounted for using the equity method	(5)	120,642	256,430
Profit/(loss) from financial investments	(6)	(4,495)	4,151
General administrative expenses	(7)	(187,077)	(180,743)
Other operating profit/(loss)	(8)	(36,956)	(47,272)
Profit for the year before tax		**107,613**	**316,276**
Income tax	(10)	2,067	(7,703)
Profit for the year after tax		**109,680**	**308,573**
Minority interests in profit		1	(8)
Consolidated net profit for the year		**109,681**	**308,565**
Undiluted earnings per share, €	**(11)**	**49.35**	**142.06**

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

RECONCILIATION TO CONSOLIDATED COMPREHENSIVE INCOME

	Attributable to Equity Holders of the Parent			Minority Interests
€'000	2011	2010	2011	2010
Consolidated net profit for the year	**109,681**	**308,565**	**(1)**	**8**
Cash flow hedge reserve	(267)	(5,912)	0	0
Available-for-sale reserve	(94,810)	(12,301)	(3)	1
Enterprise's interest in other comprehensive income of the entities accounted for using the equity method	(62,345)	56,540	0	0
Deferred taxes	1,799	4,115	0	0
Other comprehensive income	**(155,623)**	**42,441**	**(3)**	**1**
Consolidated comprehensive income	**(45,942)**	**351,006**	**(4)**	**9**

B. Consolidated Balance Sheet

ASSETS, €'000	Note(s)	2011	2010
Cash and balances with the central bank	(13)	56,412	42,837
Loans and advances to other banks	(14, 34, 35)	10,915,248	12,188,513
Loans and advances to customers	(15, 34, 35)	10,093,695	9,680,435
Impairment allowance balance	(16, 35)	(290,935)	(299,122)
Trading assets	(17, 34, 35)	566,138	588,348
Other current financial assets	(18, 34, 35)	2,252,820	2,320,545
Financial investments	(19, 34, 35)	3,555,473	3,548,723
Investments in entities accounted for using the equity method		2,539,149	2,384,329
Intangible assets	(20)	7,839	5,947
Property and equipment	(21)	8,533	8,879
Other assets	(22, 35)	2,398,366	2,213,411
Consolidated assets		**32,102,738**	**32,682,845**

EQUITY AND LIABILITIES, €'000	Note(s)	2011	2010
Deposits from other banks	(23, 34, 35)	14,429,457	15,899,314
Deposits from customers	(24, 34, 35)	7,294,376	7,071,160
Liabilities evidenced by paper	(25, 34, 35)	4,196,777	3,843,953
Trading liabilities	(26, 34, 35)	457,637	242,383
Other liabilities	(27, 35)	2,672,702	2,428,127
Provisions	(28, 35)	75,796	60,905
Subordinated debt capital	(29, 34, 35)	704,425	753,739
Equity	(30)	2,271,568	2,383,264
Attributable to equity holders of the parent		2,271,476	2,383,165
Minority interests		92	99
Consolidated equity and liabilities		**32,102,738**	**32,682,845**

C. Consolidated Statement of Changes in Equity

€'000	Subscribed Capital	Non-voting Non-ownership Capital (*Partizipations-kapital)*	Capital Reserves	Retained Earnings	Consolidated Net Profit for the Year	Minority Interests	Total
Equity at 1 January 2011	**214,520**	**76,500**	**432,688**	**1,659,457**	**0**	**99**	**2,383,264**
Comprehensive income				(155,623)	109,681	(4)	(45,946)
Contractual profit transfer					(57,228)		(57,228)
Distribution in respect of non-voting non-ownership capital (*Partizipationskapital*)					(3,825)		(3,825)
Transferred to retained earnings				48,628	(48,628)		0
Distributions						(3)	(3)
Other changes				(4,694)			(4,694)
Equity at 31 December 2011	**214,520**	**76,500**	**432,688**	**1,547,768**	**0**	**92**	**2,271,568**

€'000	Subscribed Capital	Non-voting Non-ownership Capital (*Partizipations-kapital)*	Capital Reserves	Retained Earnings	Consolidated Net Profit for the Year	Minority Interests	Total
Equity at 1 January 2010	**214,520**	**76,500**	**432,688**	**1,316,335**	**0**	**93**	**2,040,136**
Comprehensive income				42,441	308,565	9	351,015
Contractual profit transfer					(56,500)		(56,500)
Distribution in respect of non-voting non-ownership capital (*Partizipationskapital*)					(3,825)		(3,825)
Transferred to retained earnings				248,240	(248,240)		0
Distributions						(3)	(3)
Other changes				52,441			52,441
Equity at 31 December 2010	**214,520**	**76,500**	**432,688**	**1,659,457**	**0**	**99**	**2,383,264**

The share capital of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) was €214,520,100.00 (year-end 2010: €214,520,100.00). Its subscribed share capital comprised 2,145,201 (year-end 2010: 2,145,201) no-par bearer shares (*Stückaktie*) with a nominal value of €214,520,100.00 (year-end 2010: €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 available-for-sale reserve transferred to retained earnings (in both cases, prior to the deduction of deferred taxes) and deferred taxes recognized directly in *Other comprehensive income* changed as follows:

€'000	Cash Flow Hedge Reserve	Available-for-sale Reserve	Deferred Taxes Allocated to Equity
At 1 January 2011	**(28,540)**	**(18,476)**	**12,712**
Net changes in the financial year	**(267)**	**(94,813)**	**1,799**
Of which gains and losses taken to *Other comprehensive income*	1,113	(85,157)	
Of which the amount taken from *Other comprehensive income* and recognized in profit or loss in the financial year	(1,380)	(9,656)	
At 31 December 2011	**(28,807)**	**(113,289)**	**14,511**

€'000	Cash Flow Hedge Reserve	Available-for-sale Reserve	Deferred Taxes Allocated to Equity
At 1 January 2010	**(22,628)**	**(6,176)**	**8,597**
Net changes in the financial year	**(5,912)**	**(12,300)**	**4,115**
Of which gains and losses taken to *Other comprehensive income*	(3,952)	(14,477)	
Of which the amount taken from *Other comprehensive income* and recognized in profit or loss in the financial year	(1,960)	2,177	
At 31 December 2010	**(28,540)**	**(18,476)**	**12,712**

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	2011	2010
Deferred taxes arising from the cash flow hedge reserve	(278)	988
Deferred taxes arising from the available-for-sale reserve	2,077	3,127
Total	**1,799**	**4,115**

D. Consolidated Cash Flow Statement

€'000	2011	2010
Profit for the year before minority interests	**109,680**	**308,573**
Non-cash items in profit for the year and reconciliation to net cash from operating activities:		
Write-downs/(write-ups) of property and equipment and financial investments	53,116	3,794
Revaluation (gains)/losses on investments in entities accounted for using the equity method	(120,643)	(256,430)
Net creation of provisions and impairment allowances	46,683	37,997
(Gains)/losses on disposals of property and equipment, financial investments and equity investments	(65,898)	(2,795)
Other adjustments (net)	(263,066)	(173,094)
Subtotal	**(240,128)**	**(81,955)**
Change in assets and liabilities arising from operating activities after corrections for non-cash items:		
Loans and advances to customers and other banks	857,442	(414,065)
Trading assets	22,210	(191,762)
Other current financial assets	17,507	184,950
Other assets	(250,681)	(41,957)
Deposits from customers and other banks	(1,246,642)	216,647
Liabilities evidenced by paper	352,824	179,149
Trading liabilities	215,254	177,344
Other liabilities	270,365	28,519
Subtotal	**(1,849)**	**56,870**
Interest and dividends received	740,455	776,232
Interest paid	(575,383)	(604,658)
Income taxes paid	(3,512)	1,063
Net cash from operating activities	**159,711**	**229,507**

€'000	2011	2010
Cash receipts from sales of:		
Financial investments and equity investments	1,327,030	846,280
Property and equipment and intangible assets	686	84
Cash paid for:		
Financial investments and equity investments	(1,357,571)	(1,057,578)
Property and equipment and intangible assets	(6,652)	(3,254)
Net cash from/(used in) investing activities	**(36,507)**	**(214,468)**
Net inflows of subordinated debt capital	(49,313)	37,849
Profit transfer, incl. service of non-voting non-ownership capital (*Partizipationskapital*)	(60,325)	(57,525)
Net cash from/(used in) financing activities	**(109,638)**	**(19,676)**

€'000	2011	2010
Cash and cash equivalents at end of previous period	42,837	47,420
Net cash from operating activities	159,711	229,507
Net cash from/(used in) investing activities	(36,507)	(214,468)
Net cash from/(used in) financing activities	(109,638)	(19,676)
Effect of exchange rate changes	9	54
Cash and cash equivalents at end of period	**56,412**	**42,837**

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

E. Notes

THE ENTERPRISE

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, Austria.

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 segments, 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 products and 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.

The Fundamentals of Preparing IFRS-compliant Consolidated Financial Statements

PRINCIPLES

The Consolidated Financial Statements for the financial year 2011 with the prior-year figures for 2010 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 the consolidated entities, which were prepared applying uniform, Group-wide standards and in accordance with the provisions of IFRSs. The effect of the unconsolidated 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 subsidiaries 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 entities 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 intragroup 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 recorded 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 or 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 investments in subsidiaries. The basis for recognition was provided by the respective 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 conducted on arm's length terms.

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

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

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

	Consolidated		Equity Method	
Number of Entities	2011	2010	2011	2010
At 1 January	**11**	**11**	**6**	**6**
Excluded during the financial year	0	0	(2)	0
At 31 December	**11**	**11**	**4**	**6**

Twenty-one subsidiaries (2010: 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 any impairment 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. At 31 December 2011, they were *RZB*, *Raiffeisen Bank International AG* (*RBI*), *Raiffeisen Bank Zrt.* (Hungary) and *Raiffeisen Informatik GmbH*.

The sale to RLB NÖ-Wien of *HYPO NOE Gruppe Bank AG*'s stake in *RZB* went through after the European Commission had approved state aid measures. This transaction increased RLB NÖ-Wien's stake in *RZB* to 31.92 per cent.

RLB NÖ-Wien indirectly subscribed to non-voting non-ownership capital (*Partizipationskapital*) of *RZB* in the amount of €341.8 million via *RLB NÖ-Wien Holding GmbH*.

In addition, subject to official approval, RLB NÖ-Wien sold to *RZB* its directly and indirectly held stakes in *Raiffeisenbank a.s.*, Prague (year-end 2010: 24.0 per cent) and *Tatra banka a.s.*, Bratislava (year-end 2010:

12.62 per cent), which were accounted for using the equity method.

Besides a direct interest of 0.58 per cent (year-end 2010: 0.58 per cent), RLB NÖ-Wien held an indirect interest of 31.34 per cent (year-end 2010: 30.82 per cent) per cent in *RZB* via *RLB NÖ-Wien Holding GmbH*.

The RLB NÖ-Wien Group held interests of 47.75 per cent in *Raiffeisen Informatik GmbH* (year-end 2010: 47.75 per cent). Furthermore, the RLB NÖ-Wien Group held an interest of 16.23 per cent in *Raiffeisen Bank Zrt.* via *Raiffeisen-RBHU Holding GmbH* (year-end 2010:16.23 per cent) and an interest of 0.54 per cent in *RBI* (year-end 2010: 0.54 per cent).

Investments in ten associates (2010: 11 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 any impairment. 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, investments in 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 valuation gains and losses 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 assignment 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 which 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 impairment.

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 financial instruments 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 financial instrument. 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 derivative 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*.

A financial asset was 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 according to the balance sheet date.

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

2011 €'000	Up to 1 Year	1 – 3 Years	3 – 5 Years	5 – 10 Years
Cash inflows (assets)	275,000	475,000	250,000	350,000
Cash outflows (liabilities)	(1,535,630)	(2,446,962)	(468,976)	(26,572)
Net cash flows	**(1,260,630)**	**(1,971,962)**	**(218,976)**	**323,428**

2010 €'000	Up to 1 Year	1 – 3 Years	3 – 5 Years	5 – 10 Years
Cash inflows (assets)	501,800	525,000	375,000	450,000
Cash outflows (liabilities)	(1,667,093)	(2,883,336)	(1,486,976)	(107,828)
Net cash flows	**(1,165,293)**	**(2,358,336)**	**(1,111,976)**	**342,172**

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 the hedged items affect profit or loss for the period. The ineffective portion of hedging derivatives must be recognized in profit or loss.

CLASSIFICATION OF FINANCIAL INSTRUMENTS IN ACCORDANCE WITH IFRS 7

Since the nature of financial instruments is already expressed by the format of the Balance Sheet, the classification of financial instruments is based on their assignment to balance sheet items. If a balance sheet item includes financial instruments in different valuation categories for the purposes of IAS 39, this will be taken into account accordingly. The categories of financial instrument on the assets side of the Balance Sheet are cash and balances with the central bank, loans and advances to other banks, loans and advances to customers, trading assets, other current financial assets, held-to-maturity financial investments, available-for-sale financial investments (measured at fair value), available-for-sale financial investments (measured at cost) and the derivative financial instruments and derivatives designated as hedging instruments included in *Other assets*. The categories of financial instrument on the equity and liabilities side of the Balance Sheet are deposits from other banks, deposits from customers, liabilities evidenced by paper, trading liabilities, subordinated debt capital and the derivative financial instruments and derivatives designated as hedging instruments included in *Other liabilities*.

RECEIVABLES

Receivables were measured at amortized cost without deducting impairment losses. 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 impairment of the portfolio was recognized for losses incurred but not yet reported 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 derivative instruments held for trading purposes were measured at their fair values. In the case of listed products, exchange prices were used as fair values. 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 recorded 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 interest 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 and 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/(loss) 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, investments in subsidiaries and other equity investments not classified as held to maturity 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, or, 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/(loss) from financial investments*. When an asset was disposed of, the available-for-sale reserve in respect of that asset was reversed through profit or loss. 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 were presented in a separate line item. Profit from them was 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.

According to IAS 36, if there is any indication that an asset may be impaired, insofar as the carrying amount of an asset exceeds its recoverable amount, an impairment loss must in addition 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 the subsequent reporting period, there are grounds to believe that the impairment no longer exists, IAS 36 requires a write-back up to the recoverable amount but to no 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 20 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 in addition 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 to no 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 accruals 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 costs to sell.

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 the term of a liability.

Insofar as the exposure to interest rate risk arising from 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 settlement 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 the 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, exchange prices or prices close to market prices (*Bloomberg*, *Reuters*) were used as fair values. 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 recorded 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 reported in the line item *Trading liabilities*. 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 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 not held for trading and liabilities arising from accruals of interest on 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*.

A distinction is made 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 partly 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 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 who joined 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 fluctuation rates were applied.

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 used as the basis of assessment. 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 described in more detail in Note (28) *Provisions*.

Expenditure on provisions for staff 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 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). Associated accrued interest was also reported in this line item on the Balance Sheet.

Furthermore, subordinated liabilities were designated as at fair value through profit or loss if they were measured in the same way as interest rate derivative financial instruments or a specific portfolio of assets 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 [*Haftrücklage*], profit carryforward, profit for the year, 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 purposes. 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 and other deferred tax assets 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 2011, the taxable enterprises group under group parent *Raiffeisen-Holding NÖ-Wien* had 80 members besides group member RLB NÖ-Wien (2010: 82). 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 applicable corporation tax rate of 25 per cent. 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 the line items *Other assets* or *Other liabilities*. Deferred tax assets and liabilities were recognized in the line items *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/(loss)*. Deferred taxes were not discounted.

INCOME STATEMENT

Besides interest income and interest 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 associates and unconsolidated subsidiaries. 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 to other banks and in connection with other credit risks for which provisions were created.

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

REPO TRANSACTIONS

During 'genuine' repurchase (repo) transactions, the Group sells assets to a counterparty 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 the transaction's term. They were recognized in the line item *Net interest income*.

In the case of a 'non-genuine' or 'pseudo' repo (*unechtes Pensionsgeschäft*), the seller is obliged to repurchase the pledged asset but is not entitled to demand its sale. Retransfer is solely at the discretion of the purchaser. The right to retransfer the asset constitutes a put option for the purchaser in respect of which the seller acts as writer of the option. If the put option is deeply in the money, the securities will not be derecognized in the seller'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 (seller) 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 seller's balance sheet.

TRUST ACTIVITIES

Transactions undertaken in the management or placing of assets for the 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 relationships only existed 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 TRANSLATIONS

Foreign currency translations 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 (as a rule, 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 (as a rule, 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, 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 impairment allowances for 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.

NEW STANDARDS AND INTERPRETATIONS

The following new and revised standards and interpretations were applicable to financial years ending on or before 31 December 2011:

New Provisions		Effective for Annual Periods Beginning on or After	Already Adopted by the EU
Amendments to Standards			
IAS 24	Revised definition of related parties (revised 2009)	1 January 2011	Yes
IAS 32	Amendments relating to classification of rights issues	1 February 2010	Yes
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 July 2010	Yes
Various	Improvements or International Financial Reporting Standards (2009 to 2010)	Mostly 1 January 2011	Yes
New Interpretations			
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	Yes
Amendments to Interpretations			
IFRIC 14	IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011	Yes

As a result of the revision of the definition of "*related party*" in IAS 24 (2009), the list of related parties of the RLB NÖ-Wien Group changed compared with the Consolidated Financial Statements as at and for the 12 months ended 31 December 2010 to include the associates of *Raiffeisen-Holding NÖ-Wien*, the entities accounted for using the equity method and the subsidiaries of the entities accounted for using the equity method. The changes contained in IAS 24 (2009) must be applied retrospectively. The figures for prior periods have been restated accordingly.

The Annual Improvements to IFRSs 2009–2010 changed details in a number of standards and interpretations.

The amended financial reporting standards listed here did not have any material effects on the presentation of the RLB NÖ-Wien Group's assets, liabilities, financial position or profit or loss.

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 for Annual Periods Beginning on or After	Already Adopted by the EU
New Standards			
IAS 27	Separate Financial Statements (May 2011)	1 January 2013	No
IAS 28	Investments in Associates and Joint Ventures (May 2011)	1 January 2013	No
IFRS 9	Financial Instruments: Classification and Measurement (November 2009, amended December 2011)	1 January 2015	No
IFRS 10	Consolidated Financial Statements (May 2011)	1 January 2013	No
IFRS 11	Joint Arrangements (May 2011)	1 January 2013	No
IFRS 12	Disclosure of Interests in Other Entities (May 2011)	1 January 2013	No
IFRS 13	Fair Value Measurement (May 2011)	1 January 2013	No
Amendments to Standards			
IAS 1	Presentation of Financial Statements—Amendment on Presentation of Items of Other Comprehensive Income (amended June 2011)	1 July 2014	No
IAS 12	Income Taxes (amended December 2010)	1 January 2012	No
IAS 19	Employee Benefits (amended June 2011)	1 January 2013	No
IAS 32	Amendment on Offsetting Financial Assets and Financial Liabilities (amended December 2011)	1 January 2014	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
IFRS 7	Amendment on enhancing disclosures about transfers of financial assets (amended October 2010)	1 July 2011	Yes
IFRS 7	Amendment on Disclosures—Offsetting Financial Assets and Financial Liabilities (amended December 2011)	1 January 2013	No
IFRS 7	Amendment on disclosures relating to transition to IFRS 9 (amended December 2011)	1 January 2015	No
New Interpretations			
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013	No

IFRS 9 changes the classification and measurement of financial instruments. This standard is the conclusion of the first part of a three-phase project designed to replace IAS 39 in its present form. IFRS 9 only offers two categories of financial instrument: debt instruments, which are measured at amortized cost, and financial instruments, which are measured at fair value through profit or loss (or, in the case of equity instruments, as an option, through other comprehensive income). In the new stipulations regarding the recognition of financial liabilities, the fair value option is still available, but the amount of the change in fair value attributable to the change in default risk is recorded in equity as other comprehensive income. The remaining amount is still recognized in profit or loss.

A final assessment of the effects of this new standard will only be possible when Phase 2: Impairment Methodology and Phase 3: Hedge Accounting have been completed. Phases 2 and 3 have yet to be finalized, but finalization is expected in 2012.

In IFRS 7, the disclosure requirements about transferred financial assets and liabilities have been changed to improve the reporting of existing liabilities. This has not changed the requirements regarding the derecognition of financial instruments.

The presentation of other comprehensive income in accordance with IAS 1 has been changed in that separate subtotals are required for those elements that may be ‘recycled’ (e.g. cash flow hedges) and those that are not recycled (e.g. items that must be recognized through other comprehensive income in accordance with IFRS 9).

IFRS 10 replaces the consolidation requirements in IAS 27 and SIC-12 by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). The provisions on separate financial statements remain a part of the amended IAS 27. The other parts of IAS 27 have been replaced by IFRS 10.

IFRS 11 has introduced new accounting requirements for joint arrangements, replacing IAS 31. The option of applying the proportional consolidation method when accounting for jointly controlled entities has been removed.

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement.

The amendment to IAS 28 contains changes resulting from the publication of IFRS 10, IFRS 11 and IFRS 12.

IFRS 13 establishes a single framework for determining the fair values of both financial and non-financial items. The fair value measurement guidance contained in the individual IFRSs now in force will be replaced by a single standard. IFRS 13 defines fair value, provides guidance on the measurement of fair value and requires entities to disclose how they measure fair value. IFRS 13 does not specify whether or when fair value should be used. Instead, it specifies how an entity should measure fair value if another standard requires fair value to be used.

