SEMI-ANNUAL REPORT

AS OF 30 JUNE 2016

CONSOLIDATED SEMI-ANNUAL MANAGEMENT REPORT AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Raiffeisenlandesbank Niederösterreich-Wien

Survey of Key Data

Raiffeisenlandesbank NÖ-Wien Consolidated Interim Financial Statements acc. to IFRS

€m	2016	+/(–) Change	2015*
Consolidated income statement	*1/1–30/6*		*1/1–30/6*
Net interest income after impairment charges	100.7	(3.5)%	104.4
Net fee and commission income	29.9	(17.8)%	36.5
Net trading income	(10.6)	(233.3)%	7.9
Profit from investments in entities accounted at equity	(97.4)	(224.0)%	78.5
General administrative expenses	(102.6)	3.6%	(99.0)
Loss/Profit for the period before tax	(82.2)	(161.3)%	134.0
Consolidated loss/profit for the period (attributable to equity holders of the parent)*	(73.4)	(155.9)%	131.3
Consolidated balance sheet	*30/6*		*31/12*
Loans and advances to other banks	7,201	(5.0)%	7,583
Loans and advances to customers	11,923	(0.2)%	11,948
Deposits from other banks	9,383	(0.7)%	9,453
Deposits from customers	8,314	9.1%	7,622
Equity (incl. profit)	1,647	(5.9)%	1,751
Consolidated assets	28,627	3.2%	27,743
*Regulatory information***	*30/6*		*31/12*
Risk-weighted assessment base	12,279	(4.7)%	12,887
Total qualifying capital	2,767	(4.4)%	2,894
Total capital requirement	1,088	(4.6)%	1,141
Capital surplus ratio	154.3%	0.6 PP	153.8%
Common equity Tier 1 ratio	13.0%	(0.7) PP	13.8%
Total Tier 1 ratio	14.2%	(0.7) PP	15.0%
Total capital ratio	20.3%	0.0 PP	20.3%
Performance Indicators	*1/1–30/6*		*1/1–30/6*
Return on equity before tax	N/A	N/A	N/A
Consolidated return on equity*	N/A	N/A	N/A
Consolidated cost:income ratio	N/A	N/A	N/A
Return on assets after tax*	N/A	N/A	N/A
Risk:earnings ratio	<0%	–	<0%
Additional Information			
Staff information	*1/1–30/6*		*1/1–30/6*
Employees (average full-time equivalents)	1,122	(5.3)%	1,185
Information about branches and offices	*30/6*		*30/6*
Branches and offices	40	(9)	49
Rating Moody's	*Long-term*	*Short-term*	*Financial strength*
	Baa2	P(2)	ba1

*The comparable prior year period was adjusted in accordance with IAS 8. Details are provided under "Restatement" in the notes (starting on page 29). / **RLB NÖ-Wien does not represent a separate credit institution group as defined by the regulatory requirements. It is therefore not subject to the supervisory regulations for banking groups because it is a member company of the Raiffeisen-Holding NÖ-Wien credit institution group. The current amounts were determined for the Raiffeisen-Holding NÖ-Wien credit institution group in accordance with the requirements of the Capital Requirements Regulation (CRR) and the Austrian Banking Act.

Contents

Company Profile

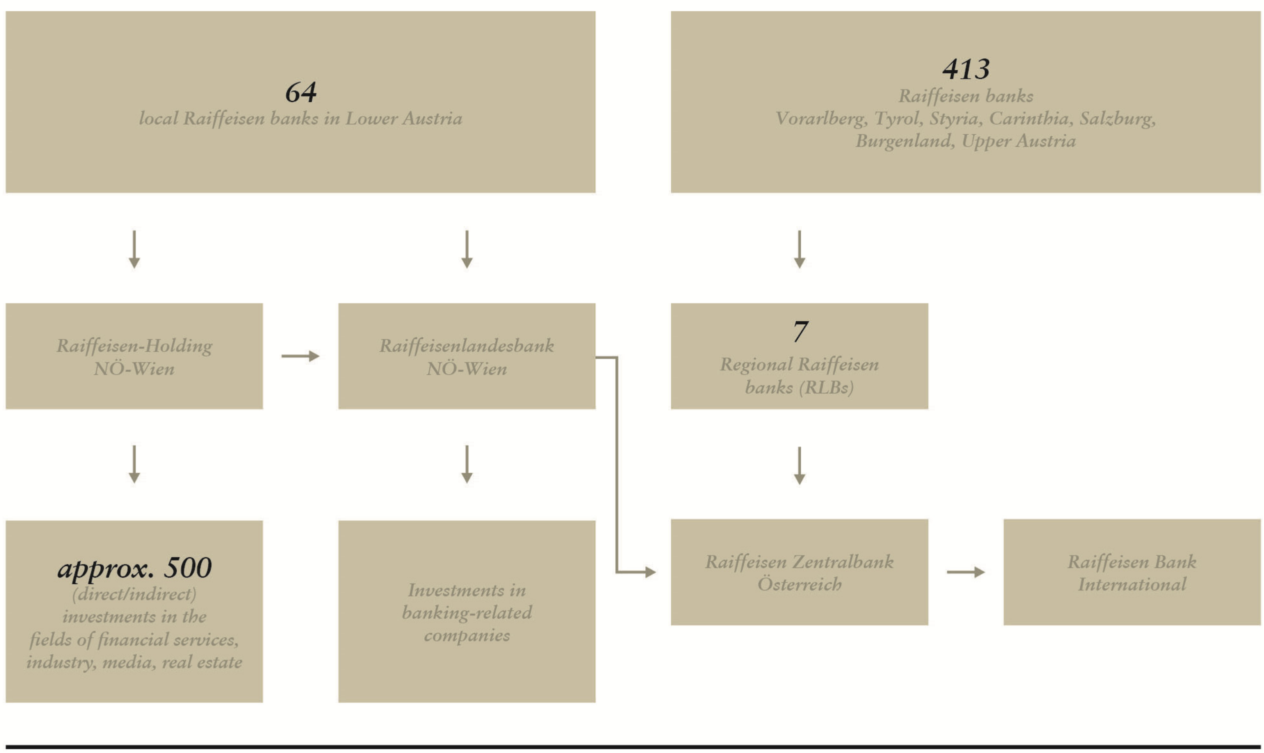
A strong regional bank

Raiffeisenlandesbank Niederösterreich-Wien AG (RLB NÖ-Wien) is a regional bank with approx. 1,200 employees who service private and commercial customers at 40 locations throughout Vienna. Its activities as a commercial bank are focused on the eastern region of Austria. Roughly 262,000 customers place their trust in RLB NÖ-Wien.

In keeping with its responsibilities as a bank for the Austrian Raiffeisen organization, RLB NÖ-Wien supports, advises and services the 60 independent Raiffeisen banks in Lower Austria. The Lower Austrian Raiffeisen banks form the leading banking group in this province with a 42% customer share, approx. 965,000 customers and 486 branches.

RLB NÖ-Wien is the principal shareholder of Raiffeisen Zentralbank Österreich AG (RZB) (34.74%) which, in turn, holds an investment in Raiffeisen Bank International AG (RBI). RBI has one of the largest branch networks in Central and Eastern Europe with approx. 2,600 offices. RLB NÖ-Wien is directly and indirectly owned by the Lower Austrian Raiffeisen banks (78.58% through Raiffeisen-Holding NÖ-Wien).

Raiffeisen Banking Group Austria As of 31/12/2015



With a market share of approx. 30%, the Raiffeisen Banking Group Austria is the leading banking group in this country. The group is organized in three tiers: the local Raiffeisen cooperative banks, the regional Raiffeisenlandesbank organizations and RZB.

The dense branch network underscores the commitment of the independent Raiffeisen banks to regional interests based on a foundation of security and trust. Nearly 1.7 million Austrians are members – and thereby co-owners – of the Raiffeisen banks. Raiffeisen NÖ-Wien, which is a key element of the Raiffeisen Banking Group Austria, comprises Raiffeisen-Holding, RLB NÖ- Wien and the Raiffeisen banks in Lower Austria. This gives Raiffeisen NÖ-Wien a leading role in the Raiffeisen Banking Group in Austria.

Experienced financial service provider for business and private customers

Retail and commercial businesses are an important customer segment for RLB NÖ-Wien in Vienna, where the bank currently has a market share of 40%.

In the corporate clients segment RLB NÖ-Wien is an important partner for Austrian companies in the execution of payment transactions and the arrangement of working capital and investment financing, not least due to its strong market position in the eastern region of the country. RLB NÖ-Wien also serves as a sparring partner to help medium-companies benefit from foreign trade.

In the retail business, RLB NÖ-Wien advises private customers on a wide range of investment and financing issues at 35 locations across Vienna.

Digital banking as an addition to branch services

Personal customer and advising contacts still form the focal point of business activities, but RLB NÖ-Wien also offers its customers optimal and comprehensive services in all digital channels. The bank's customer service representatives have an extensive range of new technologies at their disposal – e. g. online banking, Raiffeisen App, Facebook and video meetings. At the same time, RLB NÖ-Wien is continuously optimizing its sales processes and structure.

Close cooperation with the Lower Austrian Raiffeisen Banks

RLB NÖ-Wien places high priority on increasing the use of synergies between the Lower Austrian Raiffeisen banks and RLB NÖ-Wien. As a bank for the Austrian Raiffeisen organization, it coordinates the cooperation within Raiffeisen NÖ-Wien.

A group-wide project with the working title "Shared Services" was launched in 2014 – and is designed to improve the operational efficiency of customer transactions and increase the quality of services. It involved the standardization of numerous back office activities and, in the first half of 2016, the bundling of market service issues – i.e. services that do not require a banking license – in RSC Raiffeisen Service Center GmbH.

RLB NÖ-Wien also provides additional services, for example in the areas of compliance and internal audit, and assists and services the Lower Austrian Raiffeisen banks in the sales area.

Raiffeisen values in today's world

Security, a regional focus trust and sustainable operations are the traditional values that have influenced Raiffeisen Austria for 130 years. Although the economic and social framework has changed significantly over this time, Raiffeisen in Austria has always been able to successfully give these traditional values a contemporary interpretation.

These central values also include a commitment to social and environmental responsibility. For RLB NÖ-Wien this means:

- accepting responsibility for society,

- remaining a responsible and attractive employer, and
- reducing the negative effects of its operations on the environment.

Climate protection

RLB NÖ-Wien is a member of the Raiffeisen Climate Protection Initiative (RKI), which was founded in 2007. The Austrian Raiffeisen organizations have joined together in the RKI to bundle and intensify their climate protection activities. One annual focal point in February is the Raiffeisen Energy Savings Day in Lower Austria, which includes free-of-charge meetings with professional energy advisors.

Resource conservation

RLB NÖ-Wien has taken numerous steps to support the goals and objectives of RKI. For example: the purchase of new company vehicles includes a check to ensure that CO_2 emissions do not exceed the legally defined limit of 130 g CO_2/km. Special measures were also implemented to increase employees‘ awareness for the benefits created by alternative transportation means: company bicycles and e-bikes are now available for short job-related trips.

Wide-ranging support for culture

RLB NÖ-Wien supports numerous cultural activities in Vienna and Lower Austria, including well-known events like the Classics under the Stars concert at Göttweig Monastery, the summer concerts at Grafenegg Castle and the Grafenegg Festival as well as the Theater in der Josefstadt, Vienna Volksoper and Filmhof Weinviertel. As a sponsor of the NÖ Kulturwirtschaft cultural management organization (NÖKU), RLB NÖ-Wien also serves as a partner for cultural institutions like the St. Pölten Fesitval House and the Kunsthalle Krems.

