GROUP MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL REPORT 2015

Raiffeisenlandesbank Niederösterreich-Wien

Survey of Key Data

€m	2015	+/(–) Change	2014*	2013
Consolidated Income Statement				
Net interest income after impairment charges	190.0	>100%	91.3	79.4
Net fee and commission income	66.2	(0.6)%	66.5	69.2
Net trading income	(1.0)	-	3.9	4.9
Profit/(loss) from investments in entities accounted at equity	0.7	-	(185.0)	153.4
General administrative expenses	(204.7)	3.1%	(198.5)	(214.1)
Profit/(loss) for the year before tax	80.4	-	(262.5)	125.1
Consolidated profit/(loss) (attributable to equity holders of the parent)	65.4	-	(248.6)	144.9
Consolidated Balance Sheet				
Loans and advances to other banks	7,583	(4.5)%	7,937	8,576
Loans and advances to customers	11,948	(3.8)%	12,418	11,005
Deposits from other banks	9,453	(12.7)%	10,834	9,029
Deposits from customers	7,622	1.9%	7,478	8,280
Equity (incl. profit/(loss))	1,751	(2.7)%	1,799	2,364
Consolidated assets	27,743	(6.0)%	29,514	29,067
Regulatory Information**				
Risk-weighted assessment base	12,887	(11.0)%	14,485	14,362
Total qualifying capital	2,894	(8.6)%	3,166	3,336
Total capital requirement	1,141	(11.1)%	1,283	1,250
Capital surplus ratio	153.8%	7.1 PP	146.7%	168.0%
Common equity Tier 1 ratio	13.8%	1.6 PP	12.2%	-
Total Tier 1 ratio	15.0%	1.1 PP	13.8%	13.3%
Total capital ratio	20.3%	0.6 PP	19.7%	21.4%
Performance Indicators				
Return on equity before tax	4.5%	17.1 PP	(12.6)%	5.2%
Consolidated return on equity	3.7%	16.3 PP	(12.6)%	6.0%
Consolidated cost:income ratio	90.3%	-	>100%	54.5%
Return on assets after tax	0.2%	1.12 PP	(0.9)%	0.5%
Risk:earnings ratio	(1.0)%	(49) PP	48.0%	45.5%
Additional Information				
Employees (average full-time equivalents)	1,185	(1.3)%	1,201	1,237
Branches and offices	44	(6)	50	57
Moody's ratings			*Long-term*	*Short-term*
			Baa2	P(2)

* The previous year was adjusted in accordance with IAS 8. / ** Raiffeisenlandesbank NÖ-Wien AG 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.

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MANAGEMENT REPORT

Overview of the 2015 Financial Year

The economic environment remained challenging throughout the 2015 financial year:

- The president of the European Central Bank (ECB) announced an extensive range of monetary measures in January 2015. Among others, these measures include the purchase of up to EUR 60.0 billion in bonds each month until September 2016 for a total volume of EUR 1.5 trillion. The objective of the bond purchase programme is to raise the inflation rates in the eurozone to the targeted level of 2%.
- Also at the beginning of the year, the president of the Swiss National Bank (SNB) announced the termination of efforts to support the EUR/CHF 1.20 exchange rate. This led to a massive devaluation of the franc below parity. The pressure on the Swiss currency only lessened in the second half of 2015, and the EUR/CHF exchange rate quoted at 1.089 at year-end 2015.
- The geopolitical tensions in Ukraine continued and had a significant influence on economic development, not only in that country but also in Russia.
- The looming insolvency of Greece and discussions over a possible "Grexit" created added uncertainty on the eurozone markets during the first half of 2015.
- The massive refugee movements triggered by the unrest, military conflicts and political instability in the Near East and Africa resulted in serious pressure throughout the European Union. This pressure, combined with a series of terror attacks, led to discussions over the continuation of the "Schengen system".

These factors had a significant influence on the economic climate and led to the first-ever negative money market interest rates in the eurozone. The resulting negative margins on deposits reduced the profitability of loans and advances to customers. The moratorium imposed on HETA ASSET RESOLUTION AG (HETA) by the Austrian Financial Market Authority (FMA) on 1 March 2015 led to a massive loss of confidence, above all by German investors, in Austrian issuers. It also significantly reduced the opportunities for Raiffeisenlandesbank Niederösterreich Wien AG (RLB NÖ-Wien) to access this source of financing.