The amendments to IAS 19 eliminate the ‘corridor’ approach to making provisions for post-employment and termination benefits that has been used by the RLB NÖ-Wien Group to date. As a result, in the future, all changes in defined benefit obligations and plan assets will be immediately recognized, with all actuarial gains and losses being directly recognized in other income.

In principle, the prerequisites for offsetting formulated in IAS 32 have been retained and supplemented with additional guidance. The disclosure requirements in respect of certain offsetting arrangements added in IFRS 7 are new.

With the exception of IFRS 9, the amended and revised financial reporting and accounting standards described above are not expected to materially affect the presentation of the Group’s assets, liabilities, financial position and profit or loss. The revisions and amendments, including in particular the changes to IFRS 7, will lead to corresponding adjustments in the Notes.

Details of the Consolidated Income Statement

(1) NET INTEREST INCOME

€'000	2011	2010
Interest income	**739,611**	**685,964**
from loans and advances to other banks	193,408	185,695
from loans and advances to customers	297,377	242,016
from other current financial assets	83,333	65,179
from trading assets and liabilities	4,482	4,239
from financial investments	102,833	112,486
from derivative financial instruments	58,175	76,345
Other	3	4
Current income	**14,917**	**19,126**
from shares and other variable-yield securities	13,287	17,290
from equity investments in subsidiaries	315	312
from other equity investments	1,315	1,524
Total interest and similar income	**754,528**	**705,090**
Interest expenses	**(547,961)**	**(481,551)**
on deposits from other banks	(234,625)	(192,983)
on deposits from customers	(94,839)	(78,788)
on liabilities evidenced by paper	(121,422)	(113,205)
on subordinated debt capital	(32,564)	(30,195)
on derivative financial instruments	(64,430)	(66,301)
Other	(81)	(79)
Total interest expenses and similar charges	**(547,961)**	**(481,551)**
Net interest income	**206,567**	**223,539**

Interest and similar income and charges were measured 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 interest 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	2011	2010
Interest income	593,621	540,201
Interest expenses	(449,538)	(380,857)

(2) IMPAIRMENT CHARGE ON LOANS AND ADVANCES

€'000	2011	2010
Item-by-item allowances for impairment	**(60,556)**	**(27,540)**
Impairment allowances	(100,186)	(82,914)
Impairment reversals	40,904	54,737
Direct write-offs	(2,564)	(523)
Recoveries of loans and receivables previously written off	1,290	1,160
Collective assessment of impairment of the portfolio	**3,537**	**(2,192)**
Impairment allowances	(1,920)	(2,193)
Impairment reversals	5,457	1
Total	**(57,019)**	**(29,732)**

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

(3) NET FEE AND COMMISSION INCOME

€'000	2011	2010
Payment services	17,376	16,036
Loan processing and guarantee operations	10,000	8,827
Securities operations	21,398	23,475
Foreign exchange, notes-and-coin and precious-metals business	4,622	4,995
Other banking services	14,189	12,381
Total	**67,585**	**65,714**

Fee and commission income came to €94,976 thousand (2010: €94,821 thousand). Fee and commission expenses came to €27,391 thousand (2010: €29,107 thousand). No fee or 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	2011	2010
Interest rate contracts	**(7,705)**	**859**
Of which from securities	876	1,666
Of which from derivative contracts	(8,581)	(807)
Currency contracts	**2,666**	**14,938**
Equity and index contracts	**1,125**	**5,504**
Of which from securities	1,199	5,228
Of which from derivative contracts	(74)	276
Other contracts	**2,280**	**2,888**
Total	**(1,634)**	**24,189**

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

€'000	2011	2010
Group interest in annual profits or losses	138,547	255,580
Revaluation gains and losses	(17,905)	850
Total	**120,642**	**256,430**

This line item included a one-off effect caused by impairment of the investment in *Raiffeisen Bank Zrt.* in the amount of €18.4 million. It was the result of the difficult economic situation and the political situation in Hungary. The calculated recoverable amount was the same as the investment's value in use.

(6) PROFIT/(LOSS) FROM FINANCIAL INVESTMENTS

€'000	2011	2010
Gains less losses from financial investments classified as held to maturity	**(949)**	**2,537**
Of which revaluation gains and losses	(1,037)	(2,221)
Of which gains and losses on disposal	88	4,758
Gains less losses from financial investments classified as available for sale and measured at fair value	**9,788**	**(1,785)**
Of which revaluation gains and losses	(31)	392
Of which gains and losses on disposal	9,819	(2,177)
Gains less losses from financial investments classified as available for sale and measured at cost	**(5,401)**	**246**
Of which revaluation gains and losses	(6,020)	(270)
Of which gains and losses on disposal	619	516
Gains less losses from investments in entities accounted for using the equity method	**48,770**	**187**
Of which gains and losses on disposal	48,770	187
Gains less losses from unlisted securities recognized as receivables and classified as loans and receivables	**(7,652)**	**953**
Of which revaluation gains and losses	(7,947)	0
Of which gains and losses on disposal	295	953
Gains less losses from financial instruments designated as at fair value through profit or loss	**(50,217)**	**1,205**
Of which revaluation gains and losses	(33,659)	2,460
Of which gains and losses on disposal	(16,558)	(1,255)
Realized gains and losses from liabilities measured at cost	**1,166**	**808**
Total	**(4,495)**	**4,151**

Gains less losses from financial instruments designated as at fair value through profit or loss comprises gains and losses from securities 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.

Revaluation gains and losses on financial instruments designated as at fair value through profit or loss is the net result of fluctuations in value. All revaluation gains and losses on other categories amounted to impairments. In the previous year, revaluations gains and losses on financial investments classified as available for sale and measured at fair value amounted to a gain of €392 thousand.

Because of the sale of the Group's investments in *Raiffeisenbank a.s.*, Prague, and *Tatra Banka a.s.* to *RZB*, a realized gain of €48.8 million was recorded in *Gains and losses on disposal* of investments in entities accounted for using the equity method.

(7) GENERAL ADMINISTRATIVE EXPENSES

€'000	2011	2010
Staff costs	**(101,853)**	**(99,120)**
Of which wages and salaries	(73,196)	(72,505)
Of which social security costs	(18,451)	(18,203)
Of which voluntary fringe benefits	(1,883)	(1,808)
Of which expenditure on termination and post-employment benefits	(8,323)	(6,604)
Other administrative expenses	**(80,803)**	**(77,468)**
Of which building rental, maintenance and operating costs	(17,508)	(18,024)
Of which IT costs	(24,520)	(25,943)
Of which advertising and entertainment expenses	(15,717)	(14,189)
Of which other items	(23,058)	(19,312)
Depreciation/amortization/write-offs of property and equipment and intangible assets	**(4,421)**	**(4,155)**
Of which of property and equipment	(2,437)	(2,502)
Of which of intangible assets	(1,984)	(1,653)
Total	**(187,077)**	**(180,743)**

Other administrative expenses includes rental and leasing expenses in the amount of €14,989 thousand (2010: €15,529 thousand).

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

Financial year 2011 €'000	*KPMG Austria GmbH*	*Österreichischer Raiffeisenverband*
Audit of the Annual Financial Statements and Consolidated Financial Statements	187	485
Other auditing services	21	117
Tax consulting services	11	0
Other services	6	28
Total	**225**	**630**

Financial year 2010 €'000	*KPMG Austria GmbH*	*Österreichischer Raiffeisenverband*
Audit of the Annual Financial Statements and Consolidated Financial Statements	203	479
Other auditing services	10	116
Tax consulting services	9	0
Other services	23	52
Total	**245**	**647**

(8) OTHER OPERATING PROFIT/(LOSS)

Other operating profit/(loss) 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 recognition 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 for trading nor hedging instruments within the meaning of IAS 39.

€'000	2011	2010
Effect of hedge accounting	**(294)**	**(1,426)**
Of which revaluation gains and losses on hedging instruments in fair value hedges	(25,433)	55,392
Of which revaluation gains and losses on hedged items in fair value hedges	25,139	(56,818)
Gains less losses from other derivatives	**(33,249)**	**(57,359)**
Of which from interest rate derivatives	(16,049)	(53,993)
Of which from currency derivatives	(14,106)	(1,267)
Of which from equity and index contracts	630	1,508
Of which credit derivatives	(3,724)	(3,607)
Other operating income	**17,383**	**15,676**
Of which income from services and reimbursed costs	11,929	13,029
Of which other items	5,454	2,647
Other operating expenses	**(20,796)**	**(4,163)**
Of which damages	(3,824)	(3,353)
Of which arising from the solidarity association (*Solidaritätsverein*)	(652)	(633)
Of which banking levy	(15,263)	0
Of which other items	(1,057)	(177)
Total	**(36,956)**	**(47,272)**

(9) PROFIT/(LOSS) FROM FINANCIAL INSTRUMENTS

€'000	2011	2010
Gains less losses from financial instruments designated as at fair value through profit or loss	**(29,863)**	**15,137**
Of which from financial instruments held for trading	(17,493)	(3,067)
Of which from financial instruments designated as at fair value through profit or loss	(12,370)	18,204
Gains less losses from financial instruments classified as available for sale	**69,406**	**57,349**
Of which taken from other comprehensive income and recognized in profit or loss for the financial year	9,656	(2,177)
Of which taken directly to the Income Statement for the financial year	59,750	59,526
Gains less losses from financial instruments classified as held to maturity	**48,573**	**67,812**
Gains less losses from financial instruments classified as loans and receivables	**466,502**	**394,450**
Gains less losses from liabilities measured at cost	**(448,372)**	**(380,049)**
Total	**106,246**	**154,699**

Gains less losses in each valuation category for the purposes of IFRS 7 para. 20(a) comprise realized and unrealized gains and losses, interest income, interest expenses, dividends and other distributions. Gains and losses on available-for-sale financial instruments recognized in *Other comprehensive income* are presented in C. *Consolidated Statement of Changes in Equity*.

(10) INCOME TAX

€'000	2011	2010
Current income tax	**688**	**(7,002)**
Of which tax contribution	875	(7,059)
Of which current domestic tax	(154)	(60)
Of which current foreign tax	(33)	117
Deferred tax	**1,379**	**(701)**
Total	**2,067**	**(7,703)**

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

€'000	2011	2010
Profit for the year before tax	107,613	316,276
Theoretical income tax expense based on the domestic tax rate of 25 per cent	(26,903)	(79,069)
Effect of the lower tax contribution rate [1]	(1,216)	10,728
Reduction in the tax burden because of tax-exempt income from equity investments and other tax-exempt income	86,528	66,250
Increase in the tax burden because of non-tax deductible expenses	(41,610)	(7,185)
Use of tax loss carryforwards and remeasurement of deferred tax items	(13,706)	(181)
Other	(1,026)	1,754
Actual tax burden	**2,067**	**(7,703)**

[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 resulting effect on the actual income tax burden.

(11) EARNINGS PER SHARE

€'000	2011	2010
Consolidated net profit for the year	109,681	308,565
Less distribution in respect of non-voting non-ownership capital (*Partizipationskapital*)	(3,825)	(3,825)
Adjusted consolidated net profit for the year	105,856	304,740
Average number of ordinary shares in issue	2,145,201	2,145,201
Undiluted earnings per share, €	**49.35**	**142.06**

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

(12) SEGMENTAL REPORTING

Segmental reporting is based on the Group's internal Management 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 the assumed interest rate and are 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 according to 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.

RLB NÖ-Wien's 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 retail banking customers, offices for high net worth personal banking customers (*Private Banking Wien*), special centres of excellence for trade and business (*Gewerbe*[1]) customers and consulting offices. The consulting offices do not have restricted opening hours, and a customer can, in addition, choose where a consultation session should take place. This modern, pioneering approach reflects both 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.

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

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 finance and trade finance using a wide variety of financing instruments (e.g. current account loans, cash advances, direct loans, factoring, venture capital finance).

International Operations—a Head Office department—is responsible for administering export finance and foreign investment loans (e.g. export loans from export funds and *OeKB* and *OeKB* equity finance loans) as well as the structuring and settlement of letters of credit, collections and furnishing Austrian and foreign clients with guarantees; and in addition, International Operations handles relations with correspondents (financial institutions) and foreign corporate customers.

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 administering all subsidized credit products. In addition, they also include handling transactions undertaken jointly with the European Investment Bank (EIB) and *Kreditanstalt für Wiederaufbau* (KfW).

- **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).

[1] As defined by Austria's *Gewerbeordnung* (commercial code).

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 transactions 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 primarily encompasses RLB NÖ-Wien's portfolio of equity investments in banks and other financial institutions. This also includes 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 Bank Zrt* in Hungary and its direct stakes in *RBI* and *Raiffeisen Informatik GmbH*.

- **The *Management Services* segment (which corresponds to the Raiffeisen Banks/Management Services and Risk Management/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 services rendered for *Raiffeisenkasse* banks within the scope of the Austrian *Raiffeisen* organization are included in this segment. In addition, this segment 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 respective 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 *Centrope* region, and within that region, mainly in Austria in the Vienna area.

Financial Year 2011 €'000	Retail Banking	Corporate Customers	Financial Markets	Investments	Management Services	Total
Net interest income	87,769	123,745	51,899	(56,169)	(677)	206,567
Impairment charge on loans and advances	(7,607)	(49,412)	0	0	0	(57,019)
Net interest income after impairment charge	80,162	74,333	51,899	(56,169)	(677)	149,548
Net fee and commission income	32,822	24,234	408	0	10,121	67,585
Net trading income	3,871	2,358	(11,460)	0	3,597	(1,634)
Profit from investments in entities accounted for using the equity method	0	0	0	120,642	0	120,642
Profit/(loss) from financial investments	0	(8,013)	(44,869)	48,387	0	(4,495)
General administrative expenses	(94,210)	(38,054)	(14,361)	(1,997)	(38,454)	(187,077)
Of which staff costs	(55,755)	(23,324)	(6,559)	(474)	(15,741)	(101,853)
Of which other administrative expenses	(36,266)	(14,432)	(6,627)	(1,512)	(21,966)	(80,803)
Of which depreciation/amortization/write-offs	(2,189)	(298)	(1,174)	(12)	(748)	(4,421)
Other operating profit/(loss)	2,400	4,990	(39,794)	(17)	(4,535)	(36,956)
Profit for the year before tax	**25,045**	**59,848**	**(58,176)**	**110,845**	**(29,949)**	**107,613**
Average risk-weighted assets, €m	1,649	7,883	2,664	1,647	489	14,332
Average allocated equity, €m	167	800	270	1,040	49	2,326
Return on equity before tax	15.0%	7.5%	—	10.7%	—	4.6%
Cost:income ratio	74.3%	24.5%	> 100%	3.1%	> 100%	52.5%

In the 2011 financial year, *Profit from investments in entities accounted for using the equity method* in the **investments segment** included a one-off effect caused by impairments and *Profit/(loss) from financial investments* in the **investments segment** included a one-off effect caused by disposals of equity investments. See Note (5) *Profit from investments in entities accounted for using the equity method* and Note (6) *Profit/(loss) from financial investments* for details.

Financial year 2010 €'000	Retail Banking	Corporate Customers	Financial Markets	Investments	Management Services	Total
Net interest income	81,989	120,435	78,884	(57,978)	209	223,539
Impairment charge on loans and advances	(7,034)	(22,230)	(468)	0	0	(29,732)
Net interest income after impairment charge	74,955	98,205	78,416	(57,978)	209	193,807
Net fee and commission income	34,554	21,579	(585)	0	10,166	65,714
Net trading income	4,886	3,172	11,735	0	4,396	24,189
Profit from investments in entities accounted for using the equity method	0	0	0	256,430	0	256,430
Profit from financial investments	0	1,584	2,464	103	0	4,151
General administrative expenses	(88,848)	(33,680)	(14,814)	(1,727)	(41,674)	(180,743)
Of which staff costs	(53,921)	(22,460)	(7,211)	(447)	(15,081)	(99,120)
Of which other administrative expenses	(32,702)	(10,913)	(6,334)	(1,270)	(26,250)	(77,468)
Of which depreciation/amortization/write-offs	(2,225)	(307)	(1,269)	(11)	(343)	(4,155)
Other operating profit/(loss)	(489)	3,231	(61,827)	(36)	11,849	(47,272)
Profit/(loss) for the year before tax	**25,058**	**94,091**	**15,389**	**196,792**	**(15,054)**	**316,276**
Average risk-weighted assets, €m	1,529	7,476	3,277	1,346	487	14,115
Average allocated equity, €m	145	709	311	1,000	47	2,212
Return on equity before tax	17.3%	13.3%	4.9%	19.2%	—	14.3%
Cost:income ratio	73.5%	22.7%	52.5%	0.9%	> 100%	34.6%

Details of the Balance Sheet

(13) CASH AND BALANCES WITH THE CENTRAL BANK

€'000	2011	2010
Cash	56,412	42,837
Total	**56,412**	**42,837**

(14) LOANS AND ADVANCES TO OTHER BANKS

€'000	2011	2010
Demand deposits	842,182	1,161,530
Time deposits	7,542,086	8,497,247
Other loans and advances	2,441,445	2,446,658
Debt instruments	23,890	23,784
Other	65,645	59,294
Total	**10,915,248**	**12,188,513**

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

€'000	2011	2010
Austria	9,291,660	10,608,664
Abroad	1,623,588	1,579,849
Total	**10,915,248**	**12,188,513**

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	2011	2010
Current accounts	1,374,152	1,463,536
Cash advances	868,213	744,955
Loans	7,764,954	7,415,477
Debt instruments	12,316	20,223
Other	74,060	36,244
Total	**10,093,695**	**9,680,435**

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

€'000	2011	2010
Public sector exposures	641,452	568,539
Retail exposures	1,594,301	1,526,227
Corporate customers	7,857,942	7,585,669
Total	**10,093,695**	**9,680,435**

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

€'000	2011	2010
Austria	8,617,650	8,262,032
Abroad	1,476,045	1,418,403
Total	**10,093,695**	**9,680,435**

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

2011 €'000	At 1 January	Added	Reversed	Used	At 31 December
Item-by-item allowances for impairment	**274,506**	**53,732**	**(34,835)**	**(23,547)**	**269,856**
Loans and advances to other banks	12,140	42	(1,735)	(7,334)	3,113
Of which abroad	12,140	42	(1,735)	(7,334)	3,113
Loans and advances to customers	262,366	53,690	(33,100)	(16,213)	266,743
Of which in Austria	239,980	48,269	(28,532)	(16,069)	243,648
Of which abroad	22,386	5,421	(4,568)	(144)	23,095
Collective assessment of impairment of the portfolio	**24,616**	**1,920**	**(5,457)**	**0**	**21,079**
Loans and advances to other banks	2,821	85	0	0	2,906
Loans and advances to customers	21,795	1,835	(5,457)	0	18,173
Impairment allowance balance (loans and advances) [1]	**299,122**	**55,652**	**(40,292)**	**(23,547)**	**290,935**
Risks arising from off-balance-sheet liabilities [2]	**13,877**	**46,454**	**(6,069)**	**(30,665)**	**23,597**
Total	**312,999**	**102,106**	**(46,361)**	**(54,212)**	**314,532**

[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*.

2010 €'000	At 1 January	Added	Reversed	Used	At 31 December
Item-by-item allowances for impairment	**258,611**	**74,896**	**(42,233)**	**(16,768)**	**274,506**
Loans and advances to other banks	15,245	3,052	(954)	(5,203)	12,140
Of which abroad	15,245	3,052	(954)	(5,203)	12,140
Loans and advances to customers	243,366	71,844	(41,279)	(11,565)	262,366
Of which in Austria	230,723	54,739	(33,924)	(11,558)	239,980
Of which abroad	12,643	17,105	(7,355)	(7)	22,386
Collective assessment of impairment of the portfolio	**22,424**	**2,193**	**(1)**	**0**	**24,616**
Loans and advances to other banks	2,811	10	0	0	2,821
Loans and advances to customers	19,613	2,183	(1)	0	21,795
Impairment allowance balance (loans and advances) [1]	**281,035**	**77,089**	**(42,234)**	**(16,768)**	**299,122**
Risks arising from off-balance-sheet liabilities [2]	**18,443**	**8,018**	**(12,504)**	**(80)**	**13,877**
Total	**299,478**	**85,107**	**(54,738)**	**(16,848)**	**312,999**

[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*.

(17) TRADING ASSETS

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

€'000	2011	2010
Bonds and other fixed-interest securities	**100,120**	**340,026**
Of which public-sector debt instruments eligible for rediscounting	0	22,454
Of which bonds and similar securities issued by other issuers	100,120	317,572
Shares and other variable-yield securities	**5,068**	**4,500**
Of which shares	5,068	4,053
Of which other variable-yield securities	0	447
Positive fair values of derivative contracts	**359,988**	**181,954**
Of which interest rate derivatives	260,707	54,611
Of which currency derivatives	99,281	127,308
Of which equity and index derivatives	0	35
Accruals arising from derivatives	**100,962**	**61,868**
Of which interest rate derivatives	100,962	61,868
Total	**566,138**	**588,348**

(18) OTHER CURRENT FINANCIAL ASSETS

€'000	2011	2010
Bonds and other fixed-interest securities	**1,974,792**	**1,930,522**
Designated as at fair value through profit or loss	**1,974,792**	**1,930,522**
Of which public-sector debt instruments eligible for rediscounting	38,659	53,589
Of which other debt instruments issued by the public sector	46,698	62,073
Of which bonds and similar securities issued by other issuers	1,889,435	1,814,860
Shares and other variable-yield securities	**278,028**	**390,023**
Designated as at fair value through profit or loss	**278,028**	**390,023**
Of which shares	875	27,108
Of which units in investment funds	250,446	335,710
Of which other variable-yield securities	26,707	27,205
Total	**2,252,820**	**2,320,545**

These line items comprise financial instruments designated as at fair value through profit or loss under the fair value option. In each case, assignment to a line item on the Balance Sheet and to a measurement category was decided by the responsible committees as at the date of acquisition of a financial instrument. Financial assets were designated as such if they 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. The Group's investment strategy for securities with a market value of €1,940,787 thousand (2010: €1,115,815 thousand) was changed and these financial instruments are now to be held long-term. Since IAS 39 does not allow the reclassification of a financial instrument designated as at fair value through profit or loss, their classification was retained and they continued to be recognized on the Balance Sheet in the line item *Other current financial assets*.