Active social commitment

The social commitment of RLB NÖ-Wien is also expressed in numerous initiatives like the “KURIER Lernhaus“, which provides free educational support for needy children at a number of locations in Vienna and Lower Austria.

RLB NÖ-Wien is also a long-standing partner of the “Licht ins Dunkel“ fund raising drive, the Concordia social projects for orphans in Romania, Bulgaria and the Republic of Moldavia as well as the Caritas campaign “Cardinal König sponsorship” for the Gruft shelter.

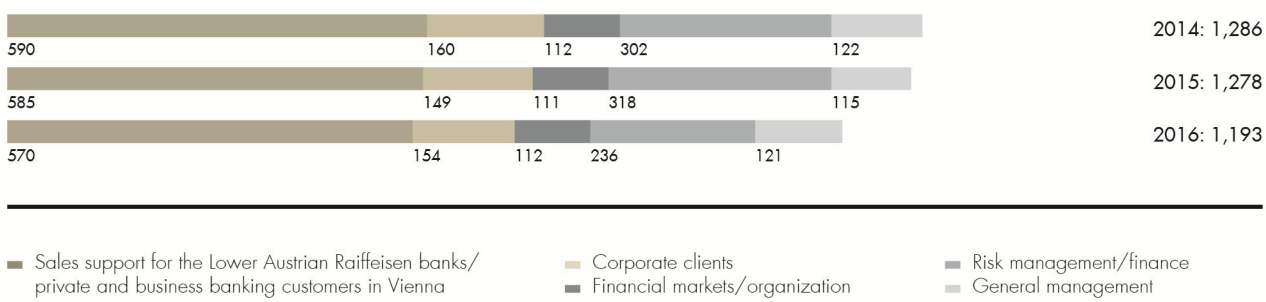
Employees‘ social commitment

In connection with the “Cardinal König sponsorship” for the Gruft shelter, RLB NÖ-Wien employees volunteered to cook for the shelter’s clients in their free time during the first half of 2016. An average of 120 men and women were provided with warm meals at the Raiffeisen-sponsored dinners.

A responsible employer

RLB NÖ-Wien had an average of approx. 1,200 employees during the first six months of 2016. Personnel development is based on sector-wide job profiles. A trainee programme has also been established to support the advancement of young academics. RLB NÖ-Wien and the Lower Austrian Raiffeisen Banks continued their apprenticeship campaign with the start of the sixth training course in 2016. Nearly 50 apprentices are currently being trained in Vienna and Lower Austria, and 16 former apprentices have joined RLB NÖ-Wien as employees.

Development of staff 30/6/2016



Management Report

Overview of the First Half of 2016

The economic environment remained challenging throughout the first half of 2016:

- The European Central Bank (ECB) approved a further package of measures on 10 March 2016, which includes an increase in the monthly volume of the bond purchase programme (QE) to EUR 80 billion as well as an increase in the purchase of investment grade EUR-corporate bonds. The deposit rate was also cut to -0.4%.
- The financial markets were thrown into brief turmoil by the outcome of the "Brexit" referendum in Great Britain on 23 June 2016, which brought a majority decision in favour of an exit from the European Union (EU).
- Geopolitical tensions increased during the first half-year, above all as the result of terrorist attacks and threats; in response, the involved countries imposed a state of emergency and/or extended previous controls.
- The crisis in Ukraine also continued and influenced the economic development of both Ukraine and Russia.
- The ongoing refugee crisis has created substantial political and social challenges for the involved countries and led to increasing tensions within the European Union.
- On 18 May 2016 HETA ASSET RESOLUTION AG (HETA) reached an agreement in principle with a large group of its creditors through the signing of a memorandum of understanding. The memorandum is scheduled for implementation in the fourth quarter of 2016. In 2015 the imposition of a moratorium led to a massive loss of confidence, above all by German investors, in Austrian issuers. That, in turn, significantly reduced the opportunities of Raiffeisenlandesbank Niederösterreich-Wien AG (RLB NÖ-Wien) to access this source of financing.

The following factors had a significant influence on RLB NÖ-Wien during the first half of 2016:

- As a result of the ECB's policies, net interest income remained under pressure due to the negative interest rate level and the flat interest curve. The negative money market rates led to a decline in deposit margins.
- RLB NÖ-Wien successfully maintained its solid liquidity position. Customer deposits rose by EUR 692.5 million, or 9.1%, in the first half of 2016.
- Investments accounted for at equity were responsible for the largest year-on-year decline in earnings. The proportional share of results from these investments amounted to EUR 78.5 million as of 30 June 2015, but fell to EUR -97.4 million as of 30 June 2016. This decline resulted from an impairment test and the subsequent recognition of a EUR 100 million impairment loss to the carrying amount of the investment in Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB). In the end, this impairment loss was responsible for the loss of EUR -73.4 million recorded for the first half of 2016.
- The cost structure was influenced, above all, by expenses for the "One IT for Raiffeisen Austria" project.
- The positive development of credit risk continued during the first six months of 2016 with a net reduction of EUR 8.9 million.
- Other operating profit/(loss) of EUR -13.2 million consists primarily of regulatory expenses, e.g. for the previously recognised contribution to the European resolution fund (EUR -10.3 million) and the stability levy (EUR -12.7 million).
- With a Tier 1 ratio of 14.2% and a total capital ratio of 20.3%, the financial institutions group of Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien) – of which RLB NÖ-Wien is a part – significantly exceeded the minimum legal requirements for capital and also met the ECB's capital benchmarks.

- In order to strengthen the utilization of synergies, settlement activities that involve a high degree of standardization (in particular securities services, market service liabilities and contract settlement for personal banking and commercial customers) were outsourced to RSC Raiffeisen Service Center GmbH in the first half of 2016. This company is jointly managed by the Raiffeisen sector companies. The resulting synergy effects will be realized over the coming years.

The Economic Environment for the Banking Sector in the First Half of 2016

The development of the global economy was influenced by numerous risk factors during the first half of 2016: the difficult restructuring of the Chinese economy, turbulence in the emerging markets (above all in Brazil), uncertainty over the timing of further interest rate increases by the US Federal Reserve (FED) and concerns over the outcome of the British vote on the exit from the European Union.

The weakness that currently characterises the emerging economies had a negative impact on the markets during the first months of the year and was also reflected in a slowdown in worldwide trade. The mood in many of the emerging countries was coupled, for the most part, with the oil price, which rose from slightly below USD 30 to approx. USD 50 per barrel at mid-year.

The US economy followed a weak start into the year – when the gross domestic product (GDP) produced annualized growth of only 0.8% from January to March – with somewhat stronger momentum in the second quarter (1.2% versus the previous quarter, annualized). Although growth is now positive, the next interest rate adjustment by the FED is not expected before December. The FED has failed to increase interest rates this year despite a decline in unemployment to the target level of 4.9% in June and slowly increasing pressure on prices as well as various comments from its members.

Shortly before the end of the first half-year, the Brexit referendum led to increased uncertainty in the eurozone (on 23 June, the population voted in favour of Great Britain's exit from the EU) and to intense short-term fluctuations on the financial markets. However, sentiment indicators quickly recovered from the initial shock caused by this uncertainty. The moderate recovery in the eurozone remains intact, with GDP growth of 0.3% from the first to the second quarter of 2016.

The inflation rate in the eurozone was negative for several months due to the low crude oil price, but rose for the first time by 0.1% in June. The core inflation rate is still surprisingly low at 0.9% (both in year-on-year comparison). The oil price has stabilized, but inflationary expectations have still not gained momentum. Therefore, the ECB's target price level of 2% appears out of reach for the long-term.

The ECB again loosened its monetary policy in March, after the turbulence on the capital markets overshadowed the economic and inflationary outlook at the beginning of the year. Two key measures were implemented beginning in June: the first of four TLTROs II (targeted longer-term refinancing operations) and the start of the CSPP (corporate sector purchase programme). The ECB is now awaiting the results, whereby these programmes are intended to further reduce the downside risks for the economy and inflation. President Draghi continues to emphasize that the ECB can, when required, utilize any and all instruments at its disposal.

In Austria, the economy was unable to gain momentum at the beginning of the year (0.3% in the second quarter). Expenditures for refugee assistance and the recently enacted tax reform should lead to a substantial increase in private and public sector spending and, in turn, stimulate economic growth, as should the low inflation rate and the resulting substantial increase in real disposable household income. However, foreign trade represents a negative effect: net exports are expected to make a negative contribution to growth because of the weak international environment.

The inflation rate in Austria equalled 0.6% in year-on-year comparison during June and was again substantially higher than the eurozone average. Unemployment is at a historic high and will most likely continue to increase. Based on Eurostat calculations, the unemployment rate should rise to 6.0% this year according to Österreichische Nationalbank (OeNB). The number of persons employed has increased, but the labour supply has shown stronger growth. This is a result of migration and, above all, the increasing retirement age and the higher number of women in the workforce. Austria has lost its top ranking in EU comparison.

Earnings, Financial and Asset Position

Consolidated operating profit in the first half of 2016 vs. the first half of 2015

€'000	1/1–30/6/2016	1/1–30/6/2015	Absolute +/(–) change	Absolute +/(–) change
Net interest income	91,889	93,973	(2,084)	(2.2)
Net fee and commission income	29,947	36,453	(6,506)	(17.8)
Net trading income	(10,592)	7,945	(18,537)	–
Profit from investments in entities accounted for using the equity method	(97,359)	78,499	(175,858)	-
Other operating profit/(loss)	(13,198)	(27,913)	14,715	(52.7)
Operating income	*687*	*188,958*	*(188,271)*	*(99.6)*
Staff costs'	(47,581)	(48,546)	965	(2.0)
Other administrative expenses	(52,938)	(47,911)	(5,027)	10.5
Depreciation/amortization/write-offs	(2,064)	(2,578)	515	(20.0)
General administrative expenses	*(102,583)*	*(99,035)*	*(3,548)*	*3.6*
Consolidated operating profit	**(101,896)**	89,922	**(191,819)**	-

Net interest income totalled EUR 91.9 million in the first half of 2016 (H1 2015: EUR 94.0 million). As a result of the ECB's policies, net interest income remained under pressure due to the negative interest rates and flat interest curve. The historically low interest rates led to a decline in margins in the customer deposit business, but the margins in the customer lending business improved slightly.

Net interest income in EUR million

Net fee and commission income declined year-on-year, above all due to an increase in commission expenses to EUR 29.9 million. These higher commission expenses were related to the inclusion of loans to the Lower Austrian Raiffeisen banks which are eligible as collateral.

The negative **net trading income** of EUR – 10.6 million was attributable primarily to necessary valuation adjustments to customer derivatives. The comparable prior year amount was EUR 7.9 million

The **profit/(loss) from investments accounted for at equity** was influenced by an earnings contribution of only EUR 4.0 million from RZB and an impairment charge of. EUR 100.0 million to the carrying amount of the RZB investment (see Note 5). Including the negative contribution from Raiffeisen Informatik GmbH (EUR -1.4 million), the loss from investments accounted for at equity totalled EUR – 97.4 million for the first half of 2016 (H1 2015: EUR 78.5 million).

Operating income in EUR million

Other operating profit/(loss) improved by EUR 14.7 million year-on-year, but was remained negative at EUR -13.2 million. This development resulted chiefly from the expenses for the stability levy (EUR -12.7 million) and the contribution to the European resolution fund (EUR -10.3 million).