However, RLB NÖ-Wien protected its solid liquidity position based on the continuing availability of other financing sources. Additional covered bonds were successfully placed during 2015 in the form of two benchmark issues with a volume of EUR 500 million each. The focus on maintaining existing customer deposits and acquiring new deposits was also increased during the second half of 2015. The related measures resulted in an increase of EUR 144.0 million in deposits from customers over the level on 31 December 2014.

Investments accounted for at equity were responsible for the largest year-on-year change in earnings. The proportional share of results from these investments was negative at EUR – 185.0 million in 2014, but positive after valuation at EUR 0.7 million in 2015. Included here are the investments in Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB) and Raiffeisen Informatik GmbH (RI).

Against the backdrop of regulatory requirements, RLB NÖ-Wien sold securities with a nominal volume of EUR 909.1 million to strengthen the capital structure in 2015. The sale of these securities also made a positive contribution to earnings.

The major factors influencing earnings not only included the scheduled sale of securities, but also the sale of the shares in Raiffeisen Bausparkasse Gesellschaft m.b.H. to RZB. Both effects are reported under profit/(loss) from financial investments.

Other operating profit/(loss) was influenced, above all, by the positive contribution from the valuation of derivatives. This item was contrasted by expenses for actual and potential claims for damages from the customer business, the initial contribution to the European resolution fund (EUR 6.6 million) and the deposit security fund (EUR 1.1 million) as well as the stability levy of EUR 25.7 million for 2015.

The net risk result was positive at EUR 1.9 million in 2015 because the release of impairment allowances exceeded the additions. This development represented an important contribution to profit before tax of EUR 80.4 million for the reporting year.

With a total Tier 1 ratio of 15.0% 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 legal minimum capital requirements as well as the ECB's capital requirements.

The shared services project was approved to increase the use of synergies. It is designed to bundle 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) and outsource them to RSC Raiffeisen Service Center GmbH. The project roll-out is scheduled for the first half of 2016.

The Economic Environment

The Global and European Economies

2015 was a turbulent year that was influenced by wide-ranging global events that included the falling oil price, refugee movements and economic weakness in China. However, European problems like the Greek sovereign debt crisis, the ongoing low level of inflation and the VW scandal also had a significant effect on the markets.

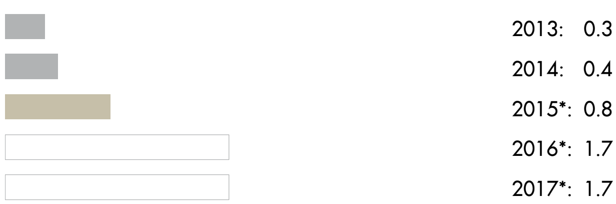
The US economy generated solid growth of 2.4% that matched the previous year despite a weak start into 2015 (source: Bureau of Economic Analysis). As the first of the major central banks, the US Federal Reserve (FED) raised the key rate at year-end for the first time in nine years. The eurozone appears to maintain the sound momentum seen in recent years: GDP growth is projected to reach 1.6%, with private consumption and the ECB's expansive orientation providing substantial support for recovery.

The oil price remained at a subdued level in 2015 and resulted in a far too low inflation rate (0.2% in the eurozone in December, year-on-year comparison). A steady decline was also noted in inflationary expectations. Private sector lending remained comparatively weak in spite of the flood of available liquidity.

The European Central Bank (ECB) introduced numerous measures in 2014 to raise inflation, which included a bond purchase programme (quantitative easing, QE) with a volume of EUR 1.5 trillion. Since March 2015, the ECB has purchased EUR 60.0 billion of government bonds from eurozone countries, mortgages and asset-backed securities each month The central bank carried out its previously announced plans to further loosen monetary policy and modified the QE in the meeting on 3 December 2015: the monthly securities purchases were extended to at least March 2017; the group of securities eligible for purchase was expanded; and repayments were reinvested. In addition, the deposit rate was reduced by 10 basis points to -0.3%.