(19) FINANCIAL INVESTMENTS

€'000	2011	2010
Bonds and other fixed-interest securities	**3,229,536**	**3,145,506**
Classified as held to maturity	**1,397,415**	**1,529,477**
Of which public-sector debt instruments eligible for rediscounting	133,882	135,691
Of which other debt instruments issued by the public sector	38,319	38,312
Of which bonds and other debt securities issued by other issuers	1,225,214	1,355,474
Classified as available for sale and measured at fair value	**1,832,121**	**1,616,029**
Of which public-sector debt instruments eligible for rediscounting	888,390	863,670
Of which other debt instruments issued by the public sector	99,657	0
Of which bonds and other debt securities issued by other issuers	844,074	752,359
Shares and other variable-yield securities	**281,168**	**354,123**
Classified as available for sale and measured at fair value	**252,468**	**325,423**
Of which units in investment funds	0	184
Of which other variable-yield securities	252,468	325,239
Classified as available for sale and measured at cost	**28,700**	**28,700**
Of which other variable-yield securities	28,700	28,700
Equity investments	**44,769**	**49,094**
Classified as available for sale and measured at cost	**44,769**	**49,094**
Of which equity investments in unconsolidated subsidiaries [1]	9,943	11,032
Of which equity investments in associates not accounted for using the equity method	3,218	3,302
Of which other equity investments	31,608	34,760
Total	**3,555,473**	**3,548,723**

[1] This total includes non-voting non-ownership capital (*Partizipationskapital*) of *Raiffeisen-Holding NÖ-Wien* in the amount of €277 thousand (year-end 2010: €277 thousand).

No sales of available-for-sale financial instruments measured at cost were planned. During the financial year, such financial instruments with a carrying amount of €0 thousand (2010: €336 thousand) were derecognized, generating a gain on disposal of €619 thousand (2010: €516 thousand).

In 2008, bonds issued by Austrian and foreign banks with a nominal value of €157,740 and a fair value of €156,727 thousand were reclassified from the trading portfolio to the held-to-maturity portfolio. On the date of their reclassification, the estimated effective interest rates on the reclassified financial instruments lay between 3.0 per cent and 5.9 per cent. The estimated future cash flows 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).

In the second half of 2011, RLB NÖ-Wien reclassified part of its holdings of bonds from the trading portfolio to the available-for-sale portfolio. As a consequence of the sharp drop in secondary market liquidity that occurred in 2011, it would only have been possible to reduce positions at substantially reduced prices because of the increase in bid-ask spreads. In other words, reclassification took place because of a shift in investment strategy from short-term trading to long-term retention. Reclassification was carried out on the basis of fair values at the time of reclassification. At the time of reclassification, bonds issued by Austrian and foreign banks with a nominal value of €154,022 thousand were reclassified with a fair value of €150,604 thousand. On the date of their reclassification, the estimated effective interest rates on the reclassified financial instruments lay between 1.0 per cent and 6.6 per cent. The estimated future cash flows came to €172,637 thousand. Until the time of their reclassification, valuation gains on the reclassified financial instruments recognized in *Net trading income* came to negative €304 thousand in 2011 (2010: negative €390 thousand).

At 31 December 2011, the reclassified financial instruments had a carrying amount of €168,682 thousand (year-end 2010: €35,597 thousand) and a fair value of €168.964 thousand (year-end 2010: €36,091 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, a valuation loss of €14,154 thousand (2010: valuation gain of €225 thousand) would have been recognized in *Net trading income*. In the 2011 financial year, interest income in the amount of €3,173 thousand was recognized after the time of reclassification (same period of 2010: €1,116 thousand). As in the previous year, the reclassified securities were unimpaired and no disposals took place in the 2011 financial year.

(20) INTANGIBLE ASSETS

€'000	2011	2010
Acquisition costs		
At 1 January	**42,531**	**41,438**
Additions	4,477	1,339
Disposals [1]	(1,165)	(246)
At 31 December	**45,843**	**42,531**
Amortization		
At 1 January	**(36,584)**	**(35,165)**
Disposals	564	234
Amortization during the financial year	(1,984)	(1,653)
At 31 December	**(38,004)**	**(36,584)**
Carrying amounts		
At 1 January	**5,947**	**6,273**
At 31 December	**7,839**	**5,947**

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

The elimination of intragroup investments and equity upon 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 2011	**2,642**	**28,102**
Additions	0	2,175
Disposals [1]	0	(1,980)
At 31 December 2011	**2,642**	**28,297**
Depreciation		
At 1 January 2011	**(1,862)**	**(20,002)**
Disposals	0	1,896
Depreciation during the financial year	(105)	(2,332)
At 31 December 2011	**(1,967)**	**(20,438)**
Carrying amounts		
At 1 January 2011	**779**	**8,100**
At 31 December 2011	**674**	**7,859**

[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 2010	**2,903**	**27,390**
Additions	0	1,915
Disposals [1]	(261)	(1,203)
At 31 December 2010	**2,642**	**28,102**
Depreciation		
At 1 January 2010	**(1,855)**	**(18,899)**
Disposals	248	1,145
Depreciation during the financial year	(255)	(2,248)
At 31 December 2010	**(1,862)**	**(20,002)**
Carrying amounts		
At 1 January 2010	**1,048**	**8,489**
At 31 December 2010	**779**	**8,100**

[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 €15,734 thousand (2010: €15,794 thousand). Such liabilities in the ensuing five financial years totalled €77,735 thousand (2010: €79,064 thousand).

(22) OTHER ASSETS

€'000	2011	2010[1]
Tax assets	**23,730**	**20,708**
Of which current tax assets	447	602
Of which deferred tax assets	23,283	20,106
Positive fair values of derivative hedging instruments in fair value hedges	**236,397**	**145,163**
Of which of interest rate derivatives	232,441	142,311
Of which of currency derivatives	2,705	2,436
Of which of equity and index derivatives	1,251	416
Positive fair values of derivative hedging instruments in cash flow hedges	**20,815**	**21,414**
Of which of interest rate derivatives	20,815	21,414
Positive fair values of derivative financial instruments designated as at fair value through profit or loss	**30,378**	**23,291**
Of which of interest rate derivatives	28,702	21,533
Of which of currency derivatives	0	43
Of which of equity and index derivatives	9	155
Of which of credit derivatives	1,667	1,560
Positive fair values of other derivative financial instruments	**1,512,354**	**1,333,145**
Of which of interest rate derivatives	1,252,747	1,100,249
Of which of currency derivatives	257,885	227,725
Of which of equity and index derivatives	3	63
Of which of credit derivatives	1,719	5,108
Interest accruals arising from derivative financial instruments	**420,969**	**511,523**
Of which from interest rate derivatives	407,684	504,702
Of which from currency derivatives	12,983	4,596
Of which from equity and index derivatives	158	2,081
Of which from credit derivatives	144	144
Remaining other assets	**153,723**	**158,167**
Total	**2,398,366**	**2,213,411**

[1] From the 2011 financial year, FX-linked swaps were recognized as exchange rate contracts (other foreign currency contracts and gold contracts) rather than interest rate contracts (interest rate swaps) to improve comparability. The figures for 2010 have been restated accordingly.

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	2011	2010
Deferred tax assets	23,283	20,106
Provisions for deferred taxes	0	0
Net deferred tax assets	**23,283**	**20,106**

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

€'000	2011	2010
Impairment allowance balance	5,270	6,154
Other current financial assets	7,951	0
Intangible assets	0	253
Deposits from other banks	21,156	10,089
Deposits from customers	10,349	3,847
Liabilities evidenced by paper	25,344	14,569
Other liabilities	450,809	375,332
Provisions	1,121	954
Other balance sheet items	30,607	10,382
Deferred tax assets	**552,607**	**421,580**
Loans and advances to other banks	9,997	5,080
Other current financial assets	0	5,576
Financial investments	28,225	10,037
Other assets	439,686	373,974
Other balance sheet items	15,451	5,077
Deferred tax liabilities	**493,359**	**399,744**
Impaired deferred tax assets	**35,965**	**1,730**
Net deferred tax assets	**23,283**	**20,106**

Assets in the amount of €55,806 thousand (year-end 2010: €11,682 thousand) arising from as yet unused tax loss carryforwards 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. The taxable temporary differences for which no deferred tax liabilities were recognized in accordance with IAS 12 para. 39 came to €1,253 million (year-end 2010: €1,232 million).

(23) DEPOSITS FROM OTHER BANKS

Deposits from other banks broke down as follows:

€'000	2011	2010
Demand deposits	3,408,299	4,870,185
Time deposits	9,900,585	9,884,838
Borrowed funds	1,120,573	1,144,291
Total	**14,429,457**	**15,899,314**

€'000	2011	2010
Austria	12,416,993	13,600,766
Abroad	2,012,464	2,298,548
Total	**14,429,457**	**15,899,314**

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	2011	2010
Sight deposits	3,615,226	3,835,424
Time deposits	1,113,268	975,593
Savings deposits	2,565,882	2,260,143
Total	**7,294,376**	**7,071,160**

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

€'000	2011	2010
Public sector exposures	622,788	697,037
Retail exposures	4,424,682	3,971,109
Corporate customer exposures	1,973,182	2,174,401
Other	273,724	228,613
Total	**7,294,376**	**7,071,160**

Deposits from customers broke down by region as follows:

€'000	2011	2010
Austria	6,592,785	6,293,811
Abroad	701,591	777,349
Total	**7,294,376**	**7,071,160**

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	2011	2010
Measured at amortized cost	**3,354,763**	**2,961,884**
Issued bonds	2,901,265	2,605,802
Other liabilities evidenced by paper	453,498	356,082
Designated as at fair value through profit or loss	**842,014**	**882,069**
Issued bonds	789,366	828,783
Other liabilities evidenced by paper	52,648	53,286
Total	**4,196,777**	**3,843,953**

To avoid any accounting mismatch, the 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. €3,323 thousand of the change in the fair values of these liabilities was attributable to changes in default risk (2010: negative €562 thousand). The carrying amount of these liabilities was €19,776 thousand higher than the contractually agreed repayment amount (year-end 2010: €19,429 thousand).

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. They also included securities listed on the Vienna stock exchange.

(26) TRADING LIABILITIES

Trading liabilities contains the following derivative instruments held for trading:

€'000	2011	2010
Negative fair values of derivative contracts	**355,535**	**178,620**
Of which of interest rate derivatives	283,525	69,040
Of which of currency derivatives	72,010	109,542
Of which of equity and index derivatives	0	38
Accruals arising from derivatives	**102,102**	**63,763**
Of which from interest rate derivatives	102,102	63,763
Total	**457,637**	**242,383**

(27) OTHER LIABILITIES

€'000	2011	2010[1]
Tax liabilities	**10,002**	**8,703**
Of which current tax liabilities	10,002	8,703
Negative fair values of derivative hedging instruments in fair value hedges	**205,358**	**88,694**
Of which of interest rate derivatives	203,805	85,845
Of which of equity and index derivatives	1,553	2,849
Negative fair values of derivative hedging instruments in cash flow hedges	**53,700**	**55,412**
Of which of interest rate derivatives	53,700	55,412
Negative fair values of derivative financial instruments designated as at fair value through profit or loss	**68,129**	**44,866**
Of which of interest rate derivatives	68,127	44,780
Of which of equity and index derivatives	2	53
Of which of credit derivatives	0	33
Negative fair values of other derivative financial instruments	**1,621,197**	**1,384,458**
Of which of interest rate derivatives	1,363,679	1,155,316
Of which of currency derivatives	255,276	226,874
Of which of equity and index derivatives	580	974
Of which of credit derivatives	1,662	1,294
Interest accruals arising from derivative financial instruments	**422,698**	**466,452**
Of which from interest rate derivatives	414,520	462,846
Of which from currency derivatives	7,875	3,398
Of which from equity and index derivatives	273	178
Of which from credit derivatives	30	30
Contractual profit transfer	**57,228**	**56,500**
Remaining other liabilities	**234,390**	**323,042**
Total	**2,672,702**	**2,428,127**

[1] From the 2011 financial year, FX-linked swaps were recognized as exchange rate contracts (other foreign currency contracts and gold contracts) rather than interest rate contracts (interest rate swaps) to improve comparability. The figures for 2010 have been restated accordingly.

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 are stated here 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 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.

(28) PROVISIONS

€'000	2011	2010
Termination benefits	**21,780**	**20,580**
Post-employment benefits	**19,730**	**18,442**
Jubilee benefits and part-time work by older staff	**4,426**	**4,557**
Taxes	**135**	**43**
Of which current	135	43
Other	**29,725**	**17,283**
Total	**75,796**	**60,905**

PROVISIONS FOR STAFF BENEFITS

An interest rate of 4.5 per cent *per annum* (2010: 4.0 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 4.25 per cent *per annum* (2010: 4.25 per cent). Future increases in salaries of 3.0 per cent *per annum* were assumed in the case of employees compensated outside the scope of collective agreements (2010: 3.0 per cent), of 4.0 per cent *per annum* in the case of employees compensated under collective agreements (2010: 4.0 per cent) and of 4.5 per cent *per annum* in the case of employees compensated under the transitional collective agreement (*Überleitungskollektivvertrag*) (2010: 4.5 per cent). An increase in pensioners' post-employment benefits of 2.5 per cent *per annum* (2010: 2.5 per cent) was assumed. 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.

The provision for part-time work by older staff, which is being phased out, was calculated on the basis of parameters from the year 2008 applying an interest rate of 5.5 per cent and assuming future increases in salaries of 4.5 per cent *per annum* in the case of employees compensated under the transitional collective agreement and 3.0 per cent *per annum* in the case of employees compensated outside the scope of collective agreements.

Termination benefit obligations changed as follows:

€'000	2011	2010
Present value of the defined benefit obligations at 1 January	24,264	20,423
Amortization of profit or loss	90	0
Service cost	1,326	1,160
Interest cost	944	946
Termination benefit payments	(1,160)	(653)
Actuarial (gain)/loss for the financial year	(1,980)	2,388
Present value of the defined benefit obligations at 31 December	**23,484**	**24,264**
Accumulated unrecognized actuarial gains/(losses)	(1,704)	(3,684)
Provision balance at 31 December	**21,780**	**20,580**

Post-employment benefit obligations changed as follows:

€'000	2011	2010
Present value of the defined benefit obligations at 1 January	71,368	63,303
Service cost	1,870	1,537
Interest cost	2,792	2,932
Transferred to defined contribution plan	(1,439)	(440)
Payments to beneficiaries	(3,019)	(3,015)
Actuarial (gain)/loss for the financial year	**(6,259)**	**7,051**
Present value of the defined benefit obligations at 31 December	**65,313**	**71,368**

Plan assets changed as follows:

€'000	2011	2010
Fair value of the plan assets at 1 January	34,480	35,523
Expected return on the plan assets	1,456	2,035
Transferred to defined contribution plan	(1,074)	(412)
Contributions to plan assets	793	746
Retirement benefits paid from plan assets	(1,184)	(1,167)
Actuarial gain/(loss) for the financial year	(2,383)	(2,245)
Fair value of the plan assets at 31 December	**32,088**	**34,480**

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

€'000	2011	2010
Present value of the defined benefit obligations at 31 December	65,313	71,368
Fair value of the plan assets at 31 December	32,088	34,480
Net obligations	**33,225**	**36,888**
Accumulated unrecognized actuarial gains/(losses)	(13,495)	(18,446)
Provision balance at 31 December	**19,730**	**18,442**

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

€'000	2011	2010
Present value of the defined post-employment benefit obligations at 31 December	**65,313**	**71,368**
Of which directly financed obligations	50,590	57,135
Of which financial obligations financed via pension funds and/or insurers	14,723	14,233

The plan assets were structured as follows:

Per cent	2011	2010
Bonds and other fixed-interest securities	56.75	50.23
Shares and other variable-yield securities	12.81	36.97
Property	3.55	1.56
Other	26.89	11.24
Total	**100.00**	**100.00**

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

Return on the plan assets:

€'000	2011*	2010
Actual return on the plan assets	(927)	(210)

* 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 *Valida Pension AG* have been completed. Consequently, the figure presented here is provisional.

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

€'000	2011	2010
Present value of the defined benefit obligations at 1 January	4,557	4,099
Obligations transferred without being recognized in the Income Statement	(2)	0
Service cost	316	264
Interest cost	177	188
Payments	(271)	(302)
Actuarial (gain)/loss for the financial year	(351)	308
Present value of the defined benefit obligations at 31 December	**4,426**	**4,557**

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

€'000	2011	2010	2009	2008	2007
Termination benefits					
Obligations	23,484	24,264	20,423	18,669	19,311
Experience adjustments on obligations	(84)	(220)	978	508	(216)
Post-employment benefits					
Obligations	65,313	71,368	63,303	58,981	61,738
Plan assets	32,088	34,480	35,523	33,112	32,412
Net obligations	33,225	36,888	27,780	25,869	29,326
Experience adjustments on obligations	130	728	1,844	1,638	(407)
Experience adjustments on plan assets	2,383	2,245	(1,680)	1,439	5,531
Jubilees benefits and part-time work by older staff					
Obligations	4,426	4,557	4,099	3,773	4,267
Experience adjustments on obligations	11	78	(5)	84	44

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

€'000	2012
Post-employment benefits	372

Breakdown of expenditure on defined contribution plans:

€'000	2011	2010
Expenditure on defined contribution plans	**1,455**	**1,317**
Of which on defined contribution plans (pension fund)	913	828
Of which on the staff benefit fund (*Mitarbeitervorsorgekasse*)	542	489

OTHER PROVISIONS

The other provisions changed as follows:

€'000	2011	2010
At 1 January	17,283	20,322
Added	21,563	9,808
Released	(7,580)	(12,598)
Used	(1,541)	(249)
At 31 December	**29,725**	**17,283**

Other provisions includes provisions for guarantees in the amount of €8,371 thousand (year-end 2010: €12,712 thousand).

In January 2012, RLB NÖ-Wien was served with a lawsuit by the City of St. Pölten in connection with a €/SFr swap in 2007. Experts consulted by RLB NÖ-Wien have confirmed that the transaction was effectively concluded and that the City of St. Pölten must discharge its obligations in connection with the €/SFr swap in question. As things stand at the moment, RLB NÖ-Wien therefore does not believe that it will be exposed to material liabilities.

(29) SUBORDINATED DEBT CAPITAL

€'000	2011	2010
Measured at amortized cost	**663,536**	**666,384**
Subordinated debt	358,221	359,513
Supplementary capital	305,315	306,871
Designated as at fair value through profit or loss	**40,889**	**87,355**
Subordinated debt	40,889	87,355
Total	**704,425**	**753,739**

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. €2,491 thousand of the change in the fair values of these liabilities was attributable to changes in default risk (2010: €554 thousand). The carrying amount of these liabilities was €14,680 thousand less than the contractually agreed repayment amount (2010: €17,640 thousand).

Furthermore, in 2010, profit-share certificates (*Genussrecht*) of *Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs AG* 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*. During the extraordinary general meeting of *Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs AG* in 5 October 2011, it was decided to terminate the profit-share certificates as of 31 October 2011.

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	2011	2010
Attributable to equity holders of the parent	**2,271,476**	**2,383,165**
Subscribed capital	214,520	214,520
Non-voting non-ownership capital (*Partizipationskapital*)	76,500	76,500
Capital reserves	432,688	432,688
Retained earnings	1,547,768	1,659,457
Minority interests	**92**	**99**
Total	**2,271,568**	**2,383,264**

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* 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 no-par shares. By virtue of this 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 through the issuance of 153,228 new, registered voting no-par shares (ordinary shares) with a nominal value of €100.00 each at an issue price of €1,738.00 per share. Under this authority, another 96,772 new registered no-par shares could be issued.

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 participation 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*. Returns on the non-voting non-ownership capital will depend on profits. The distribution on the non-voting non-ownership capital in respect of the year 2010 was €3,825 thousand.

The Annual General Meeting on 7 May 2010 voted to authorize the Managing Board to issue non-voting non-ownership 'participation' certificates within the meaning of *§ 23 Abs. 4 BWG* within a period of five years up to a nominal total of €300 million.

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 making the fixed payment in respect of 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 as recompense a guaranteed minimum dividend from *Raiffeisen-Holding NÖ-Wien*.

Equity management is an important part 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 still one of the legal duties of care imposed on banks to ensure that they have sufficient equity to protect themselves against all material operational and other banking 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 level and at the level of the credit institution group (*Kreditinstitutsgruppe*) at *Raiffeisen-Holding NÖ-Wien*.