General administrative expenses were higher than the comparable prior year period (EUR 99.0 million) at EUR 102.6 million in the first half of 2016. A slight decline in personnel expenses was contrasted, among others, by an increase in consulting fees to manage the diverse new regulatory challenges and expenses for the project “One IT for Raiffeisen Austria“.

€'000	1/1–30/6/2016	1/1–30/6/2015*	Absolute +/(–) change	Absolute +/(–) change
Consolidated operating profit	(101,896)	89,922	(191,819)	-
Impairment charge on loans and advances	8,851	10,412	(1,560)	(15.0)
Profit/(loss) from financial investments	10,867	33,654	(22,787)	(67.7)
Profit/(loss) for the period before tax	***(82,177)***	***133,988***	***(216,166)***	-
Income tax*	8,817	(2,737)	11,554	-
Profit/(loss) for the period after tax	**(73,360)**	**131,252**	**(204,612)**	-

* The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes (starting on page 29).

Releases from the **impairment allowance balance** amounted to EUR 8.9 million in the first half of 2016. The consequent monitoring and management of loans allowed for successful restructuring on a number of larger potentially impaired commitments and/or a reduction in the actual default below the originally estimated amount.

Profit/(loss) from financial investments contributed EUR 10.9 million to earnings for the period (H1 2015: EUR 33.7 million). The first half of 2016 was also influenced by income from the sale of securities in connection with the portfolio restructuring.

The RLB NÖ-Wien Group recorded an **after-tax loss** of EUR – 73.4 million for the first half of 2016, compared with an after tax profit of EUR 131.3 million as of 30 June 2015.

Loss/(Profit) for the period after tax in EUR million

Other comprehensive income of EUR 19.5 million reflected the sound positive development of the available-for-sale reserve (EUR 34.5 million). Also included here are actuarial losses on the provisions for staff benefits (EUR -5.8 million) and negative deferred taxes (EUR -7.4 million). Total comprehensive income amounted to EUR -53.8 million as of 30 June 2016.

Segment Report

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

- Sales Support Raiffeisen Banks Lower Austria/Personal and Business Banking Customers Vienna
- Corporate Clients
- Financial Markets
- Investments
- Other

Sales Support Raiffeisen Banks Lower Austria/Personal and Business Banking Customers Vienna covers the retail banking business in the Vienna branches, which service personal banking, trade and business and self-employed customers. This segment offers various banking products and services for these customer groups, in particular for investments and financing. The private banking teams provide professional advice to high net worth personal banking customers in Vienna, while small and medium-sized businesses are supported by the trade and business competence centre. Profit before tax in this segment totalled EUR 8.0 million in the first half of 2016 compared with EUR 9.6 million in the previous year. Net interest income declined by EUR 2.3 million year-on-year to EUR 31.6 million due to the extremely low interest rates and the strong competition between banks. Positive effects were provided by an increase in net fee and commission income (EUR 22.6 million versus EUR 21.3 million in H1 2015) and the continuing low impairment allowance balance of EUR -2.3 million (H1 2015: EUR -1.5 million). The return on equity before tax equalled 9.1% (H1 2015: 13.9%), and the cost/income ratio changed from 80.0% in the previous year to 81.3% in the first half of 2016.

The **Corporate Clients Segment** recorded net profit before tax of EUR 62.5 million in the first half of 2016. Specially designed products and solutions as well as a clear-cut customer orientation are the decisive success factors for this business. Net interest income after the impairment allowance balance rose to EUR 74.5 million (H1 2015: EUR 68.8 million), whereby the releases from the impairment allowance balance totalled EUR +10.9 million (H1 2015: EUR +12.1 million). With capital employed of EUR 703.0 million, this segment generated a pre-tax return on equity of 17.8% (H1 2015: 21.1%).

The **Financial Markets Segment** recorded profit before tax of EUR 5.6 million in the first half of 2016 (H1 2015: EUR 50.6 million). Net interest income, after the deduction of the impairment allowance balance, equalled EUR 16.7 million (H1 2015: 27.0 million) due to the stable maturity transformation. Net trading income was negatively affected by impairment charges to customer derivatives and amounted to EUR -13.2 million. The profit from financial investments equalled EUR 10.7 million (H1 2015: EUR 28.2 million), and other operating income improved from EUR 2.1 million in the previous year to EUR 4.0 million as of 30 June 2016.

Net profit before tax from the **Investments Segment** was clearly negative at EUR -121.2 million (H1 2015: 53.7 million) due to the impairment charge of EUR 100.0 million recognized to the carrying amount of RZB (see note 5).

The Other Segment covers the activities of the RLB NÖ-Wien Group in its function as the leading institution in the Lower Austrian Raiffeisen organization. Also included here are the income and expenses from market-related activities to support the other segments. This segment also includes the bank levy of EUR -12.7 million for the first half of 2016 and the contribution of EUR -10.3 million to the European resolution fund. Profit before tax equalled EUR -37.1 million compared with EUR -43.9 million in the previous year.

Consolidated Balance Sheet as of 30 June 2016

The **balance sheet total** of the RLB NÖ-Wien Group rose by EUR 884.4 million year-on-year to EUR 28,627.0 million as of 20 June 2016. Deposits from customers increased by EUR 692.5 million, or 9.1%, and the refinancing structure improved. The high balance of liquid funds reported as of 30 June 2016 were invested with OeNB for the short-term.

Assets

Loans and advances to other banks declined further to EUR 7,201.5 million and were EUR 381.9 million lower than on 31 December 2015.

Loans and advances to customers totalled EUR 11,922.6 million and generally reflected the year-end 2015 balance. Declines in loans and advances to the public sector were contrasted by an increase in lending to companies.

Securities and equity investments amounted to EUR 4,343.1 million as of 30 June 2016, which represents a decline of EUR 41.1 million below the level on 31 December 2015. Measures implemented in connection with the restructuring of the securities portfolio led to the sale of securities with a volume of EUR 293.7 million and the reinvestment of nearly the same volume in highly liquid securities.

Investments accounted for at equity totalled EUR 1,741.2 million and were EUR 97.6 million lower than at year-end 2015 due to the recognition of an impairment charge to the carrying amount of the RZB holding.

Other assets rose from EUR 1,988.1 million as of 31 December 2015 to EUR 3,418.6 million as of 30 June 2016, above all, due to an increase in the credit balance with OeNB and changes in the market value of interest rate derivatives.

€m	30.06.2016	00.01.1900	Absolute +/(–) change	Absolute +/(–) change
Loans and advances to other banks	7,201	7,583	(382)	(5.0)
Loans and advances to customers	11,923	11,948	(25)	(0.2)
Securities and equity investments	4,343	4,384	(41)	(0.9)
Investments in entities accounted for using the equity method	1,741	1,839	(98)	(5.3)
Other assets	3,419	1,988	1,430	71.9
Consolidated assets	28,627	27,743	**884**	**3.2**

Liabilities and Equity

Deposits from other banks equalled EUR 9,383.3 million as of 30 June 2016 and remained nearly unchanged compared with the level on 31 December 2015

Deposits from customers, including savings deposits, increased significantly during the first half of 2016. Customer deposits rose by EUR 692.5 million, or 9.1%, to EUR 8,314.2 million and the refinancing structure was improved.

Securitized liabilities totalled EUR 5,995.6 million and were EUR 238.8 million lower than on 31 December 2015.

Equity equalled EUR 1,647.3 million as of 30 June 2016. This represents a decline of EUR 103.2 million compared with 31 December 2015 and resulted from the distribution and the loss recorded for the period.

Other liabilities increased from EUR 2,682.7 million to EUR 3,286.4 million, in particular due to changes in the market value of interest rate derivatives.

€m	30.06.2016	00.01.1900	Absolute +/(–) change	Absolute +/(–) change
Deposits from other banks	9,383	9,453	(70)	(0.7)
Deposits from customers	8,314	7,622	693	9.1
Liabilities evidenced by paper	5,996	6,234	(239)	(3.8)
Equity	1,647	1,751	(103)	(5.9)
Other liabilities	3,286	2,683	604	22.5
Balance sheet equity and liabilities	**28,627**	27,743	**884**	**3.2**

Financial Performance Indicators

Performance Ratios

The **Group's cost/income ratio** – i.e. the ratio of operating expenses to operating income – has no real informative value for the reporting period due to the negative earnings from investments accounted for at equity. Therefore, this ratio is not presented.

The **Group's return on equity after tax** – i.e. return on equity based on average equity – was clearly negative due to the loss recorded for the period. This ratio is also not presented due to the lack of informative value.

Regulatory Capital

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

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

Eligible capital as defined in Art. 72 in connection with Art. 18 of the CRR totalled EUR 2,766.8 million (H1 2015: EUR 2,894.2 million). At 20.3% (H1 2015: 20.3%), the Tier 1 ratio (credit risk) substantially exceeded the 8% minimum requirement defined by the CRR.

Eligible capital comprises the following: The common equity Tier 1 ratio includes the superior credit institution's subscribed capital of EUR 116.5 million, appropriated capital reserves of EUR 373.7 million, retained earnings of EUR 946.8 million, non-controlling interests of EUR 309.1 million and various regulatory adjustments of EUR 27.5 million. After deductions of EUR -5.0 million, common equity Tier 1 capital equals EUR 1,768.6 million. The additional Tier 1 capital consists of hybrid capital of EUR 139.5 million and non-controlling interests of EUR 21.2 million less deductions of EUR -3.1 million. Tier 1 capital, after deductions, therefore equalled EUR 1,926.1 million (H1 2015: EUR 2,132.4 million).

Tier 2 capital of EUR 840.7 million (H1 2015: EUR 761.8 million) comprises eligible Tier 2 instruments of EUR 737.0 million, hybrid capital of EUR 10.5 million and EUR 93.2 million for amounts guaranteed.

Tier 1 capital as a per cent of eligible capital equals 69.6% (H1 2015: 73.7%).

The common equity Tier 1 ratio (CET1 ratio) equalled 13.0% as of 30 June 2016 (H1 2015: 13.8%), and the Tier 1 capital ratio (T1 ratio) for the total risk of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 14.2% (H1 2015: 15.0%). The total capital ratio (TC Ratio) remained constant at 20.3% (H1 2015: 20.3%).

The decline in the equity ratios since 31 December 2015 resulted from the expiration of legal transition regulations and the impairment charge of EUR 100.0 million recognized to the carrying amount of the investment in RZB AG.

A fully loaded analysis results in a CET 1 ratio of 12.6% (H1 2015: 12.7%), a T1 ratio of 12.9% (H1 2015: 13.0%) and a total capital ratio of 17.0% (H1 2015: 15.5%).

Credit Risk Indicators

The following tables show the non-performing exposure (NPE) by category of receivables and the related NPE and coverage ratios:

Receivables categories €'000	NPE 30.06.2016	NPE 31.12.2015	NPE ratio in % 30.06.2016	NPE ratio in % 31.12.2015
Banks	1,139	21,403	0.0	0.2
Corporates	385,377	452,779	2.9	3.4
Retail customers	145,353	146,718	7.1	7.2
Sovereigns	30,672	32,072	0.4	0.6
Total	**562,541**	652,973	**1.7**	2.1

Receivables categories €'000	NPE coverage ratio I in % 30.06.2016	31.12.2015	NPE coverage ratio II in % 30.06.2016	31.12.2015
Banks	100.0	5.8	100.0	5.8
Corporates	50.4	47.3	84.3	80.7
Retail customers	57.4	58.1	88.7	89.1
Sovereigns	0.0	0.0	0.0	0.0
Total	**49.6**	46.0	**80.9**	76.2

The non-performing exposure (NPE) ratio for the total credit exposure equalled 1.7% as of 30 June 2016 (31 December 2015: 2.1%). Coverage ratio I is defined as the impairment allowance (individual) based on the NPE in relation to the total NPE, while Coverage Ratio II equals the individual impairment allowance plus collateral (after haircuts) based on the NPE in relation to the total NPE. As of 30 June 2016, the coverage ratio I equalled 49.6% (31 December 2015: 46.0%) and the coverage ratio II 80.9% (31 December 2015: 76.2%). The standard NPL ratio based on the customer receivables reported on the balance sheet equalled 4.5% as of 30 June 2016 (31 December 2015: 4.8%).