NOTES ON FINANCIAL INSTRUMENTS

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

The following notes 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 relevant 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 relevant risks and to monitor and manage them close to real time 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 are moulded by its conservative handling of operational and other 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 segments are systematically interlinked. All relevant 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 Overall Bank 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. The strategic risk decisions involve laying down the limit systems for the bank as a whole and for individual business segments. The Overall Bank Risk Committee (*Gesamtbankrisikorunde*) consists of the Managing Board member responsible for the Risk Management and Organization Division (RMO), the Head of Credit Risk Management (KRM), the Head of the Special Accounts Management Unit (SOG: *Sondergestion*), who reports directly to the Managing Board, the Head of the Treasury Mid-office Department (TMO), the heads of the Head Office sales departments that take risks, the Head of Accounts and Controlling (RWC), the Head of Internal Audit (IRE), the Head of Country and Bank Analysis (LBA)—to help obtain risk information relating to sovereign and bank exposures—and a representative of *Raiffeisen-Holding NÖ-Wien*. It works under the direction of the Head of the Overall Bank Risk Department (*Gesamtbankrisiko*: GBR), who reports directly to the Managing Board. This committee meets once a quarter. 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 risk.

The Overall Bank Risk Department is part of the RMO Division. It reports directly to the responsible member of the Managing Board. This ensures that the Overall Bank Risk Department acts independently from front-office divisions. It is where all the relevant risk analysis activities such as credit, market, liquidity, equity investment and operational risk analysis converge. Within the framework of the risk controlling process, the TMO Department—a Head Office department that is also a part of the RMO 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, passing 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 at the overall bank level is one of the core tasks of the Overall Bank Risk Department. An overall view of all the different risks (including, in particular, credit, equity investment, market, liquidity and operational risks) at the highest level of aggregation is presented by the Overall Bank Risk Department in its risk-bearing capacity analysis.

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 Overall Bank Risk Department in collaboration with KRM, TMO, LBA and the Risk Management Department (RIM) of *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. In addition, RLB NÖ-Wien produces an overview of all the principal risk categories and sub-risk categories with an assessment of the materiality of each risk category in the form of a risk map, which is revised annually.

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

MANAGEMENT OF OVERALL BANK RISK AND RISK-BEARING CAPACITY

During RLB NÖ-Wien's overall bank risk management procedures, the bank's existing risk covering potential (profit, equity and hidden reserves) is compared with all its material risks (including, in particular, credit, market, liquidity, equity investment and operational risks). This comparison is carried out 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 the 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 risk categories and business units. 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 associated with RLB NÖ-Wien's equity investments in banking-related fields. Continuous loss assessments and regular self-assessments are carried out to take account of operational risk.

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 measured 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 by way of a suitable system of limits, numerous netting agreements and the settlement of transactions using settlement platforms. Equity investment risks are measured on the basis of expert assessments that cover both problem cases and extreme cases.

The overall bank risk management process also captures liquidity and operational risks.

As described above, 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 RLB NÖ-Wien's risk policy, which limits risk activities to a level that is appropriate to the bank.

Since 2009, RLB NÖ-Wien has been carrying out whole-bank stress tests to supplement risk-bearing capacity analyses. In 2011, they were extended to include quantitative stress scenarios for every kind of risk taking account of macroeconomic conditions.

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 credit standing). 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 a state's sovereign action. Transfer risk also includes the 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.

RLB NÖ-Wien takes account of the counterparty default risk on derivatives within the scope of its calculations of regulatory own funds. Regular analysis of the derivatives portfolio takes place in the Treasury Risk Reporting Department (TRR). Since the beginning of 2007, a global limits system has been in place to steer the assignment of capital. It takes account of RLB NÖ-Wien's risk-bearing capacity (and all its risks). Risk limits are set for each business unit and category of risk. Besides the risk limits set at the overall bank level, RLB NÖ-Wien also has an extensive system of lines and limits for treasury transactions. It is made up of the Treasury Limits Framework and the Products, Services, Limits and Markets Catalogue.

RLB NÖ-Wien sees itself as a financier operating in the *Centrope* region and has made that one of the focuses 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, sales units are supported by KRM, which is a Head Office department. Its tasks are to provide support and perform a controlling role during the measurement and management of credit risk and to take on the management and realization of problem loan assets. SOG, which reports directly to the Managing Board and answers directly to the Managing Board member responsible for the RMO Division, supports the risk management process by dealing with the resolution of problem loans.

Credit risk is handled by KRM, 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 an insolvency. If risky exposures need resolving, the job of processing them is transferred to the SOG unit, which reports directly to the Managing Board. Developing credit risk measurement systems (rating, scoring) is also KRM's responsibility.

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 section 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 overall bank level as well as 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 credit standing, RLB NÖ-Wien employs a rating system that is supplemented by a scoring model in the retail customer segment to classify risks and gauge 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 KRM and Credit Back Office (KBO), both of which are Head Office departments, encompass every requisite 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 (MKK) and the Balance Sheet and Corporate Analysis Department (BUA) 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, LBA, which is 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 on the basis of 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. The Financial Services Department (FIS) performs collateral management for derivatives operations on a daily basis. In risk areas, its assessments are subjected to institutionalized plausibility checks in the course of the application process. Internal ratings are updated and the bank's risk position is reviewed at periodic intervals.

The periodic updating of ratings also includes regularly assessing the need to establish impairment allowances. Direct loan receivables that are highly unlikely to be recoverable require revaluation, taking assigned collateral into account, and provisions must be created for claims under guarantee credits. RLB NÖ-Wien has a default database that allows it to evaluate and analyze material risk parameters even more effectively.

Besides portfolio data, the credit risk reports prepared by KRM, which is a Head Office Department, also show movements within the portfolio. 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 reflected by the bank's standard risk costs. Together with liquidity, own funds and unit costs, these are key variables in RLB NÖ-Wien's management performance calculations, which are carried out employing the *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 system.

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 KRM, 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 are observed, managed and resolved and that debts are collected. The task force meets as required.

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 used.

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 and the item-by-item impairment charges applied in each case (in thousands of euros):

Internal rating		2011	Per Cent	Collaterals	Impairment Charge Recognized on Item-by-item Basis	2010	Per Cent	Collaterals	Impairment Charge Recognized on Item-by-item Basis
0.5	Minimal risk	1,763,135	5.7	69,568	0	2,038,108	6.5	69,604	0
1	Excellent credit standing	2,777,637	9.0	408,111	0	3,077,142	9.8	481,444	0
1.5	Very good credit standing	16,488,857	53.1	2,546,824	1,205	17,012,351	54.1	2,363,677	67
2	Good credit standing	3,234,763	10.5	1,306,293	361	2,618,587	8.3	857,036	252
2.5	Average credit standing	2,270,299	7.3	1,075,267	603	2,083,162	6.6	965,148	158
3	Mediocre credit standing	2,245,141	7.2	1,035,793	6,536	1,981,361	6.3	1,020,984	2,398
3.5	Weak credit standing	910,571	2.9	493,369	7,427	1,003,965	3.2	604,715	9,478
4	Very weak credit standing	557,907	1.8	454,799	41,439	903,977	2.9	616,688	49,903
4.5	Doubtful/high default risk	197,202	0.6	59,083	50,527	264,651	0.9	99,364	78,515
5	Default	261,595	0.8	58,091	161,643	197,536	0.6	45,631	132,932
	Unrated	325,901	1.1	33,133	116	251,466	0.8	66,910	803
	Total	**31,033,008**	**100.0**	**7,540,330**	**269,856**	**31,432,306**	**100.0**	**7,191,201**	**274,506**

The charge for impairment of the portfolio came to €21,079 thousand in 2011, compared with €24,616 thousand in 2010. Collateral values are presented on the basis of the bank's internal collateral approaches and capped at the amounts receivable.

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

INTERNAL RATING		2011	Per Cent	2010	Per Cent
0.5	Minimal risk	1,763,135	5.8	2,038,108	6.6
1	Excellent credit standing	2,777,075	9.1	3,077,132	9.9
1.5	Very good credit standing	16,472,474	53.9	17,010,619	55.0
2	Good credit standing	3,232,399	10.6	2,616,260	8.5
2.5	Average credit standing	2,265,637	7.4	2,081,025	6.7
3	Mediocre credit standing	2,228,028	7.3	1,966,980	6.4
3.5	Weak credit standing	896,006	2.9	980,079	3.2
4	Very weak credit standing	469,284	1.5	779,225	2.5
4.5	Doubtful/high default risk	111,791	0.3	105,798	0.3
5	Default	39,217	0.1	24,226	0.1
	Unrated	325,381	1.1	246,835	0.8
	Total	**30,580,426**	**100.0**	**30,926,287**	**100.0**

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

	LOANS AND ADVANCES TO CUSTOMERS		LOANS AND ADVANCES TO OTHER BANKS		FINANCIAL INVESTMENTS	
€'000	2011	2010	2011	2010	2011	2010
Loan exposure	10,093,695	9,680,435	10,915,248	12,188,513	3,510,704	3,499,629

Appropriate impairment losses were also recognized on problem exposures (non-performing loans). By region, customer exposures broke down as follows as a result:

	AUSTRIA		CENTROPE REGION		REST OF EU		OTHER	
€'000	2011	2010	2011	2010	2011	2010	2011	2010
Financial Institutions	**9,386,907**	**10,194,655**	**140,803**	**161,174**	**1,198,742**	**1,113,206**	**284,020**	**305,340**
Non-performing	0	0	0	0	523	630	2,197	11,115
Impairment charge on loans and advances	0	0	0	0	521	630	2,197	11,115
Corporate Customers	**6,353,096**	**6,137,158**	**530,728**	**532,793**	**607,423**	**620,030**	**300,357**	**229,782**
Non-performing	259,781	311,260	57	170	42,894	38,129	0	7,889
Impairment charge on loans and advances	151,902	151,811	0	35	22,109	17,634	0	3,320
Retail Customers	**1,510,656**	**1,439,163**	**3,195**	**2,826**	**14,424**	**14,997**	**18,857**	**16,001**
Non-performing	129,539	138,166	108	10	339	583	1,416	1,425
Impairment charge on loans and advances	86,752	88,169	104	5	192	377	1,132	1,015
Sovereigns	**575,470**	**1,016,763**	**0**	**0**	**0**	**0**	**142**	**165**
Non-performing	10,852	0	0	0	0	0	0	0
Impairment charge on loans and advances	3,957	0	0	0	0	0	0	0
Other	**83,182**	**82,957**	**1**	**0**	**4**	**1,010**	**939**	**928**
Non-performing	1,012	1	0	0	0	0	0	0
Impairment charge on loans and advances	991	0	0	0	0	0	0	0

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

INTERNAL RATING		2011	Per Cent	Collateral	2010	Per Cent	Collateral
0.5	Minimal risk	0	0.0	0	0	0.0	0
1	Excellent credit standing	14	0.0	0	10	0.0	0
1.5	Very good credit standing	823	0.4	579	968	0.4	501
2	Good credit standing	878	0.4	132	2,072	1.0	1,177
2.5	Average credit standing	2,360	1.0	571	1,834	0.9	752
3	Mediocre credit standing	2,804	1.2	1,090	8,804	4.1	5,658
3.5	Weak credit standing	1,968	0.9	315	7,876	3.6	3,927
4	Very weak credit standing	3,473	1.5	1,431	30,612	14.2	7,265
4.5	Doubtful/high default risk	12,992	5.6	5,416	11,647	5.4	3,250
5	Default	205,763	89.0	48,275	151,536	70.3	37,887
	Unrated	102	0.0	0	172	0.1	7
	Total	**231,177**	**100.0**	**57,809**	**215,531**	**100.0**	**60,424**

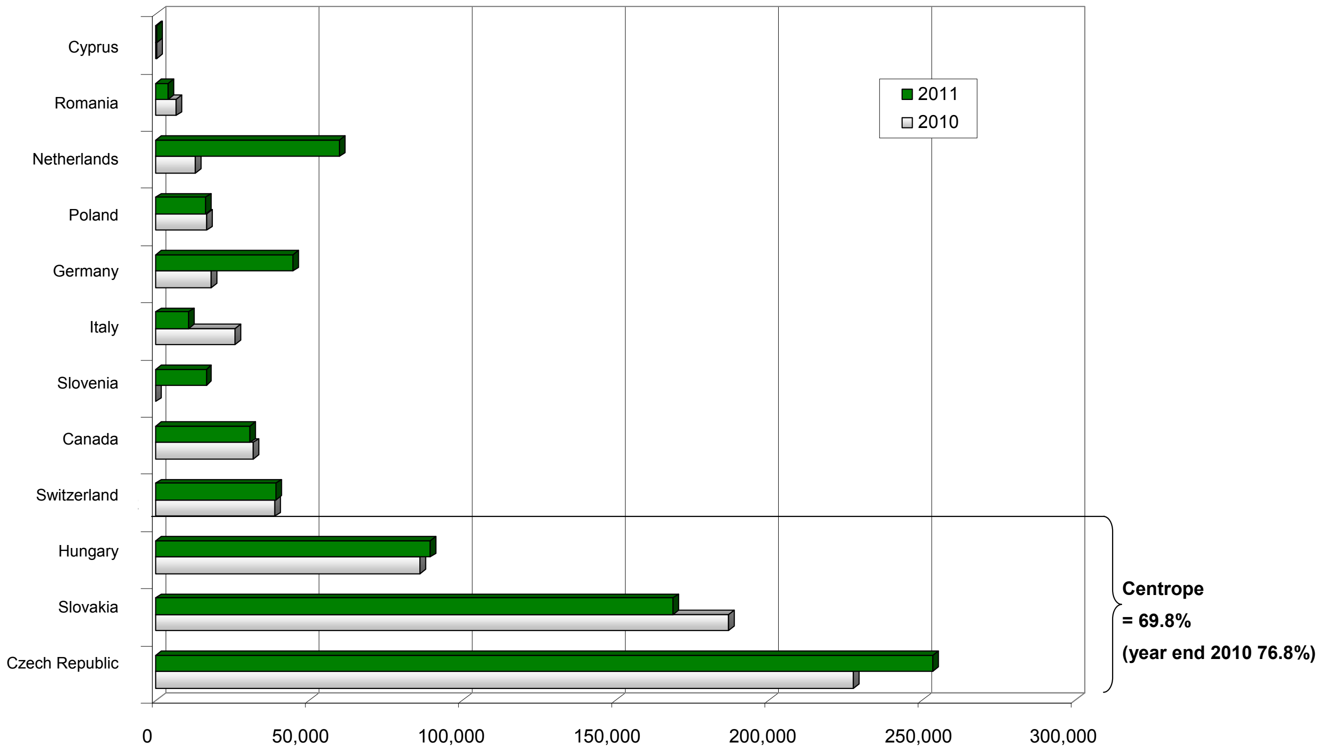
At the end of the 2011 financial year, impairment losses had not been recognized on past due customer balances totalling €20,339 thousand (year-end 2010: €54,200 thousand). The age structure of the past due customer balances for which impairment losses had not been recognized is presented below:

PAST DUE	2011	Per Cent	2010	Per Cent
Up to 30 days	5,494	27.0	31,146	57.5
31 – 60 days	1,900	9.3	3,644	6.7
61 – 90 days	1,800	8.9	1,319	2.4
Over 90 days	11,145	54.8	18,091	33.4
Total	**20,339**	**100.0**	**54,200**	**100.0**

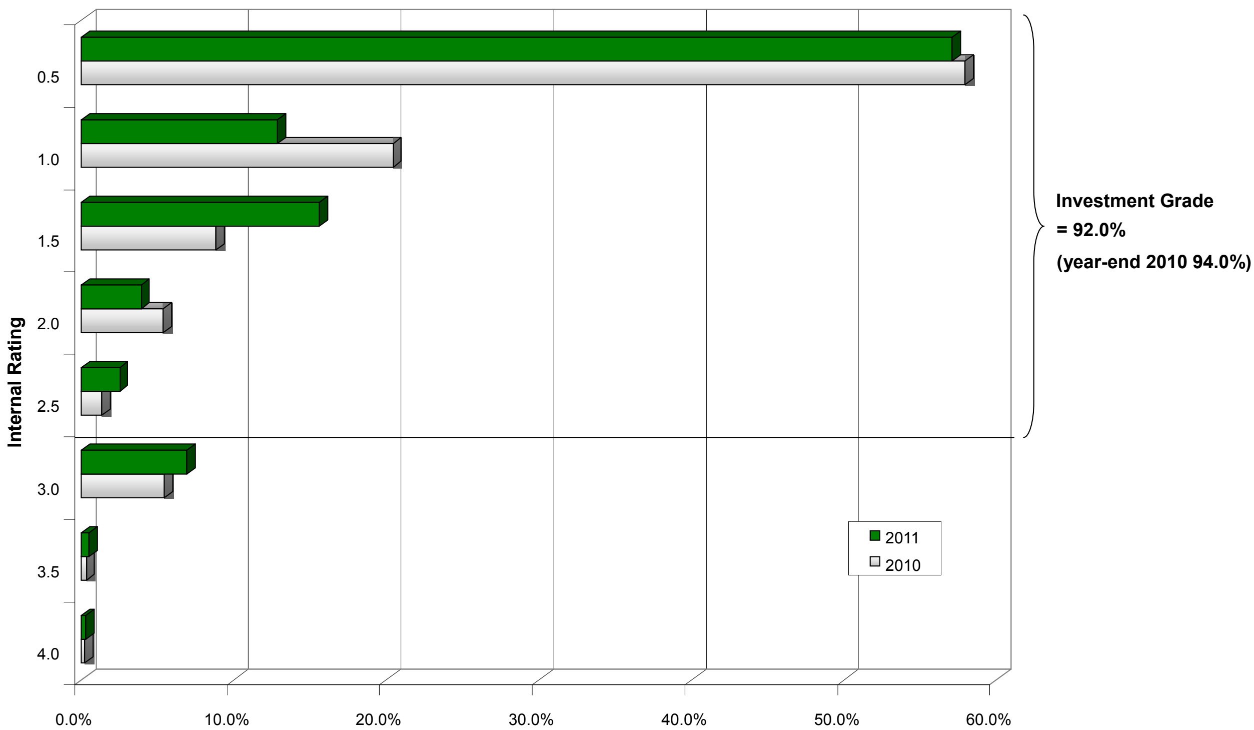
At year-end 2011, real estate loans in RLB NÖ-Wien's portfolio totalled €3,545,973 thousand (year-end 2010: €3,210,9327 thousand).

				2011				2010
CATEGORY	AUSTRIA	Per Cent	ABROAD	Per Cent	AUSTRIA	Per Cent	ABROAD	Per Cent
Residential (subsidized)	518,583	18.4	0	0.0	537,996	21.0	0	0.0
Residential (financed without subsidies)	974,449	34.6	39,977	5.4	719,896	28.1	37,440	5.8
Commercial (tourism)	240,889	8.6	157,040	21.4	173,049	6.8	135,076	20.7
Commercial (shopping centres)	343,369	12.2	214,785	29.3	274,637	10.7	152,657	23.4
Commercial (offices)	384,596	13.7	145,753	19.9	443,826	17.4	122,037	18.7
Other	350,610	12.5	175,923	24.0	409,911	16.0	204,407	31.4
Total	**2,812,496**	**100.0**	**733,479**	**100.0**	**2,559,315**	**100.0**	**651,617**	**100.0**

At year-end 2011, most of the real estate loan exposure, namely 79.3 per cent, was Austrian (year-end 2010: 79.7 per cent). Just 20.7 per cent of the real estate loan portfolio was foreign (year-end 2010: 20.3 per cent). A breakdown of this foreign real estate loan exposure by country shows a strong predominance of the *Centrope* region (in thousands of euros).



The chart below depicts the percentage distribution of country limits based on internal ratings in the 2011 financial year and, by way of comparison, in the 2010 financial year:



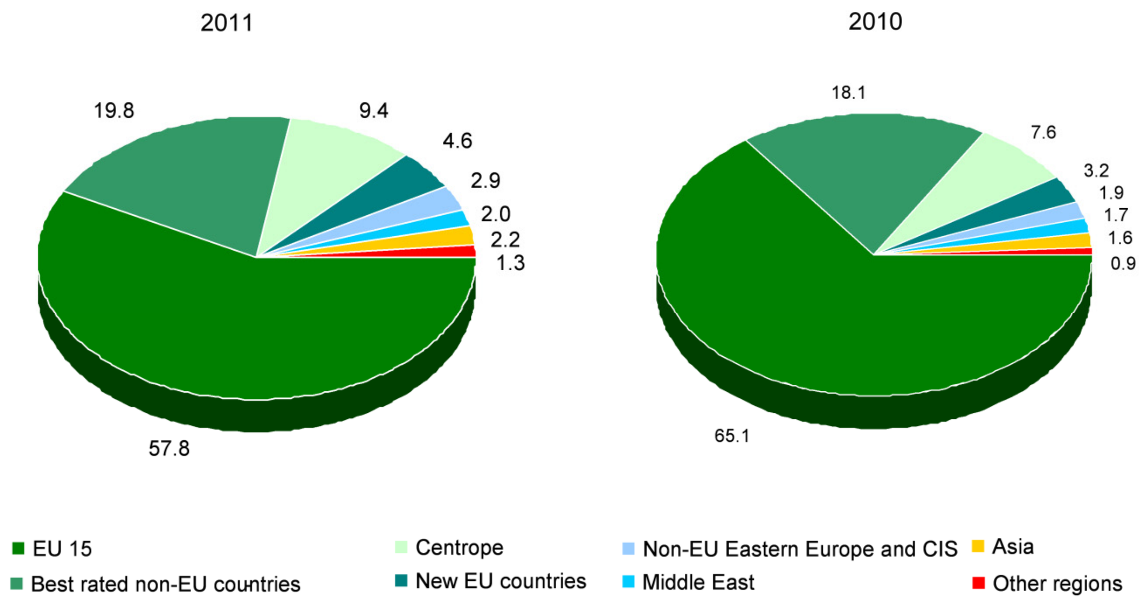
Risk concentrations at RLB NÖ-Wien are also monitored within the scope of country risk measurements and limited by way of special country limits. At the end of 2011, 92.0 per cent of the approved country limits were in investment grade classes and a total of 86.0 per cent were assigned to one of the three best rating classes (0.5 to 1.5).

RLB NÖ-Wien reacted to the economic changes in Europe in good time with massive cuts in country limits and the complete suspension of certain lines. In addition, at the beginning of May 2010, it suspended all Greek, Portuguese, Spanish and Irish issuers' lines. The table below presents the carrying amounts of the most important receivables from public sector debtors arising from securities at 31 December 2011:

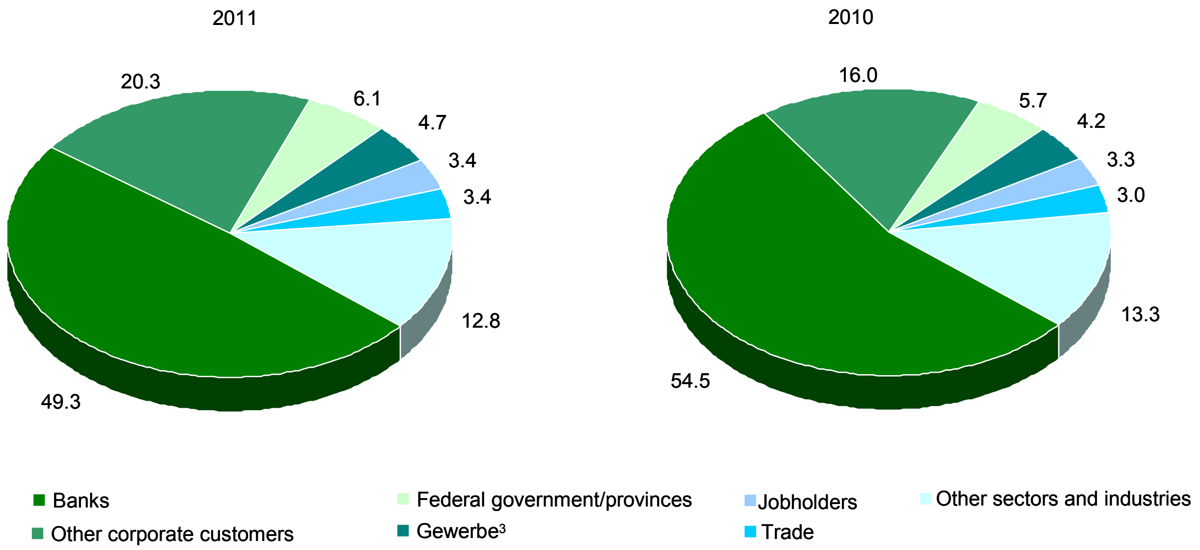
€'000	Held for Trading	Available for Sale	Held to Maturity	Fair Value Option
Austria	0	562,379	20,683	36,471
France	0	178,594	0	0
Italy	0	42,070	106,113	0
Hungary	0	0	15,608	2,505
Spain	0	0	0	12,878
Portugal	0	12,116	0	0
Greece	0	0	1,234	0

There were hidden liabilities (the effect of impairments on profit in the Income Statement) in the amount of €17.8 million in connection with public sector debtors (sovereign debt risk) in Portugal, Spain, Hungary and Greece in respect of debts with a carrying amount of €44.3 million. Impairment allowances in the amount of €1.0 million were established in respect of held-to-maturity securities and write-downs in the amount of €1.3 million were carried out on securities designated as at fair value through profit or loss. Greek government bonds were carried at market values. RLB NÖ-Wien had no sovereign debt exposure to the countries listed above by way of credit default swaps (CDSs).

There follows a presentation of the regional distribution of country limits. The charts below depict the percentage distributions of country limits in 2010 and 2011. *Best-rated non-EU countries* includes countries like the United States, Japan and Singapore that have *Moody's* ratings of at least Aa3.



Branch and industry concentrations are monitored with the help of periodic sector and industry analyses. The following charts provide breakdowns of the bank's loan exposure by sector and industry group (in per cent):



[3] Within the meaning of Austria's *Gewerbeordnung* (commercial code).

When analyzing the country risks captured by credit risk evaluations, RLB NÖ-Wien draws, *inter alia*, upon the professional support of the Country and Portfolio Risk Management Department at *RBI*. Among other things, internal country ratings provide the basis for RLB NÖ-Wien's own country limits system, which applies in every organizational unit within the enterprise. When analyzing banking risks, RLB NÖ-Wien also cooperates closely with *RBI*'s Financial Institutions Analysis Department. Moreover, RLB NÖ-Wien has access to *RBI*'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 risk estimates are also brought into the assessment of overall bank risk within the framework of the risk-bearing capacity analysis process. There must also be room for cross-border banking risks in each country limit. Banks in peripheral countries are a particular focus of regular risk monitoring activities.

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

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

CATEGORY OF COLLATERAL	2011	Per Cent	2010	Per Cent
Land register	3,873,712	39.3	3,475,958	36.3
Securities	294,016	3.0	309,626	3.2
Savings/current/deposit accounts	524,588	5.3	701,948	7.3
Insurance	187,397	1.9	185,760	2.0
Other rights and claims	716,765	7.3	695,744	7.3
Guarantees	4,249,056	43.2	4,204,461	43.9
Total	**9,845,534**	**100.0**	**9,573,497**	**100.0**

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 are netted off against the corresponding loan accounts when the collateral is realized. The corresponding parts of a loan are 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 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 undergoes gap analysis and basis point values (BPVs) are calculated for each currency.

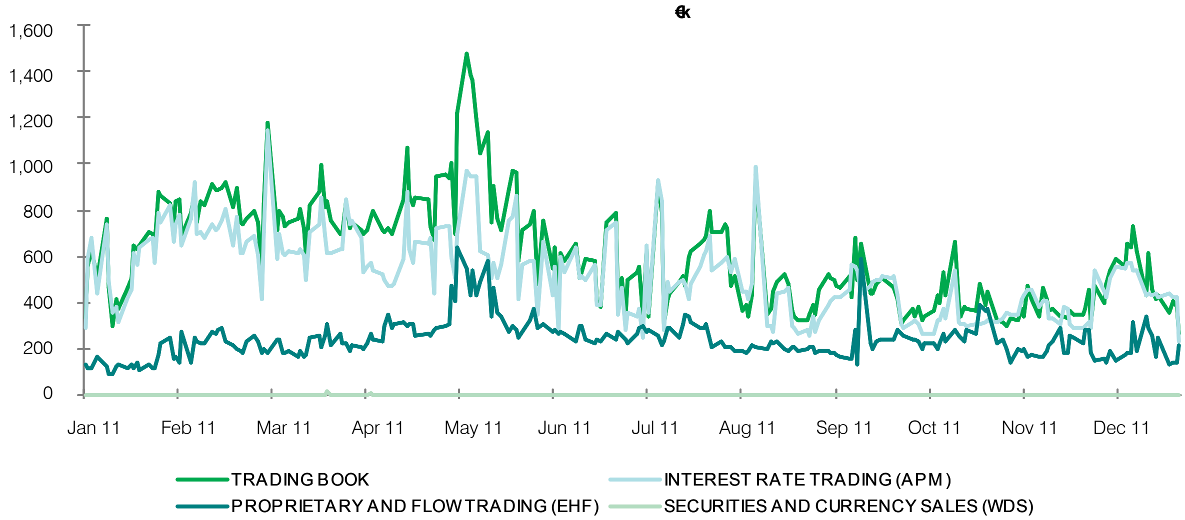
RLB NÖ-Wien has an extensive system of lines and limits for all trading and banking book portfolios. It is made up of the Treasury Limits Framework and the Products, Services, Limits and Markets Catalogue. These regulatory tools limit market risk for each type of transaction and for each portfolio. In this risk category, value at risk and sensitivity limits have been set to limit risks and stop-loss limits have been set to limit the risk of losses.

The Treasury Limits Framework is updated annually by the Managing Board on the basis of recommendations by TMO, which is a Head Office department. Each day, TMO checks that the limits framework is being adhered to and thus ensures that it is.

MARKET RISK IN THE TRADING BOOK

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

VALUE AT RISK IN THE TRADING BOOK IN 2011



The chart shows risk in the trading book and in its various sub-portfolios (interest rate trading, proprietary trading, flow trading, securities and currency sales) on a daily basis in terms of 99 per cent one-day value at risk. 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 loss or gain on the day in question. In addition, daily worst-case analyses are also carried out, providing information about losses in extreme cases.

In view of the markets' instability in 2010, the limits set for 2011 were very restrictive. At the same time, capital charges were increased. Value at risk in the trading book arises primarily from the value at risk associated with interest rate trading. Because market volatility was high, the contribution to total risk made by the Proprietary Trading and Flow Trading Department, which arises from currency, securities and equity trading positions, was kept low. The Securities and Currency Sales Department concentrates on trading as an intermediary, so it does not contribute to risk.

There were a number of peaks in value at risk in the trading book. They were attributable to specific market events, and the bank responded with risk-reducing measures. The peak in value at risk at the beginning of March was caused by the announcement of a hike in interest rates by the ECB. The deterioration in economic forecasts at the beginning of May led to another brief increase in value at risk. The increase in risk at the end of June and beginning of July was caused by the amount of time it took the EU to agree to a second bailout for Greece. The downgrading of U.S. debt by *Standard & Poor's* (*S&P*) and doubts about the creditworthiness of the euro countries unsettled the markets again at the beginning of August. The euro crisis rekindled uncertainty in the markets in October, and this made itself felt in an increase in value at risk. The increase in risk in December was due to the ECB's cut in its main interest rate and the announcement of the possible downgrading of euro countries by the rating agencies.

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

The table below presents the bank's VaR at 31 December 2011 (99%, 1-day) and the comparative figures for 31 December 2010 by product group:

€'000	VaR at 31/12/2011	VaR at 31/12/2010
Trading book	269	345
Interest rate trading	234	296
Currency trading	237	124
Securities trading	36	1
Equity trading	104	125

The value-at-risk figures that were obtained 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 preceding seven years and are, among other things, used in the asset liability management process. This allows the simulation of big fluctuations in market parameters and crisis situations and application of the simulations to positions. The scenarios used are based on the assumptions made by *OeNB*, the rating agencies and RLB NÖ-Wien. They include interest rate movements (reversals, shifts and combinations of reversals and shifts), movements in prices and rates (equities, foreign exchange rates) and changes in credit spreads and interest rate and price volatilities.

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

€'000	VaR at 31/12/2011	Average VaR	Minimum VaR	Maximum VaR
Interest rate risk	704	1,740	584	4,095
Currency risk	135	194	7	1,700
Price risk	360	492	162	1,080
Volatility risk	431	573	262	1,184

€'000	VaR at 31/12/2010	Average VaR	Minimum VaR	Maximum VaR
Interest rate risk	982	2,005	39	4,272
Currency risk	21	254	21	1,278
Price risk	392	304	48	922
Volatility risk	260	1,124	258	2,260

MARKET RISK IN THE BANKING BOOK

Interest rate risk is managed centrally by the Asset Liability Management Department in Treasury, which is a Head Office department, where all interest rate positions are systematically aggregated and managed. Interest rate risk is managed using gap analysis. TMO, a Head Office department, carries out VaR and scenario analyses on the basis of this gap analysis. The scenarios used are based on the recommendations of the *Finanzmarktaufsicht* (Austrian Financial Market Authority) and *OeNB* 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 and, therefore, 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 2011 (in thousands of euros):

INTEREST RATE GAP	6 –12 Months	1 – 2 Years	2 – 5 Years	> 5 Years
€	(2,235,475)	(1,413,790)	(71,668)	431,832
US$	(69,933)	(27,134)	227	2,994
¥	4,758	(20)	(60)	0
SFr	(296,064)	640	1,561	8,956
Other	(2,346)	0	0	0

RLB NÖ-Wien's interest rate gaps at 31 December 2010 (in thousands of euros):

INTEREST RATE GAP	6 –12 Months	1 – 2 Years	2 – 5 Years	> 5 Years
€	510,319	(273,909)	620,899	(220,892)
US$	(16,466)	(196,425)	(52,080)	129,459
¥	75,216	(238)	(713)	0
SFr	(24,118)	20,364	(1,938)	8,544
Other	781	(1,629)	(4,939)	0

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 also 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 transformation activities. To capture present value risk, 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 effects of a change in interest rates on the enterprise's profit or loss.

31/12/2011	Holding Period	Confidence Interval: 95%	
Portfolio		Banking Book	Trading Book
RLB NÖ-Wien	180 days	20,920	2,207

31/12/2010	Holding Period	Confidence Interval: 95%	
Portfolio		Banking Book	Trading Book
RLB NÖ-Wien	180 days	18,912	1,876

The table below shows the bank's VaR (95%, 180-day) for market risk in the banking book:

€'000	31/12/2011	Average VaR	Minimum VaR	Maximum VaR
Interest rate risk	20,920	22,463	11,720	41,075
Currency risk	358	600	285	1,600
Price risk	52	235	51	508
Volatility risk	8,029	7,558	1,599	15,525

€'000	31/12/2010	Average VaR	Minimum VaR	Maximum VaR
Interest rate risk	19,982	33,929	12,101	104,580
Currency risk	274	259	120	472
Price risk	559	1,159	0	3,449
Volatility risk	3,964	14,257	3,133	33,311

Changes in present value in RLB NÖ-Wien's banking book at 31 December 2011 given a parallel, one-basis-point rise in interest rates: a positive number means that a rise in interest rates would cause an increase in present value; a negative number shows the loss in value that would be caused by a one-basis-point rise in interest rates (in thousands of euros). This change in present value corresponds to the basis point value:

INTEREST RATE GAP	> 6 –12 Months	1 – 2 Years	2 – 5 Years	> 5 Years
€	212.92	276.78	25.08	(77.83)
US$	8.49	6.82	-0.11	(2.91)
¥	(44.44)	0.39	2.33	0
SFr	34.05	(0.15)	(0.72)	(0.61)
Other	0.22	0.02	0	0.1

Changes in present value in RLB NÖ-Wien's banking book at 31 December 2010 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
€	(49.16)	52.97	(234.80)	162.63
US$	38.08	5.09	16.92	(110.12)
¥	(7.19)	0.05	0.28	0.00
SFr	2.31	(3.96)	0.31	(2.30)
Other	(0.07)	0.31	1.88	(0.02)

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

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

CURRENCY RISK

RLB NÖ-Wien's currency risks are managed centrally in the Proprietary Trading and Flow Trading Department in Treasury, which is a Head Office department. The resulting currency risks are limited by a system of limits (VaR limit, sensitivity limits and a stop-loss limit) detailed in the Treasury Limits Framework. The volume of reportable open currency positions is also monitored. As a result, all foreign currency positions are continually monitored, controlled and managed.

LIQUIDITY RISK

Liquidity risk is the risk that the bank may not be able to meet its current and future financial obligations in full or in time and that, if the market is not sufficiently liquid, transactions may not be possible or may only be possible on less favourable terms.

Liquidity risk includes insolvency risk (liquidity risk in the narrow sense of the term), liquidity maturity transformation risk and the risk of regulatory sanctions and penalties for failure to observe minimum requirements (e.g. the minimum reserve requirement). Insolvency risk (liquidity risk in the narrow sense of the term) includes maturity risk (the risk of an unplanned lengthening of the period for which money lent is tied up) and withdrawal risk (the risk of premature withdrawals of deposits, unexpected drawdowns on promised lines of credit). Liquidity maturity transformation risk includes market liquidity risk (balance sheet assets cannot be sold or can only be sold on poorer terms) and funding risk (follow-up funding is impossible or is only possible on poorer terms).

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

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 an appropriate joint limits system in place since 2007. The Liquidity Management Committee (LIMA Committee) acts as the central steering committee for the *Raiffeisen Bankengruppe NÖ-Wien* (*RBG*). RLB NÖ-Wien has assumed responsibility for liquidity management for *RBG NÖ-Wien* (*Raiffeisen-Holding NÖ-Wien*, RLB NÖ-Wien and the *Raiffeisen Banks* in Lower Austria) and prepares regular liquidity profiles. Liquidity risk is measured on the basis of the aggregated data for *RBG NÖ-Wien* and the appropriate portions are applied in the appropriate amounts within the scope of risk-bearing capacity analysis processes at the *Raiffeisen-Holding Gruppe NÖ-Wien Group*, *Raiffeisen-Holding NÖ-Wien* and RLB NÖ-Wien. Since 2010, a legally compliant liquidity management agreement has been in place at *RBG NÖ-Wien* together with a liquidity risk model based upon it.

RBG NÖ-Wien's liquidity position is observed under various scenarios, differentiating between normal case, crises of reputation, systemic crises and combined crisis scenarios. All the scenarios assume that no new business will be done in the present situation. However, the scenarios that are applied differ in their effects on the current liquidity projection (including both on-balance sheet and off-balance sheet positions) in each of the assumed stress situations.

When looking at risks, the existing liquidity gaps (surplus inflows and outflows of funds) in each of the defined maturity bands are compared with the liquidity buffer available at the time—comprising a pool of highly liquid assets (fungible securities, credit claims, etc.)—in the light of the defined scenarios.

In general, there is a strong focus on safeguarding liquidity within a defined survival period. The survival period must be ensured by RLB NÖ-Wien's available liquidity buffer. It will depend on the existing limits system. The survival period has been set at three months.

The measurement model is regularly revised and adapted to changing conditions. Moreover, in 2011, an extensive catalogue of liquidity early warning indicators was implemented on a daily basis.

RLB NÖ-Wien has a detailed limits system in place to mitigate liquidity risk. In line with CEBS guidelines (Committee of European Banking Supervisors), it distinguishes between three liquidity indicators: **'operational liquidity transformation', 'structural liquidity transformation'** and **'gap over assets'**.

'Operational liquidity transformation' (known internally as O-LFT) describes operational liquidity from one to 18 months. It is the quotient of assets to liabilities in the accumulated maturity bands within this period.

When calculating O-LFT, off-balance sheet items and the liquidity buffer are also taken into account on the assets side of the equation. This indicator shows whether a bank will be able to meet its short-term payment obligations without new business (funding rollovers).

The second model, **'structural liquidity transformation' (known internally as S-LFT)**, presents the long-term liquidity position of all participants at RBG NÖ-Wien for maturities from 18 months. It is the quotient of assets to liabilities for maturity bands from 18 months to more than 15 years presented on a band-by-band basis and in an aggregated form. When calculating the S-LFT indicator, off-balance sheet items and the liquidity buffer are also taken into account on the assets side of the equation. This indicator presents the matched maturity funding of long-term assets.

The third indicator used to monitor liquidity risk is the **'GoA quotient'** or **'gap over assets'**. Gap over assets is the quotient of net positions in each maturity band to balance sheet assets. It exposes any excessive funding risk in a specific maturity band.

In addition to the system of indicators described above, the Overall Bank Risk Department calculates and reports RLB NÖ-Wien's short-term funding limit on a daily basis, comparing the current daily need to raise funds in the interbank market with the available fungible securities.

Furthermore, account is taken of the stronger focus on RLB NÖ-Wien's operational liquidity by way of the weekly liquidity reports to *OeNB*, which are also reported to the ensuing Managing Board meeting. Expected incoming payments are compared with expected outgoing payments and with the available liquidity buffer (dynamic approach).

In addition, an appropriate emergency plan has been put in place to deal with any crises. When necessary, it will be implemented by the LIMA Committee. Liquidity is managed centrally by RLB NÖ-Wien's Treasury Department, which is a Head Office department.

To cater for the growing importance of liquidity risk, a separate Liquidity Committee was set up at RLB NÖ-Wien in 2011. It meets once a month. Its remits encompass the following: funding strategy, liquidity reporting, liquidity costs and profits, making recommendations to the Managing Board and cooperation with the LIMA Committee.