Outlook on the Second Half of 2016

The Economic Environment

In the July update to its "World Economic Outlook", the International Monetary Fund (IMF) reacted to the Brexit vote with a downward revision of 0.1 percentage points in both the 2016 and 2017 estimates (to 3.1% and 3.4%, respectively). The IMF's adjustment of its forecast for Great Britain was particularly strong: GDP growth is now projected to reach only 1.7% in 2016 and 1.3% in 2017. That represents a reduction of 0.2 percentage points for this year and 0.9 percentage points for the following year.

The IMF made only slight changes to its forecasts for the eurozone (2016 +0.1 percentage point to 1.6%, 2017 -0.2 percentage points to 1.4%). However, the eurozone countries are not expected to remain untouched by the effects of the Brexit over the medium- to long-term. The framework for relations between Great Britain and the EU must now be redefined, and this issue will not be clarified in the foreseeable future. Uncertainty therefore remains and, in a first reaction, could overshadow the mood of the corporate and private sectors and have a negative effect on investments.

The Institute for Advanced Studies (IHS) has estimated the costs of the Brexit for Austria at 0.5% of GDP up to 2020, i.e. 0.1% per year. Nonetheless, the Austrian economy is forecasted to grow by 1.4% (IHS) to 1.7% (WIFO) in 2016 and return to the eurozone's level of growth after a longer pause.

The US economy remained on a growth course in spite of the significant global headwinds. The weak first quarter start led the IMF to reduce the GDP forecast for 2016 by 0.2 percentage points to 2.2%. However, the IMF sees the latest indicators as signs of an increase in momentum during the course of the year. The negative effects of the strong US dollar and the low oil price (which has led to declining investments in the energy sector) are slowing, and the effects of the Brexit on the US economy are considered to be low. The GDP forecast for 2017 therefore remains unchanged at 2.5%.

In spite of the more optimistic economic outlook, interest rates in the USA will increase at only a slow pace due to the general global uncertainty. Analysts' forecasts point to a 25 BP increase in the target range for key interest rates to 0.50-0.75% during the fourth quarter (Reuters poll on 11 August). Interest rates in the eurozone will, in contrast, remain low – the key rates are not expected to change, at least through the end of this year, since inflation is projected to remain below the ECB's 2% target for a longer period. The current bond repurchase programme (with a possible extension during the second half-year) has resulted in steady pressure on capital market yields, and the return on 10-year German federal bonds should hover near the 0%-mark.

The better macroeconomic and monetary outlook for the USA has created continuing pressure on the euro versus the US dollar – with a further shift toward parity expected during the next 12 months (Reuters poll on 4 August, median estimate: 1.07).

Risk Assessment

The business activities of a bank are connected with the acceptance of branch-specific risks. These risks are managed in accordance with the risk policy and strategy defined by RLB NÖ-Wien. The efficient identification, assessment and management of risk represents a central focus of the bank's activities. Additional information on this subject and on the organization of risk management is provided in the section on the "Risks arising from financial instruments (Risk Report)" in the 2015 annual report.

The outlook on the market situation is still reserved because of the political environment. The ongoing analysis of risk therefore places a special focus on the related developments.

The first six months were influenced by the new regulatory requirements, the ECB stress test and preparations for data migration in connection with the project "One IT for Raiffeisen Austria".

From the risk viewpoint, the first half of 2016 was still heavily influenced by the euro and economic crisis in Europe and the low-interest phase. The outcome of the referendum on 23 June 2016 with a decision by the British population in favour of an exit from the EU – "Brexit" – triggered strong reactions on the financial markets. The economic situation in Greece and the repeated discussions over a potential “Grexit“, i.e. the possible withdrawal of Greece from the eurozone, continues to influence the financial markets. RLB NÖ-Wien reacted to the economic developments in Europe several years ago with a massive reduction of the limits for high-risk countries. The decision to discontinue new lending to customers in Russia remains in effect. The results of the euro and financial market crisis have apparently had a lasting effect on the real economy and are also reflected in weaker growth in Austria.

The risk positioning of RLB NÖ-Wien in the trading and banking book remains generally defensive. The second half-year will also involve the selective and close management of existing risk positions and will be supplemented by standardized stress- and back-testing for situation-related assessments and timely reporting to the Managing Board.

With regard to the capital market, the Austrian financial sector continues to view senior unsecured issues critically. This has also been reflected in an increase in the spreads for Austrian banks.

RLB NÖ-Wien in unable to predict the future course of the EU or the continuing difficult economic environment. From the present point of view, the impairment allowance balance should remain below the budgeted amount this year.

In line with our conservative appraisal, we expect further major challenges during the second half of 2015. These challenges will focus, above all, on financing and on the need to continue our extensive analysis and activities to support our customers.

The early identification of potential problems and the implementation of specially targeted counteractions and risk-reducing measures represent an effective response to the economic challenges faced by our customers and, in turn, by their financiers.

These activities allow RLB NÖ-Wien to address the possible impact of the continuing weak economic growth on its credit customers and the effects arising from the uncertainties on the financial markets. In total, the current risk monitoring and assessment has not identified any risks in addition to those mentioned above that would presumably have an effect on the development of RLB NÖ-Wien

Development of the Group

The successful conversion to a common IT system (One IT) – which took place after the balance sheet date in August 2016 – represents a major milestone for RLB NÖ-Wien. It not only represents an end to the substantial added costs for the project, but will create a significant potential for synergies within the Raiffeisen Banking Group Austria over the medium-term. In addition, further measures were implemented to improve the cost-income ratio.

RLB NÖ-Wien has defined the following focal points for the second half of 2016:

- Stabilization of the capital ratio
- Further improvement in the cost structure
- Focus on the use of a lean, digitalized-analogue business model for private and commercial customers
- Stabilization of earnings in the Corporate Clients Segment
- Reduction of regulatory complexity
- Further optimization of intergroup cooperation with the Lower Austrian Raiffeisen banks

The earnings contribution from the investments accounted for at equity (RZB) in the second half of 2016 is again difficult to estimate. In addition to the challenging framework conditions, events in Ukraine and Russia and their impact on RBI’s business in these markets are difficult to predict. Also outstanding are the results from the announced evaluation of the merger of RBI and RZB.

RLB NÖ-Wien is subject to national and EU law through its business activities, whereby recent changes and new laws, EU guidelines and directives have led to an increase in the number and scope of legal requirements. The expected tightening of these regulations in the future will to increased requirements and stricter decisions by the administrative and regulatory authorities and the courts. Consequently, it cannot be excluded that RLB NÖ-Wien will also be involved in court cases and administrative proceedings in the future and that any possible future proceedings or their potential negative conclusion may have an adverse effect on RLB NÖ-Wien. All such recognizable risks had been taken into account as of the balance sheet date on 30 June 2016.

Consolidated Interim Financial Statements (IFRS)

A. Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Note	1/1–30/6/2016	1/1–30/6/2015*
Interest income	(1)	224,573	272,575
Interest expenses	(1)	(132,684)	(178,602)
Net interest income	***(1)***	***91,889***	***93,973***
Impairment allowance balance	(2)	8,851	10,412
Net interest income after impairment charges		***100,740***	***104,385***
Fee and commission income	(3)	43,146	50,512
Fee and commission expenses	(3)	(13,199)	(14,060)
Net fee and commission income	***(3)***	***29,947***	***36,453***
Net trading income	(4)	(10,592)	7,945
Profit from investments in entities accounted at equity	(5)	(97,359)	78,499
Profit/(loss) from financial investments	(6)	10,867	33,654
General administrative expenses	(7)	(102,583)	(99,035)
Other operating profit/(loss)	(8)	(13,198)	(27,913)
Loss/Profit for the period before tax		***(82,177)***	***133,988***
Income tax*		8,817	(2,737)
Loss/Profit for the period after tax		**(73,360)**	131,252
Of which attributable to equity holders of the parent		(73,360)	131,252
Of which non-controlling interests in profit		0	0

* The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes (page 29ff).

Reconciliation to Consolidated Comprehensive Income

€'000	1/1–30/6/2016 Attributable to equity holders of the parent	Non-controlling interests	Total	1/1–30/6/2015* Attributable to equity holders of the parent	Non-controlling interests	Total
Loss/Profit for the period	*(73,360)*	*0*	*(73,360)*	*131,252*	*0*	*131,252*
Items that will not be reclassified to profit and loss in later periods	*(8,130)*	*0*	*(8,130)*	*2,525*	*0*	*2,525*
Actuarial gains/(losses) on the revaluation of provisions for staff benefits	(5,808)	0	(5,808)	3,473	0	3,473
Deferred taxes on items not reclassified to profit and loss*	1,020	0	1,020	(561)	0	(561)
Enterprise's interest in other comprehensive income of entities accounted for at equity, which will never be reclassified	(3,342)	0	(3,342)	(387)	0	(387)
Items that may be reclassified to profit or loss in later periods	*27,666*	*0*	*27,666*	*329*	*0*	*329*
Cash flow hedge reserve	(829)	0	(829)	4,628	0	4,628
Of which unrealized gains/(losses) in the period	0	0	0	0	0	0
Of which gains/(losses) reclassified to the income statement	(829)	0	(829)	4,628	0	4,628
Available-for-sale reserve	34,490	0	34,490	(18,734)	0	(18,734)
Of which unrealized gains/(losses) in the period	17,289	0	17,289	23,361	0	23,361
Of which gains/(losses) reclassified to the income statement	17,201	0	17,201	(42,096)	0	(42,096)
Of which assets held for sale	0	0	0	999	0	999
Deferred tax	(8,404)	0	(8,404)	3,677	0	3,677
Of which unrealized gains/(losses) in the period*	(4,322)	0	(4,322)	(5,840)	0	(5,840)
Of which gains/(losses) reclassified to the income statement*	(4,081)	0	(4,081)	9,517	0	9,517
Enterprise`s interest in other comprehensive income of entities accounted for at equity (after tax)	2,409	0	2,409	10,758	0	10,758
Other comprehensive income	*19,535*	*0*	*19,535*	*2,853*	*0*	*2,853*
Consolidated comprehensive income	(53,824)	0	(53,824)	134,105	0	134,105

* The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes (page 29ff).