The tables below present RLB NÖ-Wien's structural liquidity in 2011 compared with 2010:

€'000 — 31/12/2011

Maturity Band	Gap (Absolute)	GoA	GoA Limit	Accumulated from Behind	S-LFT	S-LFT Limit
18 months	371,881.03	1.27%	(10%)	88,959.56		
2 years	330,703.20	1.13%	(10%)	(282,921.47)	99.38%	> 80%
3 years	380,245.47	1.30%	(10%)	(613,624.66)	105.12%	> 70%
5 years	(351,721.65)	(1.20%)	(10%)	(993,870.14)		
7 years	(723,450.50)	(2.46%)	(10%)	(642,148.49)	110.50%	> 60%
10 years	(1,407,507.29)			81,302.02		
15 years	704,652.45			1,488,809.31		
20 years	271,929.51			784,156.86		
30 years	275,413.94			512,227.35		
> 30 years	236,813.42			236,813.42	98.27%	> 50%

€'000 — 31/12/2010

Maturity Band	Gap (Absolute)	GoA	GoA Limit	Accumulated from Behind	S-LFT	S-LFT Limit
18 months	147,705.02	0.49%	(10%)	482,042.61		
2 years	(550,611.17)	(1.83%)	(10%)	334,337.59	96.54%	> 80%
3 years	550,109.75	1.82%	(10%)	884,948.76	93.02%	> 70%
5 years	668,690.23	2.22%	(10%)	334,839.01		
7 years	(913,594.68)	(3.03%)	(10%)	(333,851.22)	96.81%	> 60%
10 years	(963,704.69)			579,743.46		
15 years	630,124.07			1,543,448.15		
20 years	55,171.23			913,324.08		
30 years	390,095.51			858,152.85		
> 30 years	468,057.34			468,057.34	88.45%	> 50%

The two tables below show details of RLB NÖ-Wien's derivative liabilities in the 2011 financial year, broken down into contractual cash flows and maturities compared with 2010:

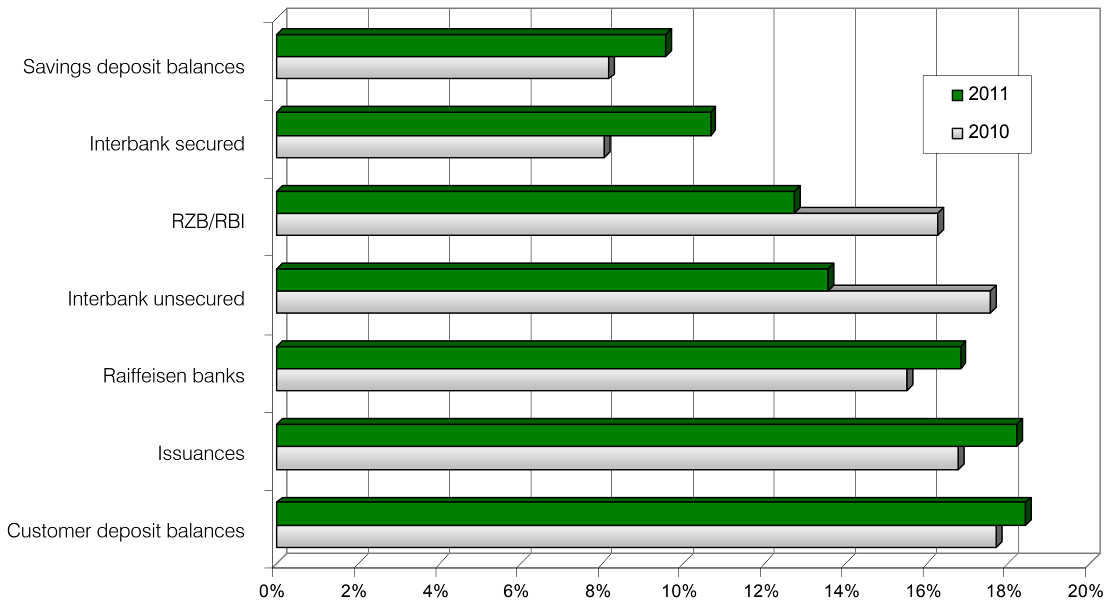
31/12/2011

€'000	Carrying Amount	Contractual Cash Flows	< 3 Months	3 – 12 Months	1 – 5 Year	> 5 Years
Derivative liabilities	**1,843,126**	**3,344,757**	**233,326**	**429,212**	**1,541,295**	**1,140,924**
Derivates in the trading book	301,637	605,778	56,025	81,300	260,395	208,057
Derivates designated in hedge relationships	254,719	510,025	17,715	47,028	180,809	264,474
Other derivatives	1,286,769	2,228,954	159,586	300,884	1,100,091	668,393

31/12/2010

€'000	Carrying Amount	Contractual Cash Flows	< 3 Months	3 – 12 Months	1 – 5 Year	> 5 Years
Derivative liabilities	**1,518,153**	**4,290,519**	**311,432**	**576,478**	**1,959,743**	**1,442,867**
Derivates in the trading book	54,401	524,166	52,457	85,544	236,239	149,926
Derivates designated in hedge relationships	102,367	581,043	17,905	52,905	213,751	296,482
Other derivatives	1,361,384	3,185,311	241,070	438,028	1,509,753	996,459

The table below provides a breakdown of RLB NÖ-Wien's sources of funds in 2011 compared with 2010:



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, write-downs 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 supported by external experts (management consultants, auditors, lawyers).

In addition, in the case of large volume projects and poorly rated equity investments, the Risk Management Department at *Raiffeisen Holding NÖ-Wien* 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 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 periodic equity investment and risk control activities.

The following table presents the carrying amounts of RLB NÖ-Wien's equity investments and their ratings at 31 December 2011 and 31 December 2010:

€'000	Carrying Amount 31/12/2011	Per Cent	Rating	Carrying Amount 31/12/2010	Per Cent	Rating
Investments in other banks	2,525,926	97.8%	1.5	2,373,509	97.5	1.5
Investments in banking-related fields	57,992	2.2%	2.0	59,914	2.5	2.0
Total equity investments	**2,583,918**	**100.0%**	**1.5**	**2,433,423**	**100.0**	**1.5**

The investments in other banks had the same risk rating of 1.5 as in 2010. Events in the financial markets triggered in the wake of the euro debt crisis from the second half of 2011 and the increase in country risks manifested by a significant deterioration in general and market conditions for the banking industry, for instance in Hungary, will continue to be central issues for front-office and back-office divisions at the banks in which the Group holds equity investments.

Similarly, there were no significant changes in RLB NÖ-Wien's equity investments in banking-related fields. As a result, the overall rating of RLB NÖ-Wien's equity investments was unchanged.

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-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 enhancements. 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 indicator approach*. The Managing Board receives quarterly reports on the course of recorded loss events. RLB NÖ-Wien is a participant in projects being carried out within the Austrian *Raiffeisen* organization to refine various risk management systems.

RLB NÖ-Wien carries out exhaustive risk self-assessments at divisional and departmental level in order to identify potentially serious but unlikely risks within the scope of moderated workshops. Because of learning effects, the conscious analysis of risk losses can also reduce risks.

During both the risk self-assessment process and the capturing of loss events, classifications take place using internationally accepted methodologies. Since 2010, the Group has been running an early-warning key risk indicators project in the payment services and investment and private pension and saving products fields as an additional instrument for identifying operational risks alongside the self-assessment process and the loss database. This is a logical continuation of the measures being taken on the path towards the proactive management of operational risk.

Operational risk is currently measured 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.

LEGAL RISK

In January 2012, RLB NÖ-Wien was served with a lawsuit by the City of St. Pölten in connection with a €/SFr swap in 2007. Experts commissioned by RLB NÖ-Wien have confirmed that the transaction was effectively concluded and that the City of St. Pölten must discharge its obligations in connection with the €/SFr swap in question. As things stand at the moment, RLB NÖ-Wien therefore does not believe that it will be exposed to material liabilities.

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*, *Regional Raiffeisen Banks (Raiffeisenlandesbanken)*, *RZB* and *RBI* guarantees on a mutual basis up to 100 per cent of all customer deposit balances as well as securities issued by those entities. 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*, *RZB* and *RBI* 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 overleaf.

DEPOSIT GUARANTEE FACILITIES OF THE AUSTRIAN RAIFFEISEN ORGANIZATION

RLB NÖ-Wien and the *Raiffeisen Banks* in Lower Austria are jointly members of *Österreichische Raiffeisen-Einlagensicherung eGen* 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 und 93b BWG*. The early-warning system used 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* in the respective province) to *Österreichische Raiffeisen-Einlagensicherung eGen* combined with appropriate continuous 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 some 530 locally active *Raiffeisen Banks*, eight regionally active *Regional Raiffeisen Banks* and *RZB* and *RBI* in Vienna, making up the country's densest banking network with a total of 1,682 banking outlets. Roughly 1.7 million Austrians are members—and therefore co-owners—of a *Raiffeisen* bank.

STATUTORY DEPOSIT GUARANTEE SCHEME

Since 1 January 2011, the guaranteed amount of personal deposits, the deposits of small and medium-sized enterprises and the deposits of non-natural persons under the statutory deposit guarantee scheme has uniformly been limited to €100 thousand. There is also an exhaustive list of exceptions to these deposit guarantees that includes the deposits of large corporations.

(32) DERIVATIVE FINANCIAL INSTRUMENTS

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

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

	NOMINAL AMOUNTS				FAIR VALUES	
	Term to Maturity					
2011 €'000	Up to 1 Year	From 1 to 5 Years	From 5 Years and Over	Total	Positive	Negative
Total	**19,788,612**	**21,653,335**	**19,409,855**	**60,851,802**	**2,155,091**	**(2,330,070)**
a) Interest rate contracts	**16,027,104**	**21,005,373**	**18,707,603**	**55,740,080**	**1,827,891**	**(1,998,318)**
(exchange-traded contracts)						
Interest rate futures	25,000	0	0	25,000	0	(114)
(OTC products)						
Interest rate swaps	12,691,438	19,951,373	17,115,988	49,758,799	1,796,883	(1,950,612)
FRAs – calls	520,000	0	0	520,000	29	(146)
FRAs – puts	435,000	5,000	0	440,000	91	(26)
Interest rate options – calls	678,980	450,501	734,576	1,864,057	30,852	0
Interest rate options – puts	1,645,186	598,499	857,039	3,100,724	0	(47,358)
Bond options - calls	11,500	0	0	11,500	36	0
Bond options - puts	20,000	0	0	20,000	0	(62)
b) Exchange rate contracts	**3,562,187**	**380,008**	**244,415**	**4,186,610**	**322,386**	**(327,731)**
(OTC products)						
Currency forwards	123,052	0	0	123,052	1,651	(1,747)
Cross currency and cross currency interest rate swaps	3,373,273	210,706	89,615	3,673,594	69,757	(89,024)
Currency options – calls	2,931	7,351	0	10,282	1,471	0
Currency options – puts	2,931	7,351	0	10,282	0	(1,471)
Other foreign currency contracts and gold contracts	60,000	154,600	154,800	369,400	249,507	(235,489)
c) Securities contracts	**0**	**77,690**	**457,837**	**535,527**	**1,319**	**(2,364)**
(OTC products)						
Equity and index options – calls	0	4,400	223,211	227,611	22	0
Equity and index options – puts	0	9,607	223,376	232,983	0	(600)
Other securities contracts	0	63,683	11,250	74,933	1,297	(1,764)
d) Credit derivatives	**199,321**	**190,264**	**0**	**389,585**	**3,495**	**(1,657)**
(OTC products)						
Credit default swaps – secured party	5,000	59,300	0	64,300	1,661	(874)
Credit default swaps – securing party	194,321	130,964	0	325,285	1,834	(783)

2010 €'000	NOMINAL AMOUNTS Term to Maturity Up to 1 Year	From 1 to 5 Years	From 5 Years and Over	Total	FAIR VALUES Positive	Negative
Total	**17,547,417**	**22,779,297**	**21,325,404**	**61,652,118**	**1,935,279**	**(2,040,310)**
a) Interest rate contracts	**14,973,300**	**22,085,010**	**20,418,286**	**57,476,596**	**1,687,836**	**(1,709,776)**
(exchange-traded contracts)						
Interest rate futures	151,000	0	0	151,000	247	(156)
(OTC products)						
Interest rate swaps	14,211,537	20,851,348	19,449,257	54,512,142	1,666,858	(1,685,944)
FRAs – calls	100,000	0	0	100,000	10	(31)
FRAs – puts	100,000	0	0	100,000	37	(7)
Interest rate options – calls	154,280	555,661	428,624	1,138,565	20,529	(11)
Interest rate options – puts	256,183	646,301	540,405	1,442,889	0	(23,318)
Bond options - calls	0	11,500	0	11,500	155	0
Bond options - puts	300	20,200	0	20,500	0	(309)
b) Exchange rate contracts	**2,554,520**	**260,708**	**412,326**	**3,227,554**	**238,036**	**(325,069)**
(OTC products)						
Currency forwards	52,092	0	0	52,092	811	(910)
Cross currency and cross currency interest rate swaps	2,486,032	67,550	184,126	2,737,708	25,850	(112,784)
Currency options – calls	8,198	10,079	0	18,277	1,914	0
Currency options – puts	8,198	10,079	0	18,277	0	(1,914)
Other foreign currency contracts and gold contracts	0	173,000	228,200	401,200	209,461	(209,461)
c) Securities contracts	**19,597**	**46,439**	**494,792**	**560,828**	**2,609**	**(4,122)**
(exchange-traded contracts)						
Equity and index futures	3,186	0	0	3,186	0	(41)
(OTC products)						
Equity and index options – calls	1,000	4,400	223,211	228,611	407	0
Equity and index options – puts	15,411	4,401	223,376	243,188	0	(1,317)
Other securities contracts	0	37,638	48,205	85,843	2,202	(2,764)
d) Credit derivatives	**0**	**387,140**	**0**	**387,140**	**6,798**	**(1,343)**
(OTC products)						
Credit default swaps – secured party	0	64,300	0	64,300	1,804	(1,138)
Credit default swaps – securing party	0	322,840	0	322,840	4,994	(205)

- Derivative financial products held for trading and recognized on the Balance Sheet in the line items *Trading assets* or *Trading liabilities*:

	NOMINAL AMOUNTS				FAIR VALUES	
	Term to Maturity					
2011 €'000	Up to 1 Year	From 1 to 5 Years	From 5 Years and Over	Total	Positive	Negative
Total	**5,407,718**	**6,230,507**	**5,433,600**	**17,071,825**	**434,588**	**(431,035)**
a) Interest rate contracts	**2,723,980**	**5,866,948**	**5,433,600**	**14,024,528**	**335,308**	**(358,933)**
(exchange-traded contracts)						
Interest rate futures	6,200	0	0	6,200	0	(20)
Interest rate options (futures options) – calls	21,000	0	0	21,000	10	0
Interest rate options (futures options) – puts	1,000	0	0	1,000	0	(9)
(OTC products)						
Interest rate swaps	2,665,780	5,820,948	5,361,664	13,848,392	334,677	(355,402)
Interest rate options – calls	0	3,000	35,968	38,968	621	0
Interest rate options – puts	30,000	43,000	35,968	108,968	0	(3,502)
b) Exchange rate contracts	**2,680,962**	**363,559**	**0**	**3,044,521**	**99,280**	**(72,009)**
(OTC products)						
Currency options – calls	1,412,159	187,417	0	1,599,576	98,558	0
Currency options – puts	1,259,008	176,142	0	1,435,150	0	(71,494)
Other exchange rate contracts – calls	4,592	0	0	4,592	722	0
Other exchange rate contracts – puts	5,203	0	0	5,203	0	(515)
c) Securities contracts	**2,776**	**0**	**0**	**2,776**	**0**	**(93)**
(exchange-traded contracts)						
Index futures	2,776	0	0	2,776	0	(93)
d) Credit derivatives	**0**	**0**	**0**	**0**	**0**	**0**

2010 €'000	NOMINAL AMOUNTS Term to Maturity Up to 1 Year	From 1 to 5 Years	From 5 Years and Over	Total	FAIR VALUES Positive	Negative
Total	**2,934,003**	**5,328,720**	**3,017,806**	**11,280,529**	**227,486**	**(225,600)**
a) Interest rate contracts	**730,980**	**4,972,816**	**3,017,806**	**8,721,602**	**100,057**	**(116,019)**
(exchange-traded contracts)						
Interest rate futures	80,000	0	0	80,000	35	(76)
(OTC products)						
Interest rate swaps	519,980	4,916,576	2,936,768	8,373,324	99,391	(113,241)
Interest rate options – calls	0	3,000	40,519	43,519	631	0
Interest rate options – puts	131,000	53,240	40,519	224,759	0	(2,702)
b) Exchange rate contracts	**2,188,200**	**355,904**	**0**	**2,544,104**	**127,309**	**(109,542)**
(OTC products)						
Currency options – calls	1,111,004	180,704	0	1,291,708	126,947	0
Currency options – puts	1,072,863	175,200	0	1,248,063	0	(109,153)
Other exchange rate contracts – calls	1,797	0	0	1,797	362	0
Other exchange rate contracts – puts	2,536	0	0	2,536	0	(389)
c) Securities contracts	**14,823**	**0**	**0**	**14,823**	**120**	**(39)**
(exchange-traded contracts and OTC products)						
Index futures	1,369	0	0	1,369	85	0
Equity and index options – calls	2,977	0	0	2,977	35	0
Equity and index options – puts	10,477	0	0	10,477	0	(39)
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 here at dirty prices (fair value inclusive of accrued interest). Credit default swaps were treated as derivates and, therefore, measured and recognized at fair value.

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 proprietary and customer business. Credit derivatives were only acquired within the scope of proprietary trading.

From the 2011 financial year, FX-linked swaps were recognized as exchange rate contracts (other foreign currency contracts and gold contracts) rather than interest rate contracts (interest rate swaps) to improve comparability. The figures for 2010 have been restated accordingly.

(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 or using external sources of valuations.

2011 €'000	Level I	Level II	Level III
Assets			
Trading assets	46,016	493,760	0
Other current financial assets designated as at fair value through profit or loss	2,078,130	135,714	38,977
Other current financial assets classified as available for sale and measured at fair value	1,735,733	348,855	0
Other assets (positive fair values of derivative financial instruments)	0	2,155,424	36
Liabilities			
Liabilities evidenced by paper designated as at fair value through profit or loss	0	842,015	0
Trading liabilities	122	430,914	0
Other liabilities (negative fair values of derivative financial instruments)	114	2,329,919	62
Subordinated debt capital designated as at fair value through profit or loss	0	40,889	0

2010 €'000	Level I	Level II	Level III
Assets			
Trading assets	106,355	465,656	0
Other current financial assets designated as at fair value through profit or loss	1,156,261	1,156,663	7,622
Other current financial assets classified as available for sale and measured at fair value	1,549,650	391,801	0
Other assets (positive fair values of derivative financial instruments)	230	1,930,264	155
Liabilities			
Liabilities evidenced by paper designated as at fair value through profit or loss	0	882,069	0
Trading liabilities	115	225,453	0
Other liabilities (negative fair values of derivative financial instruments)	156	2,034,205	304
Subordinated debt capital designated as at fair value through profit or loss	0	87,355	0

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

Reclassifications between Level I and Level II:

2011 €'000	From Level I to Level II	From Level II to Level I
Assets		
Trading assets	1	12,802
Other current financial assets designated as at fair value through profit or loss	12,097	621,452
Financial investments classified as available for sale and measured at fair value	4,627	62,291

2010 €'000	From Level I to Level II	From Level II to Level I
Assets		
Trading assets	0	55,937
Other current financial assets designated as at fair value through profit or loss	15,527	252,081
Financial investments classified as available for sale and measured at fair value	3,863	334,009

For each financial instrument, it was checked whether prices were listed in an active market (Level I). If a listed market price was not available for a financial instrument, observable market data like yield curves were used to calculate a fair value (Level II). If there was a change in the assessment of the situation, reclassification took place.

Reconciliation
Financial instruments allocated to Level III:

2011 €'000	Trading Assets	Current Financial Assets	Financial Investments	Other Assets	Other Liabilities
At 1 January	**0**	**7,622**	**0**	**155**	**(304)**
Reclassification to Level III	0	30,093	0	0	0
Purchases	0	1,234	0	0	0
Revaluation gains and losses (profit/(loss) from financial investments)	0	(30)	0	0	0
Revaluation gains and losses (other operating profit/(loss))	0	0	0	(119)	242
Interest accruals	0	58	0	0	0
At 31 December	**0**	**38,977**	**0**	**36**	**(62)**
Revaluation gains and losses in the Consolidated Income Statement on financial instruments recognized at 31 December	0	(30)	0	(119)	242

2010 €'000	Trading Assets	Current Financial Assets	Financial Investments	Other Assets	Other Liabilities
At 1 January	**22,050**	**8,527**	**32,029**	**259**	**(487)**
Reclassification to level III	0	118	0	0	0
Purchases	0	55	0	0	0
Revaluation gains and losses (profit/(loss) from financial investments)	0	(693)	0	0	0
Revaluation gains and losses (other operating profit/(loss))	0	0	0	(104)	183
Reclassification from Level III	(22,050)	0	(32,029)	0	0
Sales	0	(385)	0	0	0
At 31 December	**0**	**7,622**	**0**	**155**	**(304)**
Revaluation gains and losses in the Consolidated Income Statement on financial instruments recognized at 31 December	0	(693)	0	(104)	183

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 applying an 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 measured at fair value. *Loans and advances to other banks* and *Loans and advances to customers* are reported net of impairment allowance balances.

2011 €'000	Fair Value	Carrying Amount	Difference
Assets			
Loans and advances to other banks	11,009,103	10,912,135	96,968
Loans and advances to customers	9,838,711	9,826,952	11,759
Financial investments	3,533,207	3,555,473	(22,266)
Of which classified as held to maturity	1,375,149	1,397,415	(22,266)
Of which classified as available for sale and measured at cost	73,469	73,469	0
Of which classified as available for sale and measured at fair value	2,084,589	2,084,589	0
Liabilities			
Deposits from other banks	14,588,144	14,429,457	158,687
Deposits from customers	7,253,545	7,294,376	(40,831)
Liabilities evidenced by paper	4,108,383	4,196,777	(88,394)
Of which classified at amortized cost	3,266,369	3,354,763	(88,394)
Of which designated as at fair value through profit or loss	842,014	842,014	0
Subordinated debt capital	678,676	704,425	(25,749)
Of which classified at amortized cost	637,787	663,536	(25,749)
Of which designated as at fair value through profit or loss	40,889	40,889	0

2010 €'000	Fair Value	Carrying Amount	Difference
Assets			
Loans and advances to other banks	12,295,891	12,176,373	119,518
Loans and advances to customers	9,431,266	9,418,069	13,197
Financial investments	3,553,349	3,548,723	4,626
Of which classified as held to maturity	1,534,102	1,529,477	4,626
Of which classified as available for sale and measured at cost	77,794	77,794	0
Of which classified as available for sale and measured at fair value	1,941,452	1,941,452	0
Liabilities			
Deposits from other banks	16,076,933	15,899,314	177,618
Deposits from customers	7,075,506	7,071,160	4,346
Liabilities evidenced by paper	3,781,437	3,843,953	(62,516)
Of which classified at amortized cost	2,899,368	2,961,884	(62,516)
Of which designated as at fair value through profit or loss	882,069	882,069	0
Subordinated debt capital	724,651	753,739	(29,088)
Of which classified at amortized cost	637,296	666,384	(29,088)
Of which designated as at fair value through profit or loss	87,355	87,355	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 2011:

€'000	On Demand or of Unspecified Maturity	Up to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	From 5 Years and Over	Total
Loans and advances to other banks	848,659	5,505,250	1,297,099	2,771,859	492,381	10,915,248
Loans and advances to customers	284,550	2,049,217	1,131,268	3,523,261	3,105,399	10,093,695
Trading assets	5,068	36,672	85,756	137,564	301,078	566,138
Other current financial assets	254,647	91,742	218,467	1,278,915	409,049	2,252,820
Financial investments	165,961	201,277	177,319	1,513,898	1,497,018	3,555,473
Deposits from other banks	3,470,084	6,864,905	1,148,949	1,944,538	1,000,981	14,429,457
Deposits from customers	3,822,905	326,609	2,339,870	271,428	533,564	7,294,376
Liabilities evidenced by paper	0	302,020	277,923	3,069,326	547,508	4,196,777
Trading liabilities	0	27,684	50,727	120,309	258,917	457,637
Subordinated debt capital	0	15,789	21,231	50,887	616,518	704,425

Breakdown of terms to maturity at 31 December 2010:

€'000	On Demand or of Unspecified Maturity	Up to 3 Months	From 3 Months to 1 Year	From 1 to 5 Years	From 5 Years and Over	Total
Loans and advances to other banks	1,160,752	6,191,408	1,411,569	2,748,487	676,297	12,188,513
Loans and advances to customers	192,094	2,038,596	917,219	3,457,207	3,075,319	9,680,435
Trading assets	4,053	29,114	101,552	183,168	270,461	588,348
Other current financial assets	365,582	116,071	185,286	1,159,335	494,271	2,320,545
Financial investments	200,705	210,354	171,932	1,521,695	1,444,037	3,548,723
Deposits from other banks	4,927,671	7,747,923	370,717	1,694,690	1,158,313	15,899,314
Deposits from customers	3,862,344	474,514	1,342,811	855,997	535,494	7,071,160
Liabilities evidenced by paper	0	78,538	484,080	2,491,268	790,067	3,843,953
Trading liabilities	0	19,936	64,917	91,714	65,816	242,383
Subordinated debt capital	49,426	35,687	0	65,117	603,509	753,739

(35) RELATED PARTY DISCLOSURES

€'000	2011	2010[1]
Loans and advances to other banks		
Parent	1,590,285	1,471,960
Entities accounted for using the equity method	5,557,650	6,522,702
Loans and advances to customers		
Entities related via the parent	305,907	381,731
Unconsolidated subsidiaries	28,131	31,592
Entities accounted for using the equity method	532,845	502,790
Entities accounted for using the equity method via the parent	143,463	177,355
Impairment allowance balance		
Unconsolidated subsidiaries	(4,857)	(5,140)
Trading assets		
Entities accounted for using the equity method	19,228	20,527
Entities accounted for using the equity method via the parent	2,176	1,121
Other current financial assets		
Entities accounted for using the equity method	82,032	87,172
Entities accounted for using the equity method via the parent	2,057	4,036
Financial investments		
Parent	277	277
Entities accounted for using the equity method	170,264	144,306
Entities accounted for using the equity method via the parent	21,057	20,902
Other assets		
Parent	142,482	111,208
Entities related via the parent	213	233
Entities accounted for using the equity method	81,277	58,387

[1] Because of the revised definition of 'related party' contained in IAS 24 (2009), the list of related parties of the RLB NÖ-Wien Group changed compared with the Consolidated Financial Statements as at and for the 12 months ended 31 December 2010 to include the associates of *Raiffeisen-Holding NÖ-Wien*, the entities accounted for using the equity method and the subsidiaries of the entities accounted for using the equity method. The changes contained in IAS 24 (2009) must be applied retrospectively. Comparative figures for 2010 have been restated accordingly.

€'000	2011	2010[1]
Deposits from other banks		
Parent	1,595	0
Entities accounted for using the equity method	3,522,870	4,584,161
Deposits from customers		
Entities related via the parent	333,280	276,560
Unconsolidated subsidiaries	11,606	6,235
Entities accounted for using the equity method	61,813	71,177
Entities accounted for using the equity method via the parent	49,911	40,477
Liabilities evidenced by paper		
Unconsolidated subsidiaries	507	3,407
Entities accounted for using the equity method	2,803	9,180
Trading liabilities		
Entities accounted for using the equity method	367	387
Other liabilities		
Parent	16,429	82,415
Entities related via the parent	26	0
Entities accounted for using the equity method	67,422	59,707
Provisions		
Entities related via the parent	3	0
Subordinated debt capital		
Parent	11,892	19,312
Entities accounted for using the equity method	6,140	5,619
Entities accounted for using the equity method via the parent	207	207

€'000	2011	2010[1]
Contingent liabilities		
Parent	5,293	5,814
Entities related via the parent	30,073	17,509
Unconsolidated subsidiaries	51	51
Entities accounted for using the equity method	399,585	359,200
Entities accounted for using the equity method via the parent	91,215	80,359

[1] Because of the revised definition of 'related party' contained in IAS 24 (2009), the list of related parties of the RLB NÖ-Wien Group changed compared with the Consolidated Financial Statements as at and for the 12 months ended 31 December 2010 to include the associates of *Raiffeisen-Holding NÖ-Wien*, the entities accounted for using the equity method and the subsidiaries of the entities accounted for using the equity method. The changes contained in IAS 24 (2009) must be applied retrospectively. Comparative figures for 2010 have been restated accordingly.

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.

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, management personnel, members of the managing and supervisory boards of *Raiffeisen-Holding NÖ-Wien* and members of their families were not disclosed because of the immaterial amounts involved. 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	2011	2010
Expenditure on		
Short-term benefits	2,776	2,143
Post-employment benefits	(256)	1,080
Other long-term benefits	(6)	15
Termination benefits	0	0

€63 thousand was paid to the members of the Supervisory Board during 2011 (2010: €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 €1,053 thousand (2010: €1,097 thousand).

(37) DISCLOSURE OF LOANS AND ADVANCES TO MEMBERS OF THE MANAGING BOARD AND MEMBERS OF THE 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 €1,920 thousand (year-end 2010: €1,969 thousand). Loans and advances to members of the Supervisory Board came to €167 thousand (year-end 2010: €31 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 Staff Council.

Durations and interest rates were those generally available from banks. During the financial year, €49 thousand was repaid by members of the Managing Board (2010: €20 thousand), and €6 thousand was repaid by members of the Supervisory Board (2010: €7 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	2011	2010
Assets	2,689,112	2,805,643
Liabilities	2,275,744	1,309,917

(39) ASSETS AND LIABILITIES ABROAD

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

€'000	2011	2010
Assets	5,972,955	6,075,962
Liabilities	3,455,566	3,405,062

(40) SUBORDINATED ASSETS

Assets included the following subordinated assets:

€'000	2011	2010
Loans and advances to other banks	40,978	40,609
Loans and advances to customers	308	4,368
Trading assets	0	2,677
Other current financial assets	24,250	37,398
Financial investments	347,733	302,490
Total	**413,269**	**387,541**

(41) SUBORDINATED BORROWINGS

SUBORDINATED DEBT CAPITAL

No subordinated capital within the meaning of *§ 23 Abs. 8 BWG* was raised during the 2011 financial year.

SUPPLEMENTARY CAPITAL

The following supplementary capital was raised during the 2011 financial year:

		Currency	Amount (€'000)	Interest Rate	Maturing on	Extraordinary Right of Termination
1	*Raiffeisen Ergänzungskapital Schuldverschreibungen 2011-2019/5*	€	22,000	5.25%	28 January 2019	None
2	*Raiffeisen Ergänzungskapital Schuldverschreibungen 2011-2021/30*	€	1,450	5%	3 November 2021	None

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	2011	2010
Contingent liabilities	**1,497,090**	**1,175,532**
Of which arising from other guarantees	1,399,827	1,082,541
Of which arising from letters of credit	97,151	92,879
Of which other contingent liabilities	112	112
Commitments	**5,866,495**	**6,004,913**
Of which arising from revocable loan promises	2,916,794	2,124,544
Of which arising from irrevocable loan promises	2,949,701	3,880,369
Up to 1 Year	831,607	1,721,238
More than 1 year	2,118,094	2,159,131
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 (*Deposits from 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 the 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*, *RBI* and other *Raiffeisen-Landeskundengarantiegemeinschaften* (regional *Raiffeisen* customer deposit guarantee associations). The purpose of the association is the same as that of *Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien* with respect to *RZB*, *RBI* and the members of the regional *Raiffeisen* customer deposit guarantee associations that have joined it (see also Note (31) *Risk Report*).

(43) REPURCHASE AGREEMENTS

The following repurchase and redelivery commitments existed at 31 December:

€'000	2011	2010
Genuine repurchase agreements as seller		
Liabilities to other banks	538,615	563,228
Total	**538,615**	**563,228**

At the end of the financial year, the carrying amount of the securities sold subject to a sale and repurchase agreement came to €578,280 thousand (year-end 2010: €550,656 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	2011	2010
Securities lodged in connection with ECB tenders	988,931	1,697,825
Collateral for derivative contracts	946,156	885,110
Receivables assigned to *OeNB*	1,023,466	811,895
Cover pool for issued covered partial debentures	769,441	684,858
Receivables assigned to *OeKB*	482,217	491,367
Bonds lodged with *OeKB* in connection with EIB loans	126,156	127,090
Receivables assigned to the EIB	80,374	86,780
Receivables in the *RZB* cover pool	79,776	55,100
Collateral for securities transactions with *OeKB* (securities)	14,000	29,000
Cover pool for fiduciary savings deposit balances	13,352	13,401
Receivables assigned to *KfW*	57,393	11,128
Bonds lodged with *OeKB* as a clearing link for the *Deutsche Börse* (*Xetrahandel*)	9,825	8,918
Other receivables assigned	6,903	6,903
Government bond pledged in favour of *Raiffeisen Wohnbaubank AG*	6,393	6,495
Deposit for 'HOAM.AT' (Home Accounting Module Austria, formerly 'ARTIS') lodged with *OeNB*	5,280	5,320
Collateral for securities transactions lodged with *OeKB* (cash deposit)	54	55
Total	**4,609,717**	**4,921,245**

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

€'000	2011	2010
Deposits from other banks	1,632,119	2,185,684
Deposits from customers	11,661	9,043
Liabilities evidenced by paper	359,699	375,764
Other liabilities	946,156	885,110
Total	**2,949,635**	**3,455,601**

(45) TRUST ACTIVITIES

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

€'000	2011	2010
Receivables from customers	18,062	18,422
Fiduciary assets	**18,062**	**18,422**
Liabilities to customers	18,062	18,422
Fiduciary liabilities	**18,062**	**18,422**

(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	2011	2010
a) Receivables arising from bonds and other fixed-interest securities	604,236	629,307
b) Payables arising from bonds issued by the Group	463,289	478,399

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

	Listed		Unlisted	
€'000	2011	2010	2011	2010
Bonds and other fixed-interest securities	4,030,322	4,255,088	0	0
Shares and other variable-yield securities	151,128	237,724	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	2011	2010
a) Bonds and other fixed-interest securities	2,118,939	2,132,528
b) Shares and other variable-yield securities	137,275	179,405

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	2011	2010
Fixed-interest securities, nominal values	45,375	216,329
Supplementary capital bonds (*Ergänzungskapitalanleihe*), nominal values	0	450
Shares, investment certificates, participation notes (*Genussrecht*), market prices	5,068	4,052
Other financial instruments (derivatives), nominal values	17,081,825	11,290,529

(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 *Raiffeisen-Holding NÖ-Wien*. 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 (*Kreditinstitutsgruppe*) is therefore provided for informational purposes only. Calculations were carried out in accordance with the applicable provisions of BWG.

€'000	2011	2010
Paid-in capital	723,431	723,431
Earned capital	757,955	683,998
Minority interests	43	59
Hybrid capital	0	0
Intangible assets	(7,838)	(5,947)
Tier 1 capital	**1,473,591**	**1,401,541**
Deductions from Tier 1 capital	(111,438)	(147,286)
Eligible Tier 1 capital (after deductions)	**1,362,153**	**1,254,255**
Supplementary capital within the meaning of *§ 23 Abs. 1 Z. 5 BWG*	252,408	272,151
Hidden reserves	145,500	50,700
Supplement in respect of amounts guaranteed	0	0
Long-term subordinated debt capital	365,940	377,968
Additional own funds	**763,848**	**700,819**
Deductions from additional own funds	(111,438)	(147,286)
Additional own funds (after deductions)	**652,410**	**553,533**
Eligible own funds	**2,014,563**	**1,807,788**
Tier 2 capital available to be reclassified as Tier 3 capital	18,548	18,665
Total own funds	**2,033,111**	**1,826,453**
Surplus own funds	878,528	724,615
Surplus own funds ratio	76.09%	65.76%
Tier 1 ratio (credit risk)	**10.06%**	**9.70%**
Total Tier 1 ratio	**9.44%**	**9.11%**
Own funds ratio (credit risk)	**14.87%**	**13.98%**
Total own funds ratio	**14.09%**	**13.26%**

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	2011	2010
Own funds requirement		
Credit risk pursuant to *§ 22 Abs. 2 BWG*	1,083,747	1,034,423
Trading book pursuant to *§ 22o Abs. 2 BWG*	18,548	18,665
Operational risk pursuant to *§ 22i BWG*	52,288	48,750
Qualified equity investments pursuant to *§ 29 Abs. 4 BWG*	0	0
Total own funds requirement	**1,154,583**	**1,101,838**
Basis of assessment (credit risk) pursuant to *§ 22 Abs. 2 BWG*	**13,546,838**	**12,930,288**
Basis of assessment (total risk)	**14,432,288**	**13,772,975**

Information required to be disclosed pursuant to *§ 26 und § 26a BWG* and the *Offenlegungsverordnung* (Austrian disclosures directive) is published by the superordinate credit 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:

	2011	2010
White collar	1,266	1,231
Blue collar	0	0
Total	**1,266**	**1,231**

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

To date, there have been no business transactions or other occurrences that could be of particular public interest or that would materially affect the Consolidated Financial Statements for 2012. The Consolidated Financial Statements were completed by the Managing Board during the Managing Board meeting on 19 March 2012 and released for submission to the Supervisory Board for further examination. Furthermore, the Consolidated Financial Statements will be presented to the Supervisory Board for approval during the Supervisory Board meeting on 11 April 2012.

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 Capital	Currency	Percentage Held	Type [1]
'ARSIS' Beteiligungs GmbH, Vienna	140,000	€	100%	OT
'BARIBAL' Holding GmbH, Vienna	105,000	€	100%	OT
'EXEDRA' Holding GmbH, Vienna	70,000	€	100%	OT
'FIBULA' Beteiligungs GmbH, Vienna	70,000	€	100%	OT
Acceptia Holding GmbH, Vienna	35,000	€	100%	OT
Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs AG, Vienna	250,000	€	80%	OT
RLB NÖ-Wien Holding GmbH, Vienna	70,000	€	100%	OT
RLB NÖ-Wien Sektorbeteiligungs GmbH, Vienna	35,000	€	100%	OT
RLB Ostbankenholding GmbH, Vienna	37,000	€	100%	OT
Tatra Holding GmbH, Vienna	37,000	€	100%	OT
VAKS - Veranstaltungskartenservice Ges.m.b.H., Vienna	37,000	€	100%	OT

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

Entity	Subscribed Capital	Currency	Percentage Held	Type [1]
Raiffeisen Bank Zrt., Budapest (H)	165,023,000,000	Ft	16.23%	BA
Raiffeisen Informatik GmbH, Vienna	1,460,000	€	47.75%	OT
Raiffeisen Bank International AG, Vienna	596,290,628	€	0.54%	BA
Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna	443,713,864	€	31.92%	BA

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

€ per share	31 December 2011
Raiffeisen Bank International AG, Vienna	20.07

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

€'000	2011	2010
Assets	246,626,900	292,978,465
Liabilities	226,962,027	269,300,376
Revenues (non-banking)	2,411,401	1,302,210
Net interest income (banking)	4,869,514	8,091,225
Profit for the year	1,780,375	1,948,512

(55) UNCONSOLIDATED SUBSIDIARIES

Entity	Subscribed Capital	Currency	Percentage Held	Type [1]
'AKTUELL' Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H., Vienna	73,000	€	100.00%	OT
'PRONEPOS' Immobilienentwicklungs- und Beteiligungs GmbH, Vienna	35,000	€	100.00%	OT
'PRUBOS' Beteiligungs GmbH, Vienna	35,000	€	100.00%	OT
'TEMISTO' Beteiligungs GmbH, Vienna	35,000	€	100.00%	OT
'TOJON' Beteiligungs GmbH, Vienna	70,000	€	100.00%	OT
Baureo Projektentwicklungs GmbH, Vienna	35,000	€	100.00%	OT
KREBEG Finanzierungsberatungs GmbH, Vienna	35,000	€	95.00%	OT
MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH, Vienna	400,000	€	75.00%	OT
NÖ Raiffeisen Kommunalservice Holding GmbH, Vienna	35,000	€	100.00%	OT
Raiffeisen Beratung direkt GmbH, Vienna	37,000	€	100.00%	BR
Raiffeisen-Einlagensicherung Niederösterreich-Vienna registrierte Genossenschaft mit beschränkter Haftung, Vienna	41,936	€	98.40%	OT
Raiffeisen Liegenschafts- und Projektentwicklungs GmbH, Wiener Neudorf	35,000	€	100.00%	OT
Raiffeisen NÖ-W Einkaufs- und Beschaffungs GmbH, Vienna	70,000	€	100.00%	OT
Raiffeisen NÖ-W Einkaufs- und Beschaffungs GmbH & Co KG, Vienna	—	€	—	OT
Raiffeisen Versicherungs- und Bauspar-Agentur GmbH, Vienna	70,000	€	100.00%	OT
RALV Holding GmbH, Vienna	37,000	€	100.00%	OT
RLB Businessconsulting GmbH, Vienna	35,000	€	100.00%	OT
RLB NÖ-W Factoring Beteiligungs GmbH, Vienna	70,000	€	100.00%	OT
RLB NÖ-Wien Leasingbeteiligungs GmbH, Vienna	35,000	€	100.00%	OT
TIONE Altbau-Entwicklung GmbH, Vienna	37,000	€	100.00%	OT
Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H., Graz	50,000	€	100.00%	OT

(56) OTHER EQUITY INVESTMENTS

Associates not accounted for using the equity method:

Entity	Subscribed Capital	Currency	Percentage Held	Type [1]
Central Danube Region Marketing & Development GmbH, Vienna	200,000	€	50.00%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna	36,400	€	40.00%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG, Vienna [2]	—	—	—	FI
ecoplus International GmbH, Vienna	35,000	€	30.00%	OT
NÖ Beteiligungsfinanzierungen GmbH, Vienna	1,816,821	€	29.00%	BA
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna	50,000	€	74.00%	FI
Raiffeisen Factoring Holding GmbH, Vienna	35,000	€	35.77%	OT
Raiffeisen-Leasing Managment GmbH, Vienna	300,000	€	21.56%	OT
Raiffeisen Software Solution und Service GmbH, Vienna	773,000	€	37.83%	OT
RSC Raiffeisen Service Center GmbH, Vienna	2,000,000	€	25.01%	OT

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.

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.