B. Consolidated Balance Sheet

Assets, €'000	Note	30/6/2016	31/12/2015
Cash and balances with the central bank		1,575,836	536,671
Loans and advances to other banks	(10)	7,201,471	7,583,415
Loans and advances to customers	(11)	11,922,590	11,948,052
Impairment allowance balance	(12)	(280,161)	(301,963)
Trading assets	(13)	798,155	777,090
Securities and equity investments	(14)	4,343,179	4,384,192
Entities accounted for using the equity method		1,741,182	1,838,834
Intangible assets	(15)	2,852	3,757
Property and equipment	(16)	9,789	9,946
Other assets	(17)	1,312,087	962,632
Of which current tax receivables		325	1
Of which deferred tax assets		0	0
Balance sheet assets		**28,626,980**	27,742,625

Equity and Liabilities, €'000	Note	30/6/2016	31/12/2015
Total borrowed capital		26,979,645	25,992,108
Deposits from other banks	(18)	9,383,341	9,453,310
Deposits from customers	(19)	8,314,226	7,621,724
Securitized liabilities	(20)	5,995,649	6,234,402
Trading liabilities	(21)	633,637	578,604
Other liabilities	(22)	1,567,865	1,017,996
Of which current tax liabilities		8,217	13,154
Thereof classified as available for sale, liabilities allocated to disposal groups		0	6,396
Provisions	(23)	130,998	130,523
Tier 2 capital	(24)	*953,929*	*955,551*
Equity	(25)	1,647,336	1,750,517
Attributable to equity holders of the parent		1,647,336	1,750,517
Non-controlling interests		***0***	*0*
Balance sheet equity and liabilities		**28,626,980**	27,742,625

C. Consolidated Statement of Changes in Equity

€'000	Attributable to equity holders of the parent							
	Subscribed capital	Non-voting non-ownership 'participation' capital	Capital reserves	Retained earnings	Net profit/(loss) for the period	Total	Non-controlling interests	Total
Equity at 1/1/2016	**214,520**	**76,500**	**432,688**	**961,414**	**65,394**	**1,750,517**	**0**	**1,750,517**
Consolidated comprehensive income	0	0	0	19,535	(73,360)	(53,824)	0	(53,824)
Net profit for the period	0	0	0	0	(73,360)	(73,360)	0	(73,360)
Other comprehensive income	0	0	0	19,535	0	19,535	0	19,535
Addition to retained earnings	0	0	0	15,398	(15,398)	0	0	0
Distributions	0	0	0	0	(49,997)	(49,997)	0	(49,997)
Enterprise's interest in other changes in the equity of entities accounted for at equity	0	0	0	640	0	640	0	640
Equity at 30/6/2016	**214,520**	**76,500**	**432,688**	**996,987**	**(73,360)**	**1,647,336**	**0**	**1,647,336**

€'000	Attributable to equity holders of the parent							
	Subscribed capital	Non-voting non-ownership 'participation' capital	Capital reserves	Retained earnings	Net Profit/(Loss) for the Period	Total	Non-controlling interests	Total
Equity at 1/1/2015	214,520	76,500	432,688	1,323,883	(248,589)	1,799,002	0	1,799,002
Consolidated comprehensive income*	0	0	0	2,853	131,252	134,105	0	134,105
Net profit for the period*	0	0	0	0	131,252	131,252	0	131,252
Other comprehensive income*	0	0	0	2,853	0	2,853	0	2,853
Use of retained earnings	0	0	0	(304,588)	304,588	0	0	0
Distributions	0	0	0	0	(55,998)	(55,998)	0	(55,998)
Enterprise's interest in other changes in the equity of entities accounted for at equity	0	0	0	(11,851)	0	(11,851)	0	(11,851)
Equity at 30/6/2015	214,520	76,500	432,688	1,010,297	131,252	1,865,257	0	1,865,257

* The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes (page 29ff).

D. Consolidated Cash Flow Statement

€'000	Notes	1/1–30/6/2016	1/1–30/6/2015*
*Loss/Profit for the period after tax**		*(73,360)*	*131,251*
Non-cash items in profit/(loss) for the period in reconciliation to cash flow from operating activities:			
Write-downs/(write-ups) of property and equipment, financial investments, intangible assets and equity investments		2,772	156
Property and equipment and intangible assets	(7)	2,064	2,578
Equity investments		708	(2,423)
Revaluation (gains)/losses on investments in entities accounted for using the equity method		97,359	(78,499)
Release of/addition to provisions and impairment allowances		1,470	13,872
Other provisions	(23)	(1,469)	23,639
Provisions for staff benefits	(23)	6,372	(4,690)
Impairment allowance balance	(12)	(3,608)	(5,221)
Direct write-downs	(3)	175	144
(Gains)/losses on disposals of property and equipment, financial investments, intangible assets and equity investments		(23,474)	(42,122)
Property and equipment and intangible assets		(1)	(8)
Equity investments		(23,473)	(42,114)
Other adjustments (net)		(127,541)	(88,989)
Subtotal		(122,774)	(64,332)
Change in assets and liabilities arising from operating activities after corrections for non-cash items:			
Loans and advances to customers and other banks	(10), (11)	385,334	113,372
Trading assets	(13)	(20,940)	(144,851)
Securities (except financial investments)	(14)	35,214	278,786
Other assets	(17)	(321,710)	417,430
Deposits from customers and other banks	(18), (19)	623,279	(682,877)
Securitized liabilities	(20)	(240,788)	(197,654)
Trading liabilities	(21)	55,034	(63,182)
Other liabilities	(22)	398,306	(140,957)
Other provisions	(23)	(4,428)	(4,971)
Subtotal		786,527	(489,236)
Interest received		225,871	296,626
Dividends received		4,637	85,517
Interest paid		(119,287)	(161,447)
Income taxes paid		1,433	2,720
Cash flow from operating activities		899,181	(265,820)

Cash receipts from sales of:		
Financial and equity investments	687,099	850,828
Property and equipment and intangible assets	0	0
Cash paid for:		
Financial and equity investments	(463,747)	(515,086)
Property and equipment and intangible assets	(790)	(713)
Cash flow from investing activities	222,562	335,029
Cash inflows from Tier 2 capital	8,197	5,178
Cash outflows from Tier 2 capital	(40,770)	(11,391)
Dividends paid / payments on participation capital	(49,997)	(55,998)
Cash flow from financing activities	(82,570)	(62,211)

* The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes (page 29ff).

€'000	**1/1–30/6/2016**	**1/1–30/6/2015**
Cash and cash equivalents at end of previous period	***536,671***	*60,682*
Cash flow from operating activities	899,181	(265,820)
Cash flow from investing activities	222,562	335,029
Cash flow from financing activities	(82,570)	(62,211)
Effect of exchange rate changes	(8)	59
Cash and cash equivalents at end of period	**1,575,836**	67,739

E. Notes

Significant Accounting Policies

The consolidated financial statements of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) are prepared in agreement with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. The consolidated interim financial statements as of 30 June 2016 are in agreement with International Accounting Standard (IAS) 34, which defines the minimum content of an interim financial report and the accounting and measurement principles applicable to interim financial reports.

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

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

Number of entities	Consolidated		Equity method	
	1/1–30/6/2016	1/1–30/6/2015	1/1–30/6/2016	1/1–30/6/2015
At beginning of period	2	2	2	2
Changes during the period	0	0	0	0
At end of period	2	2	2	2

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

There were no unusual seasonal influences during the first half of 2016 that would have had a material influence on the asset, financial or earnings position.

The economic environment remained challenging during the first half of 2016, with the decisive factors including the continuing low interest rate climate, negative money market interest rates in the eurozone and weak growth. The historically low interest rates led to a decline in the interest rates on deposits, while the margins on loans and advances to customers improved slightly. Combined with a satisfactory maturity transformation, net interest income was only slightly lower than the previous year.

As of 30 June 2016 there were no outstanding legal proceedings whose outcome could endanger the continued existence of the company.

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

Restatement of deferred taxes

The calculation of deferred taxes at the end of the first half of 2016 resulted in a surplus of deferred tax assets. Since the requirements of IAS 12.29 and IAS 12.35 were not met, the surplus of deferred tax assets was not recognised and no deferred taxes are reported on the balance sheet as of 30 June 2016. The impairment charges were calculated based on the net balance of deferred taxes as of 30 June 2015. The changes in deferred taxes during 2015 were not recorded, but accounted for as of 30 June 2016 in connection with a retroactive error correction in the sense of IAS 8.41f.

The change in deferred taxes as of 30 June 2015 resulted from positions whose changes were reported on the income statement and from positions whose changes were reported under other comprehensive income (cash flow hedge reserve, available-for-sale reserve, revaluation reserve for actuarial gains and losses on employee-related provisions).

The error correction also included an origin-based allocation of the changes in deferred taxes as of 30 June 2015.

The following table shows the effects of the restatement on the deferred taxes included under other comprehensive income as of 30 June 2015:

€'000	1/1–30/6/2015	Restatement deferred tax	Restatement 1/1–30/6/2015
Loss/Profit for the period	*134,367*	*(3,116)*	*131,251*
Items that will not be reclassified to profit and loss in later periods	*3,086*	*(561)*	*2,525*
Deferred taxes on items not reclassified to profit and loss	0	(561)	(561)
Items that may be reclassified to profit or loss in later periods	*(3,349)*	*3,677*	*328*
Deferred tax	0	3,677	3,677
Other comprehensive income	*(263)*	*3,116*	*2,853*
Consolidated comprehensive income	134,104	0	134,104

The restatement had the following effects on the income tax reported on the consolidated income statement for the first half of 2015:

€'000	1/1–30/6/2015	Restatement deferred tax	Restatement 1/1–30/6/2015
Income tax	379	(3,116)	(2,737)
Loss/Profit for the period after tax	134,367	(3,116)	131,251
Of which attributable to equity holders of the parent	134,367	(3,116)	131,251
Of which non-controlling interests in profit	0	0	0

The restatement had no effect on the assets or liabilities and equity as reported on the consolidated balance sheet as of 30 June 2015.

Restatement of the cash flow statement

In accordance with IAS 7.21, RLB NÖ-Wien changed the presentation of Tier 2 capital, which was previously shown as a net position. The new presentation reports the major classes of gross cash receipts and gross cash payments separately. The bank now also reports the dividends received from associates as a separate item under cash flow from operating activities in accordance with IAS 7.31. Other corrections involved plus and/or minus sign errors under cash flow from operating activities. The prior year data were adjusted accordingly.

As of 30 June 2015, cash flow from operating activities was understated by EUR 137.3 million, cash flow from investing activities was overstated by EUR 148.1 million and cash flow from financing activities was overstated by EUR 10.8 million.

The following table shows the adjustments to the consolidated cash flow statement:

€'000	Notes	1/1–30/6/2015	Restatement	Restatement 1/1–30/6/2015
Loss/Profit for the period after tax		*134,367*	*(3,116)*	*131,251*
Non-cash items in profit/(loss) for the period in reconciliation to cash flow from operating activities:				
Write-downs/(write-ups) of property and equipment, financial investments, intangible assets and equity investments	(6)	156	0	156
Revaluation (gains)/losses on investments in entities accounted for using the equity method		(78,499)	0	(78,499)
Release of/addition to provisions and impairment allowances	(2)	(28,412)	42,284	13,872
(Gains)/losses on disposals of property and equipment, financial investments, intangible assets and equity investments		(32,984)	(9,138)	(42,122)
Other adjustments (net)		(143,639)	54,650	(88,989)
Subtotal		*(149,011)*	*84,679*	*(64,332)*
Change in assets and liabilities arising from operating activities after corrections for non-cash items:				
Loans and advances to customers and other banks	(9), (10)	138,989	(25,617)	113,372
Trading assets	(12)	(143,607)	(1,244)	(144,851)
Securities (except financial investments)	(13)	303,800	(25,014)	278,786
Other assets	(16)	344,814	72,616	417,430
Deposits from customers and other banks	(17), (18)	(679,482)	(3,395)	(682,877)
Securitized liabilities	(19)	(201,108)	3,454	(197,654)
Trading liabilities	(20)	(63,182)	0	(63,182)
Other liabilities	(21)	(82,755)	(58,202)	(140,957)
Other provisions	(22)		(4,971)	(4,971)
Subtotal		*(531,542)*	*42,306*	*(489,236)*
Interest and dividends received		298,223	83,920	382,143
Interest received				296,626
Dividends received				85,517
Interest paid		(172,521)	11,074	(161,447)
Income taxes paid		2,718	2	2,720
Cash flow from operating activities		*(403,122)*	*137,302*	*(265,820)*

Cash receipts from sales of:			
Financial and equity investments	901,349	(50,521)	850,828
Property and equipment and intangible assets	91	(91)	0
Cash paid for:			
Financial and equity investments	(417,580)	(97,506)	(515,086)
Property and equipment and intangible assets	(713)	0	(713)
Cash flow from investing activities	***483,148***	***(148,119)***	***335,029***
Cash inflows/outflows from Tier 2 capital	(17,029)	10,816	(6,213)
Cash inflows from Tier 2 capital			5,178
Cash outflows from Tier 2 capital			(11,391)
Dividends paid / payments on participation capital	(55,998)	0	(55,998)
Cash flow from financing activities	***(73,028)***	***10,817***	***(62,211)***

€'000	**1/1–30/6/2015**	**Restatement**	**Restatement 1/1–30/6/2015**
Cash and cash equivalents at end of previous year	***60,682***	*0*	*60,682*
Cash flow from operating activities	(403,122)	137,302	(265,820)
Cash flow from investing activities	483,148	(148,119)	335,029
Cash flow from financing activities	(73,028)	10,817	(62,211)
Effect of exchange rate changes	59	0	59
Cash and cash equivalents at end of year	**67,739**	0	67,739

Change in Significant Accounting Policies

These consolidated interim financial statements were prepared on the basis of the same accounting policies applied in preparing the consolidated financial statements as of 31 December 2014, with the exception of the following new rules that were adopted by the EU:

New standards and interpretatio ns		**Effective for financial years beginning on or after**	**Adopted by the EU**
Various	Improvements to the International Financial Reporting Standards 2012(2014)	1 January 2016	Yes

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

The annual improvements to IFRS – Cycle 2012–2014 (EU Endorsement: 15 December 2015) involve numerous changes to various standards with effects on the recognition, measurement and presentation of business transactions as well as terminology or editorial corrections.

For the purpose of this interim financial report, the changes in the accounting rules have no effect on the presentation of the earnings, financial or assets position of the RLB NÖ-Wien Group.

Details on the Consolidated Income Statement

(1) Net interest income

€'000	1/1–30/6/2016	1/1–30/6/2015
Interest income	*219,936*	*269,498*
From loans and advances to other banks	22,073	28,661
From loans and advances to customers	109,706	121,573
From trading assets and liabilities	718	882
From other fixed-interest securities	46,340	50,948
From derivative financial instruments	40,671	67,435
Interest income from non-derivative financial liabilities	428	0
Current income	*4,637*	*3,077*
From shares and other variable-yield securities	730	1,156
From equity investments in subsidiaries	2,625	0
From other equity investments	1,282	1,921
Total interest and similar income	***224,573***	*272,575*
Interest expenses	*(132,684)*	*(178,602)*
On deposits from other banks	(27,991)	(35,807)
On deposits from customers	(17,822)	(21,099)
On securitized liabilities	(56,278)	(67,707)
On subordinated debt capital	(23,107)	(22,246)
On derivative financial instruments	(5,129)	(31,713)
Interest expense on receivables	(2,338)	0
Other	(19)	(29)
Total interest expenses and similar charges	***(132,684)***	*(178,602)*
Net interest income	**91,889**	93,973

(2) Impairment allowance balance

€'000	1/1–30/6/2016	1/1–30/6/2015
Individual impairment allowances	***1,345***	*8,680*
Addition to impairment allowances	(19,300)	(26,750)
Reversal of impairment allowances	20,060	34,066
Direct write-offs	(175)	(144)
Recoveries of loans and advances previously written off	760	1,507
Collective impairment allowances to the portfolio	***2,849***	*(2,095)*
Addition to impairment allowances	(2,025)	(2,227)
Reversal of impairment allowances	4,875	131
Off-balance sheet obligations	***4,657***	*3,827*
Addition to impairment allowances	(4,447)	(1,380)
Reversal of impairment allowances	9,104	5,207
Total	**8,851**	10,412

(3) Net fee and commission income

€'000	1/1–30/6/2016	1/1–30/6/2015
Payment services	10,423	10,200
Loan processing and guarantee operations	(1,163)	4,769
Securities operations	11,166	11,394
Foreign exchange, notes-and-coin and precious-metals business	1,171	2,013
Other banking services	8,351	8,077
Total	**29,947**	36,453

(4) Net trading income

€'000	1/1–30/6/2016	1/1–30/6/2015
Interest rate contracts	(14,568)	3,239
Currency contracts	2,155	3,482
Equity and index contracts	325	115
Other contracts	1,496	1,109
Total	**(10,592)**	7,945

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

€'000	1/1–30/6/2016	1/1–30/6/2015
Group interest in annual profit or loss	2,641	78,499
Revaluation gains and losses	(100,000)	0
Total	**(97,359)**	78,499

The investment in RZB, which is accounted for at equity, was tested for impairment as of 30 June 2016 following the occurrence of several triggering events (above all, the planned sale of a significant number of shares in UNIQA). In accordance with IAS 36.30, the recoverable amount was determined as the value in use based on the present value of the expected cash flows (DCF method) from the operating subsidiaries. The estimated future cash flows were derived from five-year forecasts for the operating units in the RZB Group, which were approved by the respective management, and then discounted on the basis of a risk-adjusted capitalization rate (WACC). For RBI AG – RZB's most important asset – a 9.31% cost of capital was used. The resulting value in use led to the identification of an impairment charge of TEUR -100,000. Potential valuation uncertainties such as the development of risk-related costs, the sale of Raiffeisen Bank Poland or sustainable earnings expectations were analysed and estimated by management as best as possible and compared with external market data for plausibility.

(6) Profit/(loss) from financial investments

€'000	1/1– 30/6/2016	1/1– 30/6/2015
Net gains/(losses) on financial instruments classified as held to maturity	6,273	(6,421)
Net gains/(losses) on financial instruments classified as available for sale and measured at fair value	17,201	41,291
Net gains/(losses) on financial instruments classified as available for sale and measured at cost	(664)	(22)
Net gains/(losses) on financial instruments designated at fair value through profit or loss	(3,292)	559
Gain/(loss) on liabilities measured at amortized cost	(9,520)	(1,752)
Total	**10,867**	33,654

(7) General administrative expenses

€'000	1/1– 30/6/2016	1/1– 30/6/2015
Staff costs	(47,581)	(48,546)
Other administrative expenses	(52,938)	(47,911)
Depreciation/amortization/write-offs of property and equipment and intangible assets	(2,064)	(2,578)
Total	**(102,583)**	(99,035)

(8) Other operating profit/(loss)

€'000	1/1– 30/6/2016	1/1– 30/6/2015
Effect of hedge accounting	829	(5,712)
Net gains/(losses) from other derivatives	3,234	6,954
Other operating income	12,370	9,813
Other operating expenses	(29,631)	(38,967)
Total	**(13,198)**	(27,913)

Other operating expenses include the bank levy at TEUR 12,707 as well as the TEUR 10,288 contribution to the European resolution fund.

(9) Segment reporting in detail*

1/1–30/6/2016 €'000	Sales Support for the Lower Austrian Raiffeisen Banks / Private and Business Banking Customers in Vienna	Corporate Clients	Financial Markets	Investments	Other**	Total
Net interest income	31,601	63,605	16,471	(20,426)	638	91,889
Impairment allowance balance	(2,331)	10,899	237	0	46	8,851
Net interest income after impairment charges	29,270	74,504	16,708	(20,426)	684	100,740
Net fee and commission income	22,585	7,844	(4,543)	0	4,061	29,947
Net trading income	894	1,013	(13,160)	0	661	(10,592)
Profit from investments in entities accounted at equity	0	0	0	(97,359)	0	(97,359)
Profit/(loss) from financial investments	0	802	10,729	(664)	0	10,867
General administrative expenses	(45,228)	(21,880)	(8,092)	(1,492)	(25,891)	(102,583)
Of which staff costs	(23,983)	(12,694)	(3,079)	(407)	(7,417)	(47,581)
Of which other administrative expenses	(20,300)	(9,026)	(4,289)	(1,067)	(18,256)	(52,938)
Of which amortization	(945)	(160)	(724)	(18)	(218)	(2,064)
Other operating profit/(loss)	525	195	4,001	(1,305)	(16,614)	(13,198)
Loss/Profit for the period before tax	**8,046**	**62,479**	**5,643**	**(121,246)**	**(37,098)**	**(82,177)**
Average allocated equity, €m	177	703	28	143	684	1,735
Return on equity before tax (%)	9.1%	17.8%	40.3%	(169.6)%	(10.8)%	(9.5)%
Cost:income ratio	81.3%	30.1%	> 100 %	(1.3)%	> 100 %	> 100 %

* Detailed information is presented under "Segment reporting" starting on page 13 in the management report on the first half of 2016.
** The General Management Segment was renamed as the Other Segment in 2015.

1/1–30/6/2015 €'000	Sales Support for the Lower Austrian Raiffeisen Banks / Private and Business Banking Customers in Vienna	Corporate Clients	Financial Markets	Investment s	Other*	Total
Net interest income	33,868	56,711	27,153	(23,659)	(100)	93,973
Impairment allowance balance	(1,509)	12,113	(192)	0	0	10,412
Net interest income after impairment charges	32,359	68,824	26,961	(23,659)	(100)	104,385
Net fee and commission income	21,300	12,122	(2,633)	0	5,664	36,453
Net trading income	764	2,543	3,709	0	929	7,945
Profit from investments in entities accounted at equity	0	0	0	78,499	0	78,499
Profit/(loss) from financial investments	0	709	28,209	(22)	4,758	33,654
General administrative expenses	(44,409)	(20,623)	(7,742)	(1,196)	(25,065)	(99,035)
Of which staff costs	(25,771)	(12,033)	(3,524)	(295)	(6,924)	(48,546)
Of which other administrative expenses	(17,133)	(8,381)	(3,624)	(883)	(17,890)	(47,911)
Of which amortization	(1,506)	(209)	(595)	(18)	(250)	(2,578)
Other operating profit/(loss)	(431)	427	2,137	35	(30,081)	(27,913)
Loss/Profit for the period before tax	**9,583**	**64,002**	**50,641**	**53,657**	**(43,895)**	**133,988**
Average allocated equity, €m	138	608	109	405	639	1,899
Return on equity before tax (%)	13.9	21.1	92.9	26.5	(13.7)	14.1
Cost:income ratio	80.0	28.7	25.5	2.2	> 100	52.4

* The General Management Segment was renamed as the Other Segment in 2015.