(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
'BASCO' Beteiligungs GmbH, Vienna
'BELLAGIO' Holding GmbH, Vienna
'BORTA' Holding GmbH, Vienna
'CRIOLLA' Beteiligungs GmbH, Vienna
'DIMALO' Beteiligungs GmbH, Vienna
'EMERIA' Beteiligungs GmbH, Vienna
'ERCOM' Beteiligungs GmbH, Vienna
'FILIUS' Holding GmbH, Vienna
'Küche & Kantine' Betrieb GmbH, Vienna
'LAREDO' Beteiligungs GmbH, Vienna
'LOMBA' Beteiligungs GmbH, Vienna
'MARMARIS' Holding GmbH, Vienna
'MORUS' Beteiligungs GmbH, Vienna
'NESSOS' 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
'URUBU' Holding GmbH, Vienna
AMPA s.r.o., Pardubice (CZ)
AURORA Kamionka Sp. z o.o., Kamień Krajeński (PL)
AURORA MÜHLE HAMBURG GmbH, Hamburg (D)
AURORA MÜHLEN GMBH, Hamburg (D)
AURORA POLSKA Sp. z o.o., Kutno (PL)
BLR-Baubeteiligungs GmbH., Vienna
Botrus Beteiligungs GmbH, Vienna
cafe+co International Holding GmbH, Vienna
cafe+co Ital- és Ételautomata Kft., Alsónémedi (H)
Defregger s.r.l., Milan (I)
Delikomat Betriebsverpflegung Gesellschaft m.b.H., Vienna
cafe+co Deutschland GmbH, Regensburg (D)
DELIKOMAT d.o.o., Maribor (SLO)
Delikomat Polska Sp. z o.o., Bielsko-Biała (PL)
Delikomat s.r.o., Brno (CZ)
DELTA MLYNY s.r.o., Kyjov (CZ)
DEVELOP Baudurchführungs- und Stadtentwicklungs- Gesellschaft m.b.H., St. Pölten
Diamant International Malom Kft., Baja (H)
Diamant International Polska Mlyny Stanislawa Grygiera Sp.z o.o., Grodzisk Wielkopolski (PL)
DIAMANT STRADUNIA Sp.z o.o., Stradunia (PL)
DZR Immobilien und Beteiligungs GmbH, Vienna
Eidermühle GmbH, Hamburg (D)

Erste Wiener Walzmühle Vonwiller Gesellschaft m.b.H., Schwechat
Estezet Beteiligungsgesellschaft m.b.H., Vienna
Eudamonia Projektentwicklungs GmbH, Vienna
FARINA Mühlen GmbH, Raaba
FIDEVENTURA Beteiligungs GmbH, Vienna
Frischlogistik und Handel GmbH, Baden bei Wien
Gloria Mühlenwerke GmbH, Hamburg (D)
KAMPFFMEYER Food Innovation GmbH, Hamburg (D)
Kampffmeyer Mühlen GmbH, Hamburg (D)
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna
LLI EUROMILLS GmbH, Vienna
Marchfelder Zuckerfabriken Gesellschaft m.b.H., Vienna
MAZ Beteiligungs GmbH, Vienna
Mecklenburger Elde-Mühlen GmbH, Parchim (D)
Mona Hungary Kft., Budapest (H)
Müller's Mühle GmbH, Gelsenkirchen (D)
NBV Beteiligungs- und Vermögensverwaltungsgesellschaft m.b.H., Vienna
Niederösterreichische Milch Holding GmbH, Vienna
NÖM AG, Baden bei Wien
NOM DAIRY UK LIMITED, London (UK)
NÖM International AG, Baden bei Wien
Nordland Mühlen GmbH, Jarmen (D)
Obere Donaustraße Liegenschaftsbesitz GmbH, Vienna
PANNONMILL Malomipari Zrt., Komárom (H)
Raiffeisen Agrar Holding GmbH, Vienna
Raiffeisen Agrar Invest GmbH, Vienna
RAIFFEISEN-HOLDING NÖ-Vienna Beteiligungs GmbH, Vienna
Rannersdorfer Bio Mühlen GmbH, 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
RH Versicherungsholding GmbH, Vienna
RH WEL Beteiligungs GmbH, Vienna
Rosenmühle GmbH, Ergolding (D)
Rossauer Lände 3 Immobilienprojektentwicklung GmbH, Vienna
Schüttmühle Berlin GmbH, Berlin (D)
Sofia Mel EAD, Sofia (BG)
St. Leopold Liegenschaftsverwaltungs- und Beteiligungsgesellschaft m.b.H., Vienna
TITAN S.A., Pantelimon (RO)
TOP-CUP Office-Coffee-Service Vertriebsgesellschaft m.b.H., Klagenfurt
TOV Regionprodukt, Gnidin (UA)
UNIMILLS a.s., Prague (CZ)
Vendare Warenhandelsgesellschaft m.b.H., Vienna
VK 'Polen' GmbH, Hamburg (D)
VK Mühlen Aktiengesellschaft, Hamburg (D)
VK MÜHLEN POLSKA Sp.z o.o., 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 unconsolidated entities in the *Raiffeisen Holding NÖ-Vienna Group*:

'ARANJA' Beteiligungs GmbH, Vienna
'BANUS' Beteiligungs GmbH, Vienna
'BENEFICIO' Holding GmbH, Vienna
'CREMBS' Hotelbetriebsgesellschaft m.b.H., Krems
'ELIGIUS' Holding GmbH, Vienna
'EUSEBIO' Beteiligungs GmbH, Vienna
'GULBIS' Beteiligungs GmbH, Vienna
'HELANE' Beteiligungs GmbH, Vienna
'MAURA' Immobilien 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 in Liqu., Vienna
Baureo Projektentwicklungs GmbH, Vienna
BENIGNITAS GmbH, Vienna
Beteiligungsgesellschaft Diamant Mühle Hamburg GmbH, Hamburg (D)
Bioenergie Orth a. d. Donau GmbH, Vienna
Café+co Rus, ZAO, Moscow (RU)
CAFE+CO Timisoara S.R.L., Timisoara (RO)
C - Holding s.r.o., Modřice (CZ)
Conrad GmbH Mehlgroßhandel, Neunkirchen (D)
DELIKOMAT d.o.o., Zagreb (HR)
DELIKOMAT d.o.o., Tomislavgrad (BiH)
DELIKOMAT d.o.o., Belgrade (RS)
Delikomat Slovensko, spol. s r.o., Bratislava (SK)
Diana Slovakia, spol. s r.o., Bratislava (SK)
Dritte Biogas Falkenhagen Betriebs GmbH & Co. KG, Regensburg (D)
Echion Projektentwicklungs GmbH, Vienna
Erste Biogas Falkenhagen Betriebs GmbH & Co. KG, Regensburg (D)
Farina Marketing d.o.o., Ljubljana (SLO)
Fünfte Biogas Falkenhagen Betriebs GmbH & Co. KG, Regensburg (D)
Gesundheitspark 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
Kampffmeyer Food Innovation Polska Sp.z.o.o., Poznań (PL)
Kasernen Immobilienerrichtungsgesellschaft mbH, Vienna
KASERNEN Projektentwicklungs- und Beteiligungs GmbH, Vienna
MID 5 Holding GmbH, Vienna
Müfa Mehl und Backbedarf Handelsgesellschaft mbH, Hamburg (D)
Neue Marktgasse Einkaufspassage Stockerau GmbH, Vienna
Neuß & Wilke GmbH, Gelsenkirchen (D)
Nisos GmbH, Vienna
PBS Immobilienholding GmbH, Vienna
PBS Immobilienprojektentwicklungs GmbH, Vienna

Raiffeisen Analytik GmbH, Vienna
Raiffeisen-Fachmarktzentrum Ivesis, Vienna
Raiffeisen-Fachmarktzentrum Mercurius, 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 NÖ-W Einkaufs- und Beschaffungs GmbH & Co KG, Vienna
Raiffeisen-Reisebüro Gesellschaft m.b.H., Vienna
Raiffeisen Vorsorgewohnungserrichtungs GmbH, Vienna
RENERGIA Solare Cantalupo s.r.l., Appiano sulla Strada del Vino (I)
RENERGIE Bad Schmiedeberg GmbH & Co. KG, Wetterzeube OT Trebnitz (D)[1]
RENERGIE Bioplyn Slušovice spol. s.r.o. in Liqu., Slušovice (CZ)
RENERGIE Carbex Trade GmbH, Vienna
RENERGIE Carbon GmbH, Vienna
RENERGIE Dorf Mecklenburg GmbH & Co. KG, Wetterzeube OT Trebnitz (D)[1]
RENERGIE Elsterwerda GmbH & Co. KG, Wetterzeube OT Trebnitz (D)[1]
RENERGIE green solutions GmbH, Wetterzeube OT Trebnitz (D)
RENERGIE green solutions Management GmbH, Wetterzeube OT Trebnitz (D)
RENERGIE Korgau GmbH, Wetterzeube OT Trebnitz (D)
RENERGIE Lübars GmbH & Co. KG, Wetterzeube OT Trebnitz (D)[1]
RENERGIE-ÖKOENERGIE Projektentwicklungs GmbH, Vienna
RENERGIE Raiffeisen Managementgesellschaft für erneuerbare Energie GmbH, Vienna
RENERGIE Sechste Biogas Falkenhaben GmbH & Co. KG, Wetterzeube OT Trebnitz (D)[1]
RENERGIE Solárny Park AlfaPark s.r.o., Bratislava (SK)
RENERGIE Solarny Park Bánovce nad Ondavou s.r.o., Bratislava (SK)
RENERGIE Solarny Park Bory s.r.o., Bratislava (SK)
RENERGIE Solarny Park Budulov s.r.o., Bratislava (SK)
RENERGIE Solárny Park Druha slnecna s.r.o., Bratislava (SK)
RENERGIE Solárny Park Dulovo s.r.o., Bratislava (SK)
RENERGIE Solárny Park Gemer s.r.o., Bratislava (SK)
RENERGIE Solarny Park Gombos s.r.o., Bratislava (SK)
RENERGIE Solárny Park Hodejov s.r.o., Bratislava (SK)
RENERGIE Solárny Park Holding SK I, a.s., Bratislava (SK)
RENERGIE Solárny Park Holding SK II, a.s., Bratislava (SK)
RENERGIE Solarny Park Horné Turovce s.r.o., Bratislava (SK)
RENERGIE Solárny Park Janovce, s.r.o., Bratislava (SK)
RENERGIE Solárny Park Jesenske s.r.o., Bratislava (SK)
RENERGIE Solarny Park Kalinovo s.r.o., Bratislava (SK)
RENERGIE Solarny Park Lefantovce s.r.o., Bratislava (SK)
RENERGIE Solarny Park Michalovce, s.r.o., Bratislava (SK)
RENERGIE Solárny Park Nizna Pokoradz s.r.o., Bratislava (SK)
RENERGIE Solarny Park Nižný Skálnik, s.r.o., Bratislava (SK)
RENERGIE Solarny Park Otročok, s.r.o., Bratislava (SK)
RENERGIE Solarny Park Paňovce s.r.o., Bratislava (SK)
RENERGIE Solárny Park Riecka s.r.o., Bratislava (SK)
RENERGIE Solarny Park Rimavská Sobota s.r.o., Bratislava (SK)
RENERGIE Solárny Park Rohov s.r.o., Bratislava (SK)
RENERGIE Solárny Park SL03 s.r.o., Bratislava (SK)
RENERGIE Solárny park Hurbanovo s.r.o., Bratislava (SK)
RENERGIE Solárny Park Starna s.r.o., Bratislava (SK)
RENERGIE Solarny Park Úzovská Panica s.r.o., Bratislava (SK)

RENERGIE Solárny Park Vcelince 2 s.r.o., Bratislava (SK)
RENERGIE Solarny Park Zemplínsky Branč s.r.o., Bratislava (SK)
RENERGIE Trebnitz GmbH & Co. KG, Wetterzeube OT Trebnitz (D)[1]
RENERGIE Vehlgast GmbH & Co. KG, Wetterzeube OT Trebnitz (D)[1]
RENERGIE WINDPARK DEUTSCH HASLAU GmbH, Vienna
R-FMZ 'MERCATUS' Holding GmbH, Vienna
RLB Businessconsulting GmbH, Vienna
ROLLEGG Liegenschaftsverwaltungs GmbH, Vienna
snack+co GmbH, Vienna
St. Hippolyt Beteiligungs-GmbH, Vienna
Steinmetz-Mehl Vertriebsgesellschaft Süd GmbH, Aalen (D)
TECHBASE Science Park Vienna GmbH, Vienna
Techno-Park Tulln GmbH, Wiener Neudorf
THE AUTHENTIC ETHNIC FOOD COMPANY GmbH, Gelsenkirchen (D)
Theranda Entwicklungsgenossenschaft für den Kosovo registrierte Genossenschaft mit beschränkter Haftung, Vienna
TOP CUP Deutschland office-coffee Service GmbH, Regensburg (D)
Vierte Biogas Falkenhagen Betriebs GmbH & Co. KG, Regensburg (D)
VivaNatur Mühle West GmbH, Grevenbroich (D)
WALDSANATORIUM PERCHTOLDSDORF GmbH, Salzburg
Waldviertel Immobilien-Vermittlung GmbH, Zwettl
wertCorn GmbH Getreidespezialitäten, Hameln (D)
ZEG Immobilien- und Beteiligungs registrierte Genossenschaft mit beschränkter Haftung, Vienna
ZetaPark Lefantovce s.r.o., Bratislava (SK)
ZetaPark s.r.o., Bratislava (SK)
Zweite Biogas Falkenhagen Betriebs GmbH & Co. KG, Regensburg (D)

1 Partner with unlimited liability.

Boards and Officers

MANAGING BOARD:

Chairman:

Erwin HAMESEDER (CEO)

Deputy Chairman:

Georg KRAFT-KINZ (Deputy CEO)

Members:

Reinhard KARL
Michael RAB
Gerhard REHOR

SUPERVISORY BOARD:

Chairman:

Christian KONRAD

Deputy Chairman:

Johann VIEGHOFER

Members:

Anton BODENSTEIN
Alfons NEUMAYER
Johann PLACHWITZ
Gerhard PREISS
Christian RESCH
Brigitte SOMMERBAUER

Staff Council delegates:

Johann AMON
Anton HECHTL
Michael HOFER
Sibylla WACHSLER

State commissioners:

Alfred LEJSEK
Bernhard MAZEGGER

The Managing Board of RLB NÖ-Wien completed these Consolidated Financial Statements on 19 March 2012 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

Deputy CEO
Georg KRAFT-KINZ

Member
Reinhard KARL

Member
Gerhard REHOR

Member
Michael RAB

The Managing Board released the Consolidated Financial Statements for submission to the Supervisory Board on 19 March 2012.

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 as to 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

19 March 2012

The Managing Board

Erwin HAMESEDER
CEO
Responsible for
Raiffeisen Banks and Management Services

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

Reinhard KARL
Member
Responsible for
Corporate Customers

Gerhard REHOR
Member
Responsible for
Financial Markets

Michael RAB
Member
Responsible for
Risk Management and Organization

AUDITOR’S 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 2011. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2011, 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 2011 and a summery 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 the 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 2011 and of its financial performance and its cash flows for the year from 1 January to 31 December 2011 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 *§ 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 *§ 243a UGB* (Austrian Commercial Code) are appropriate.

Vienna
19 March 2012

As the Auditors appointed by *Österreichischer Raiffeisenverband*:

Österreichischer Raiffeisenverband

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Andreas Gilly
Wirtschaftsprüfer

Mag. Bernhard Mechtler
Wirtschaftsprüfer

ppa. Dr. Franz Frauwallner
Wirtschaftsprüfer

This report is a translation of the original report in German, which is solely valid.

GLOSSARY

Backtesting – The backward comparison of computed VaR figures with actual results to test the quality of a model.

Banking book – All on-balance sheet and off-balance sheet risk positions on a bank's balance sheet that are not assigned to the trading book.

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).

Cash flows – Inflows and outflows of cash and cash equivalents.

Cash flow statement – Statement of cash flows during the financial year from and used in operating activities, investing activities and financing activities and a reconciliation of cash and cash-equivalents held at the beginning and the end of the financial year.

CDS (credit default swap) – Financial instrument used to hedge against credit risks in connection with loans or securities (see Credit derivative).

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

Consolidated cost:income ratio – Indicator of an enterprise's cost efficiency based on the ratio of its expenses to its earnings. It is calculated by comparing general administrative expenses (comprising staff costs and other administrative expenses and depreciation/amortization/write-offs of property, equipment and intangible assets) with operating income (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)).

Consolidated return on equity – Consolidated net profit for the year in relation to average equity on the Balance Sheet (without minority interests).

Credit exposures – These comprises all on-balance-sheet exposures (loans and receivables, bonds) and off-balance sheet exposures (guarantees, credit lines).

Cross selling – Active selling to existing customers of products and services that complement one another.

Currency risk – The risk that the value of a financial instrument will change due to changes in foreign exchange rates.

DBO (defined benefit obligation) – The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Default risk – The risk that a counterparty in a transaction in a financial instrument will not be able to fulfil an obligation, causing the other party a financial loss.

Deferred tax assets – Deferred tax assets (reported in Other assets) are recognized to anticipate the future tax effects of temporary differences between the carrying amounts of assets and liabilities on the balance sheet and the tax base or of as yet unused tax loss carryforwards and tax credits.

Derivate – Derivatives are financial instruments whose value changes in response to changes in an underlying instrument, e.g. a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, that require no initial net investment or little initial net investment and that are settled at a future date. Swaps, options and futures are the most important types of derivative.

Dirty price – The price of an interest rate instrument including accrued interest.

Discount – The negative difference between purchase price and nominal value.

Earnings per share – Adjusted consolidated net profit for the year (after the deduction of distributions on non-voting non-ownership capital [Partizipationskapital]) divided by the average number of ordinary shares in issue.

Entities accounted for using the equity method – Entities over whose operating or financial policies a significant influence is exercised.

Exposure – The amount that the bank could lose in the event of loan default.

External rating – A standardized assessment of an issuer's credit quality and that issuer's debt instruments by specialized agencies.

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.

Fair value hedge – Derivatives are used to hedge the exposure to changes in the fair value of a fixed-interest asset or liability.

Finance lease – A lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. As a result, the lessee must recognize the asset on its Balance Sheet.

Future – A standardized forward contract traded on an exchange under which a commodity traded in a money, capital, precious metal or currency market is to be delivered or accepted on a specified date and at a previously agreed price.

Hedge – A transaction to protect existing or future positions against the exposure to risks (e.g. price or interest rate risks).

Hedge accounting – Hedge accounting is an accountancy practice that aims to minimize the effects on profit or loss of the opposing movements in the values of a hedge and a hedged item.

Held-for-trading – A financial asset or liability is classified as held for trading if it is used for generating a profit from short-term fluctuations in market price or dealer's margin.

Held-to-maturity – Held-to-maturity investments are financial assets with fixed or determinable payments and a fixed maturity that an entity has the positive intention and ability to hold to maturity.

ICAAP (Internal Capital Adequacy Assessment Process) – An internal process whereby banks ensure they hold adequate internal capital to cover all the material risks to which they are or could be exposed.

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

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

Interest rate risk – The risk that the value of a financial instrument will change due to fluctuations in market interest rates.

Internal rating – A detailed assessment of the potential risk associated with a borrower.

Loan derivative – An instrument that transfers the credit risks associated with loans, bonds or other risk assets or market risk positions to another entity (see CDSs).

Liquidity risk – Liquidity risk is the risk that an enterprise may not be able to meet its current and future financial obligations in full or in time and that, if the market is not sufficiently liquid, transactions may not be possible or may only be possible on less favourable terms.

Market risk – The risk that the value of a financial instrument will change as a result of fluctuations in market prices, whether those fluctuations are caused by factors specific to the individual security or its issuer or by factors affecting all securities traded in the market.

Monte Carlo simulation – A numerical method of solving mathematical problems using random sampling.

NPL (non-performing loans) – Loans that are either close to being in default or in default.

Operating lease – Lease under which commercial ownership as well as legal ownership remain with the lessor with the effect that the lessor must show the asset on its balance sheet.

Operational risk – The risk of losses resulting from failed systems or processes or caused by staff members or outside parties.

Option – An instrument that gives the holder the right to purchase the underlying asset from a contracting party at a prearranged price and at a specified time or within a specified period (call option) or to sell the underlying asset to a contracting party at a prearranged price and at a specified time or within a specified period (put option).

OTC instruments – Financial instruments that are neither standardized nor traded on an exchange. They are traded directly between market participants over the counter.

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).

Plan assets – Assets held by a long-term fund to cover staff benefits.

Premium – The positive difference between purchase price and nominal value.

Projected unit credit method – A means of accumulating capital in conformity with IAS 19. The benefit obligation is the actuarial present value of the promised benefit on the date of the agreement. Increases in salary are taken into account. The interest rate is based on long-term capital market rates.

Repurchase agreement – During a genuine repurchase transaction (repo, repurchase agreement), the enterprise sells assets to a counterparty and undertakes at the same time to repurchase the same assets on a specified date at a specified price. In the case of a 'non-genuine' or 'pseudo' repo (unechtes Pensionsgeschäft), the seller is obliged to repurchase the pledged asset but is not entitled to demand its sale. Retransfer is solely at the discretion of the purchaser.

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

Risk-weighted assets (RWA) – 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).

ROE (return on equity) – Profit for the year before tax or after tax in relation to average equity on the balance sheet (including minority interests).

Segmental reporting – Breakdown of information in the annual financial instruments by business segment.

Stress test – Stress tests attempt to simulate extreme fluctuations in market parameters with the help of scenario assumptions. They are used because such fluctuations are, as a rule, inadequately taken account of by the predominant VaR models (VaR figures forecast maximum losses under normal market conditions).

Subprime loans – Loans made to borrowers with bad credit ratings.

Surplus own funds ratio – Surplus own funds in relation to the total own funds requirement.

Swap – Exchange of fixed and/or variable interest obligations (interest rate swap) and/or currency positions (currency swap).

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 stated in relation to credit risk – This ratio's numerator is Tier 1 capital and its denominator is the own funds requirement for credit risk.

Tier 1 ratio stated in relation to total risk – This ratio's numerator is Tier 1 capital and its denominator is the basis of assessment for the purposes of *§ 22 BWG* (the total own funds requirement).

Trading book – Bank regulators' term for positions held by a bank for short-term resale to exploit fluctuations in prices and interest rates. Positions that are not classified as part of the trading book are assigned to the banking book.

Trust transaction – A transaction performed by the trustee in the trustee's own name but in accordance with the trustor's instructions and for the trustor's account and risk.

UGB – [Austrian] enterprises code (*Unternehmensgesetzbuch*).

Undiluted earnings per share – The amount of consolidated net profit for the year attributable to ordinary shareholders (adjusted consolidated net profit for the year after the deduction of distributions on non-voting non-ownership capital [Partizipationskapital]) divided by the weighted average number of ordinary shares in issue during the period. In addition to undiluted earnings per share, diluted earnings per share must also be reported if the number of shares might increase as a result of the conversion and exercise of outstanding share options, assigned stock rights and convertible bonds.

VaR – Value at risk expresses the potential loss that will, with a given probability, not be exceeded in the portfolio in question over a 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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