Details on the Consolidated Balance Sheet

(10) Loans and advances to other banks

€'000	30/6/2016	31/12/2015
Demand deposits	2,384,394	2,553,190
Time deposits	2,922,422	2,991,958
Other loans and advances	1,765,079	1,895,743
Debt instruments	107,534	107,567
Other	22,042	34,956
Total	**7,201,471**	7,583,415

(11) Loans and advances to customers

€'000	30/6/2016	31/12/2015
Current accounts	1,220,334	1,224,945
Cash advances	1,123,897	1,280,357
Loans	9,397,822	9,292,210
Debt instruments	85,886	76,815
Other	94,651	73,726
Total	**11,922,590**	11,948,052

€'000	30/6/2016	31/12/2015
Public sector exposures	1,595,541	1,820,398
Retail exposures	1,783,713	1,771,211
Corporate clients	8,543,334	8,356,440
Other	1	3
Total	**11,922,590**	11,948,052

(12) Impairment allowance balance

2016 €'000	At 1 January	Added	Reversed	Used	At 30 June
Individual impairment allowances	***284,261***	***19,300***	***(20,060)***	***(18,193)***	***265,309***
Loans and advances to other banks	1,239	0	(100)	0	1,139
Loans and advances to customers	283,022	19,300	(19,960)	(18,193)	264,170
Collective impairment allowances to the portfolio	***17,702***	***2,025***	***(4,875)***	***0***	***14,853***
Loans and advances to other banks	1,100	0	(417)	0	683
Loans and advances to customers	16,602	2,025	(4,457)	0	14,170
Impairment allowance balance (loans and advances)*	***301,963***	***21,326***	***(24,934)***	***(18,193)***	***280,161***
Risks arising from off-balance-sheet obligations**	***22,229***	***4,447***	***(9,104)***	***0***	***17,572***
Total	**324,192**	**25,772**	**(34,038)**	**(18,193)**	**297,733**

2015 €'000	At 1 January	Added	Reversed	Used	At 30 June
Individual impairment allowances	***317,812***	***26,750***	***(34,066)***	***(4,858)***	***305,637***
Loans and advances to other banks	770	0	0	0	770
Loans and advances to customers	317,042	26,750	(34,066)	(4,858)	304,867
Collective impairment allowances to the portfolio	***18,949***	***2,227***	***(131)***	***0***	***21,044***
Loans and advances to other banks	1,034	28	0	0	1,062
Loans and advances to customers	17,915	2,198	(131)	0	19,982
Impairment allowance balance (loans and advances)*	***336,761***	***28,977***	***(34,198)***	***(4,858)***	***326,681***
Risks arising from off-balance-sheet obligations**	***31,003***	***1,380***	***(5,207)***	***(1,345)***	***25,831***
Total	**367,764**	**30,357**	**(39,405)**	**(6,204)**	**352,512**

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

(13) Trading assets

€'000	30/6/2016	31/12/2015
Bonds and other fixed-interest securities	171,005	199,853
Positive fair values of derivative contracts	582,271	528,427
Accruals arising from derivatives	44,880	48,809
Total	**798,155**	777,090

(14) Securities and equity investments

€'000	30/6/2016	31/12/2015
Bonds and other fixed-interest securities	***4,284,641***	*4,317,610*
Classified as held to maturity	238,020	347,779
Designated as at fair value through profit or loss	495,238	526,733
Classified as available for sale, measured at fair value	3,551,383	3,443,098
Shares and other variable-yield securities	***32,950***	*40,713*
Designated as at fair value through profit or loss	5,935	12,425
Classified as available for sale, measured at fair value	27,015	28,288
Equity investments	***25,588***	*25,868*
Classified as available for sale, measured at fair value	0	0
Classified as available for sale, measured at cost*	25,588	25,868
Total	**4,343,179**	4,384,192

*This position includes participation capital of TEUR 277 (H1 2015: 277) in Raiffeisen-Holding NÖ-Wien.

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

€'000	30/6/2016	31/12/2015
Designated as at fair value through profit or loss	***501,173***	*539,159*
Bonds and other fixed-interest securities	495,238	526,733
Shares and other variable-yield securities	5,935	12,425
Classified as available for sale	***3,603,986***	*3,497,254*
Measured at fair value	3,578,397	3,471,386
Bonds and other fixed-interest securities	3,551,383	3,443,098
Shares and other variable-yield securities	27,015	28,288
Equity investments	0	0
Measured at cost	25,588	25,868
Equity investments	25,588	25,868
Classified as held to maturity	***238,020***	*347,779*
Bonds and other fixed-interest securities	238,020	347,779
Total	**4,343,179**	4,384,192

(15) Intangible assets

€'000	30/6/2016	31/12/2015
Other intangible assets	2,852	3,757
Total	**2,852**	3,757

(16) Property and equipment

€'000	30/6/2016	31/12/2015
Land and buildings used by the Group for its own purposes	2,626	2,736
Other property and equipment	7,163	7,210
Total	**9,789**	9,946

(17) Other assets

€'000	30/6/2016	31/12/2015
Tax receivables	325	1
Positive fair values of derivative hedging instruments in fair value hedges	590,959	373,966
Positive fair values of derivative financial instruments designated as at fair value through profit or loss	7,550	6,982
Positive fair values of other derivative financial instruments	408,763	341,580
Interest accruals arising from derivative financial instruments	158,701	143,801
Miscellaneous other assets	145,789	96,303
Total	**1,312,087**	962,632

(18) Deposits from other banks

€'000	30/6/2016	31/12/2015
Demand deposits	4,567,962	3,096,451
Time deposits	4,271,924	5,862,536
Borrowed funds	543,455	494,323
Total	**9,383,341**	9,453,310

(19) Deposits from customers

€'000	30/6/2016	31/12/2015
Sight deposits	5,602,689	5,021,490
Time deposits	1,153,559	974,916
Savings deposits	1,557,978	1,625,318
Total	**8,314,226**	7,621,724

€'000	30/6/2016	31/12/2015
Public sector exposures	604,920	555,842
Retail exposures	3,890,589	3,772,155
Corporate clients	2,733,052	2,465,497
Other	1,085,665	828,230
Total	**8,314,226**	7,621,724

(20) Securitized liabilities

€'000	30/6/2016	31/12/2015
Measured at amortized cost	5,982,091	6,220,900
Designated as at fair value through profit or loss	13,558	13,502
Total	**5,995,649**	6,234,402

(21) Trading liabilities

€'000	30/6/2016	31/12/2015
Negative fair values of derivative contracts	590,244	530,910
Accruals arising from derivatives	43,394	47,693
Total	**633,637**	578,604

(22) Other liabilities

€'000	30/6/2016	31/12/2015
Tax liabilities	8,217	13,154
Negative fair values of derivative hedging instruments in fair value hedges	646,824	420,863
Negative fair values of derivative financial instruments designated as at fair value through profit or loss	27,229	27,834
Negative fair values of other derivative financial instruments	438,963	369,305
Interest accruals arising from derivative financial instruments	91,818	87,462
Miscellaneous other liabilities	354,813	92,982
Total	**1,567,865**	1,017,996

(23) Provisions

€'000	30/6/2016	31/12/2015
Termination benefits	31,112	29,305
Post-employment benefits	41,294	37,182
Jubilee benefits and part-time work by older staff	6,972	6,519
Other	51,620	57,517
Total	**130,998**	130,523

Other provisions include TEUR 17,093 (H1 2015: 22,229) for guarantees, TEUR 658 (H1 2015: 658) for restructuring costs and TEUR 22,175 (H1 2015: TEUR 23,042) for damages and uncertain obligations arising from potential compensation for damages resulting from customer complaints (also including pending legal proceedings).

Among others, customers claim that RLB NÖ-Wien violated consultation and information requirements in connection with the sale and brokering of financial products. Further information on these proceedings and the related risk for the company, above all regarding the implemented measures, is not disclosed in accordance with IAS 37.92 so as not to prejudice the outcome of the proceedings.

(24) Tier 2 capital

€'000	30/6/2016	31/12/2015
Measured at amortized cost	902,844	906,823
Designated as at fair value through profit or loss	51,085	48,727
Subordinated debt	51,085	48,727
Tier 2 capital	0	0
Total	**953,929**	955,551

(25) Equity

€'000	30/6/2016	31/12/2015
Attributable to equity holders of the parent	***1,647,336***	***1,750,517***
Subscribed capital	214,520	214,520
Participation capital	76,500	76,500
Capital reserves	432,688	432,688
Retained earnings	996,987	961,414
Loss/Profit for the period	(73,360)	65,394
Non-controlling interests	***0***	***0***
Total	**1,647,336**	**1,750,517**

(26) Fair values of financial instruments

Financial instruments recognized at fair value

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

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

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

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

All parameters (e.g. interest rates, volatilities) used for the valuation are obtained from independent market information systems and reviewed regularly.

The bonds held by RLB NÖ-Wien are principally valued on the basis of tradable market prices. In cases where quoted prices are not available, the securities are measured by means of a DCF model. The parameters used in this model include the yield curve and an appropriate credit spread. The credit spread is determined on the basis of comparable financial instruments currently on the market. A conservative approach is applied to a small part of the portfolio and CDS spreads are used for valuation.

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

The financial instruments are assigned to a level and/or reclassified at the end of each reporting quarter.

30/6/2016 €'000	**Level I**	**Level II**	**Level III**	**Total**
Assets				
Trading assets	49,567	729,050	19,538	798,155
Securities and equity investments classified at fair value through profit and loss	379,114	110,808	11,252	501,173
Securities and equity investments classified as available for sale (measured at fair value)	3,465,825	107,616	4,956	3,578,397
Other assets (positive fair values of derivative financial instruments)	0	1,165,973	0	1,165,973
Liabilities				
Securitized liabilities designated at fair value through profit or loss	0	13,558	0	13,558
Trading liabilities	40	633,598	0	633,637
Other liabilities (negative fair values of derivative financial instruments)	0	1,204,834	0	1,204,834
Tier 2 capital designated as fair value through profit or loss	0	0	51,085	51,085

31/12/2015 €'000	Level I	Level II	Level III	Total
Assets				
Trading assets	17,913	717,655	41,521	777,090
Securities and equity investments classified at fair value through profit and loss	354,878	174,726	9,555	539,159
Securities and equity investments classified as available for sale (measured at fair value)	3,241,985	216,777	12,623	3,471,386
Other assets (positive fair values of derivative financial instruments)	0	866,329	0	866,329
Liabilities				
Securitized liabilities designated at fair value through profit or loss	0	13,502	0	13,502
Trading liabilities	67	578,537	0	578,604
Other liabilities (negative fair values of derivative financial instruments)	0	905,464	0	905,464
Tier 2 capital designated as fair value through profit or loss	0	0	48,727	48,727

Reclassifications between Level I and Level II:

30/6/2016 €'000	From Level I to Level II	From Level II to Level I
Assets		
Securities and equity investments classified at fair value through profit and loss	0	0

31/12/2015 €'000	From Level I to Level II	From Level II to Level I
Assets		
Trading assets	0	0
Securities and equity investments classified at fair value through profit and loss	2,077	7,136

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

Reconciliation of the financial instruments classified under Level III:

30/6/2016 €'000	**Trading assets**	**Securities and equity investments**	**Tier 2 capital**
At 1 January	***41,521***	***22,179***	***48,727***
Reclassification to Level III	0	0	0
Purchases	0	0	0
Issuances	0	0	0
Valuation results (trading results)	11	(26)	0
Revaluation gains and losses (profit/(loss) from financial investments)	0	2,030	1,072
Revaluation gains and losses (without being recognized in the income statement)	0	(121)	0
Revaluation gains and losses (other operating profit/loss)	0	0	0
Realized in profit or loss through disposals	(56)	249	0
Interest accruals	0	1	1,079
Reclassified from level III	0	0	0
Sales	(21,938)	(8,104)	0
Performance	0	0	207
Premium/discount	0	0	0
At 30 June	**19,538**	**16,208**	**51,085**
Revaluation gains and losses on financial instruments recognized to the income statement at 30 June	11	1,883	1,072

There have been no reclassifications within Level III or from Level III since the last reporting period.

31/12/2015 €'000	Trading assets	Securities and equity investments	Tier 2 capital
At 1 January	*42,222*	*96,771*	*48,711*
Reclassification to Level III	0	0	0
Purchases	0	278	0
Valuation results (trading results)	(698)	193	0
Revaluation gains and losses (profit/(loss) from financial investments)	0	2,228	(1,806)
Revaluation gains and losses (without being recognized in the income statement)	0	(2)	0
Realized in profit or loss through disposals	0	164	0
Interest accruals	(3)	(330)	1,947
Sales	0	(4,522)	0
Performance	0	(29,292)	(125)
Premium/discount	0	16	0
At 31 December	**41,521**	**22,179**	**48,727**
Revaluation gains and losses on financial instruments recognized to the income statement at 31 December	(698)	2,419	(1,806)

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

30/6/2016	Type	Market value in €m	Valuation method	Major unobservable input factors	Scope of unobservable input factors in %
Financial assets					
Shares and other variable-yield securities	Shares and funds	2.0	External valuation	Discounts	5(10)
Bonds and other fixed-interest securities	Fixed-interest bonds	24.1	DCF method	Credit margin	15(50)
Bonds and other fixed-interest securities	Credit-linked notes	9.6	External valuation	Credit margin	15(20)
Shares and other variable-yield securities	Non-fixed-interest bonds	0.1	DCF method	Credit margin	0(2)
Financial liabilities					
Tier 2 capital	Index-linked notes	40.2	External valuations	Credit margin	5(15)
Tier 2 capital	Fixed-interest bonds	10.8	DCF method	Credit margin	5(15)

31/12/2015	Type	Market value in €m	Valuation method	Major unobservable input factors	Scope of unobservable input factors in %
Financial assets					
Shares and other variable-yield securities	Shares and funds	2.1	External valuation	Discounts	5(10)
Bonds and other fixed-interest securities	Fixed-interest bonds	53.7	DCF method	Credit margin	15(50)
Bonds and other fixed-interest securities	Credit-linked notes	7.9	External valuation	Credit margin	15(20)
Shares and other variable-yield securities	Non-fixed-interest bonds	0.1	DCF method	Credit margin	0(2)
Financial liabilities					
Tier 2 capital	Index-linked notes	38.2	External valuation	Credit margin	5(15)
Tier 2 capital	Fixed-interest bonds	10.5	DCF method	Credit margin	5(15)

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

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

The acquisition of new financial instruments is accompanied by the examination and validation of all possible pricing sources. A source is then selected in agreement with the valuation guidelines and current legal requirements.

Priority is given to generally accepted valuation parameters that can be obtained from recognized data providers.

A range of alternative parameters is available for selection and application in cases where the value of a financial instrument is dependent on non-observable data. A shift in the parameters at the ends of these ranges would lead to an increase in the fair value of assets by EUR 1.1 million or a decrease of EUR 23.0 million as of 30 June 2016. The fair value of liabilities would increase by EUR 7.0 million or decrease by EUR 4.5 million. These estimates reflect the corresponding market conditions and internal valuation guidelines.

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

Fair value of financial instruments not carried at fair value

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

The carrying amount of the available-for-sale financial instruments measured at cost totals TEUR 25,588 (H1 2015: TEUR 25,868). RLB NÖ-Wien has no plans to sell these financial instruments. RLB NÖ-Wien has no plans to sell these financial instruments. In the first half of 2016, available-for-sale financial instruments measured at cost with a carrying amount of TEUR 280 (H1 2015: TEUR 1,117) and proceeds on sale of TEUR 0 (H1 2015: 574) were derecognized.

Additional Information

(27) Information on receivables and liabilities due from/to related parties

The following tables provide information on the receivables, liabilities and contingent liabilities due from/to companies in which RLB NÖ-Wien Group holds an investment or due from/to Raiffeisen-Holding NÖ-Wien or its subsidiaries or companies accounted for at equity:

€'000	**30/6/2016**	31/12/2015
Loans and advances to other banks		
Parent	1,443,265	1,569,478
Associates	3,459,340	3,730,224
Loans and advances to customers		
Entities related via the parent	343,963	332,484
Unconsolidated subsidiaries	13,046	15,249
Associates	680,917	674,414
Associates related via the parent	184,310	153,407
Joint Ventures	113,907	111,316
Impairment allowance balance		
Unconsolidated subsidiaries	0	(2,094)
Associates	(4,164)	(4,101)
Joint Ventures	(8,284)	(9,397)
Trading assets		
Parent	84,202	74,131
Associates	40,877	81,235
Associates related via the parent	1,738	1,643
Securities and equity investments		
Associates	42,877	92,251
Joint Ventures	3,636	3,004
Other assets		
Parent	67,087	97,540
Entities related via the parent	6	6
Associates	79,777	73,922

€'000	30/6/2016	31/12/2015
Deposits from other banks		
Parent	253,395	251,549
Associates	1,590,489	2,106,542
Deposits from customers		
Entities related via the parent	154,632	156,130
Unconsolidated subsidiaries	20,930	16,838
Associates	35,203	56,070
Associates related via the parent	16,917	34,442
Joint Ventures	140,264	211,282
Securitized liabilities		
Parent	190	1,877
Entities related via the parent	41	40
Unconsolidated subsidiaries	94	89
Associates	12,010	29,284
Trading liabilities		
Associates	0	5
Other liabilities		
Parent	0	14,192
Associates	50,166	50,952
Provisions		
Associates	3,562	0

€'000	30/6/2016	31/12/2015
Contingent liabilities		
Parent	7,134	7,134
Entities related via the parent	5,813	6,476
Unconsolidated subsidiaries	2,227	1,174
Associates	287,303	285,768
Associates related via the parent	13,738	16,580
Joint Ventures	45,927	29,676

The following business relationships existed with related companies during the reporting period:

1/1–30/6/2016 €'000	**Purchased services and merchandise**	**Services provided and sale of merchandise and fixed assets**
Parent	9,035	547
Entities related via the parent	0	0
Unconsolidated subsidiaries	1,553	740
Associates	9,115	826
Associates related via the parent	0	0
Joint Ventures	14	91

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

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

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

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

€'000	30/6/2016	31/12/2015
Sight deposits	2,694	2,325
Bonds	31	30
Savings deposits	555	562
Other receivables	119	138
Total	**3,399**	3,055
Current accounts	2	6
Loans	1,444	1,546
Other liabilities	100	109
Total	**1,546**	1,661

The relationships of persons closely related to the key management of RLB NÖ-Wien are shown below:

€'000	30/6/2016	31/12/2015
Sight deposits	173	274
Bonds	18	0
Savings deposits	58	206
Other receivables	1	2
Total	**250**	482
Current accounts	1	0
Loans	56	58
Total	**57**	58

(28) Issuances, redemptions and repurchases of bonds during the reporting period

€'000	**2016**	**2015**
At 1 January	*7,189,952*	*7,712,962*
Issuances	838,106	618,554
Redemptions	(1,232,155)	(685,775)
Repurchases	11,850	(11,667)
Revaluation gains and losses/interest accruals	141,825	138,760
At 30 June	**6,949,578**	7,772,834

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

€'000	**30/6/2016**	**31/12/2015**
Contingent liabilities	*845,948*	*930,201*
Commitments	*4,835,957*	*4,862,788*
Of which arising from revocable loan commitments	3,222,775	3,187,703
Of which arising from irrevocable loan commitments	1,613,182	1,675,085

(30) Regulatory capital

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

€'000	**30.06.2016**	**31/12/2015**
Paid-in capital	489,891	549,262
Retained earnings	1,288,587	1,392,669
Accumulated other comprehensive income and other equity	(64,163)	(40,673)
Common equity Tier 1 before deductions	***1,714,314***	***1,901,258***
Intangible assets incl. goodwill	(4,717)	(3,542)
Deductions in respect of equity instruments of financial sector entities	0	0
Corrections in respect of cash flow hedge reserves	68,724	70,964
Corrections for credit standing related changes in values of own liabilities	393	61
Corrections for credit standing related changes in values of derivatives	(4,967)	(4,165)
Value adjustment due to the prudent valuation requirement	(5,142)	(4,162)
Common equity Tier 1 capital after deductions (CET1)	***1,768,605***	***1,960,413***
Additional Tier 1 capital	160,669	177,345
Deductions from Tier 1 capital	(3,145)	(5,312)
Additional Tier 1 capital after deductions	157,524	172,032
Tier 1 capital after deductions (T1)	***1,926,129***	***2,132,445***
Eligible Tier 2 capital	840,669	761,788
Deductions from ancillary own funds	0	0
Ancillary own funds after deductions	***840,669***	***761,788***
Total eligible own funds	***2,766,798***	***2,894,234***
Total capital requirement	**1,087,907**	1,140,514
Common equity Tier 1 ratio (CET1 ratio), %	13.0	13.8
Tier 1 ratio (T1 ratio), %	14.2	15.0
Own funds ration (total capital ratio), %	20.3	20.3
Surplus capital ratio, %	154.3	153.8

Under a fully loaded analysis, the common equity Tier 1 ratio equalled 12.6% (H1 2015: 12.7%) and the total capital ratio 17.0% (H1 2015: 15.5%).

Total capital requirements include the following:

€'000	30/6/2016	31/12/2015
Own funds requirement		
Own funds requirement for credit risk	982,359	1,030,974
Capital requirements for position risk in debt instruments and assets	26,462	30,472
Own funds requirement for the CVA	13,730	13,711
Own funds requirement for operational risk	65,356	65,356
Total own funds requirement (total risk)	**1,087,907**	1,140,514
Basis of assessment (credit risk)	*12,279,483*	*12,887,180*
Total basis of assessment (total risk)	*13,598,838*	*14,256,421*

The leverage ratio of the Raiffeisen-Holding NÖ-Wien financial institution group equalled 6.3% as of 30 June 2016 (H1 2015: 7.0%).

(31) Average number of employees

The average workforce (full-time equivalents) employed during the reporting period is as follows:

	1/1–30/6/2016	1/1–30/6/2015
Salaried employees	1,122	1,185
Total	**1,122**	1,185

(32) Events after the balance sheet date

As of the present time, there are no business transactions or other events which would be of particular interest to the general public or would have a material effect on the consolidated financial statements.

Statement by the Managing Board

The Managing Board of RLB NÖ-Wien prepared these condensed consolidated interim financial statements as of 30 June 2016 in accordance with the requirements of International Financial Reporting Standards (IFRS), as adopted by the European Union, on 23 September 2016. A consolidated semi-annual management report was also prepared. Therefore, the requirements for interim reporting defined in § 87 of the Austrian Stock Exchange Act are also met.

"We confirm to the best of our knowledge that these condensed consolidated interim financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group as required by the applicable accounting standards and that the semi-annual management report provides a true and fair view of the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group with respect to the major events occurring during the first six months of the current financial year and their effects on these condensed consolidated interim financial statements and on the principal risks and uncertainties expected during the remaining six months of the current financial year. We note that IFRS accounting - for systemic reasons - is becoming increasingly future-oriented. Accordingly, IFRS financial statements include a growing number of planning elements and uncertainty factors."

Vienna, 19 September 2016

The Managing Board

Klaus BUCHLEITNER
Chairman
responsible for the
Directorate General

Georg KRAFT-KINZ
Deputy Chairman
Responsible for Sales Support
Raiffeisen Banks Lower Austria /
Personal and Business Banking Customers

Andreas FLEISCHMANN
Member
Responsible for the
Financial Markets / Organization Segment

Reinhard KARL
Member
Responsible for the
Corporate Clients Segment

Michael RAB
Member
Responsible for the
Risk Management / Finance Segment

Information in the Internet

RLB NÖ-Wien‘s website provides detailed, up-to-date information about Raiffeisen at www.raiffeisenbank.at.

Electronic versions of the 2015 Annual Report and the 2016 Half-year Report are also available in the Internet under: www.raiffeisenbank.at

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