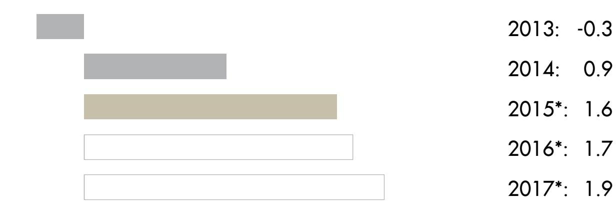
GDP Growth in Ausria in % vs. prior year

*Forecasts for 2015-2017: WIFO forecast dated 16 December 2015



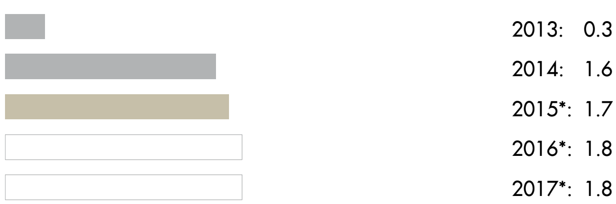
GDP Growth in the Eurozone in % vs. prior year

*Forecasts for 2015-2017: EU Commission, Winter Forecast for 2016



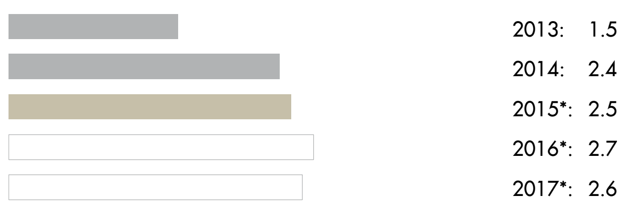
GDP Growth in Germany in % vs. prior year

*Forecasts for 2015-2017: EU Commission, Winter Forecast for 2016



GDP Growth in the USA in % vs. prior year

*Forecasts for 2015-2017: EU Commission, Winter Forecast for 2016



The Austrian Economy

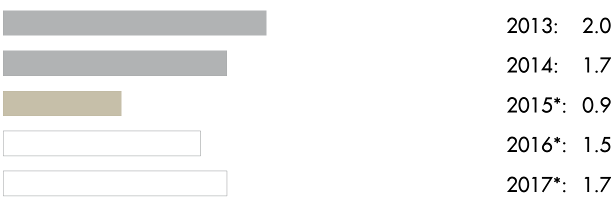
The Austrian economy recovered only marginally during 2015. Impulses were provided by exports and capital investments, while private household consumption remained weak. Business sentiment improved slightly, but consumer confidence declined and the external economic environment remained tense. The Austrian economy generated only moderate growth, with the GDP increase for 2015 estimated at 0.8%.

The strained situation on the Austrian labour market continued throughout the year. Another unemployment record was set in 2015: nearly 420,000 men and women on average were registered as unemployed with the public employment service ("Arbeitsmarktservice", AMS). The number of employed persons rose continuously, above all in the service sector. This improvement was accompanied by a substantial increase in the labour supply, which resulted from the growing number of women and older persons in the workforce and also from immigration.

The inflation rate equalled +1.0% in December 2015. Consumer prices were reduced by the sharp drop in raw material and energy prices. In contrast, prices are still driven by rents, gastronomy-related services and insurance services.

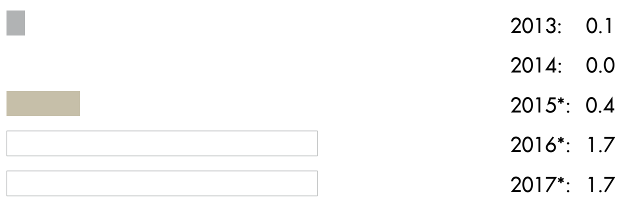
Inflation in Austria in %

*Forecasts for 2015-2017: WIFO forecast dated 16 December 2015



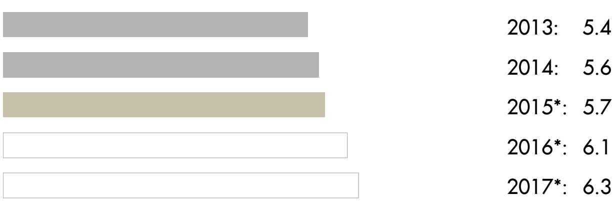
Private Consumption in Austria in % vs. prior year

*Forecasts for 2015-2017: WIFO forecast dated 16 December 2015



Unemployment in Austria in %

*Forecasts for 2015-2017: WIFO forecast dated 16 December 2015



Overview of the Financial Markets

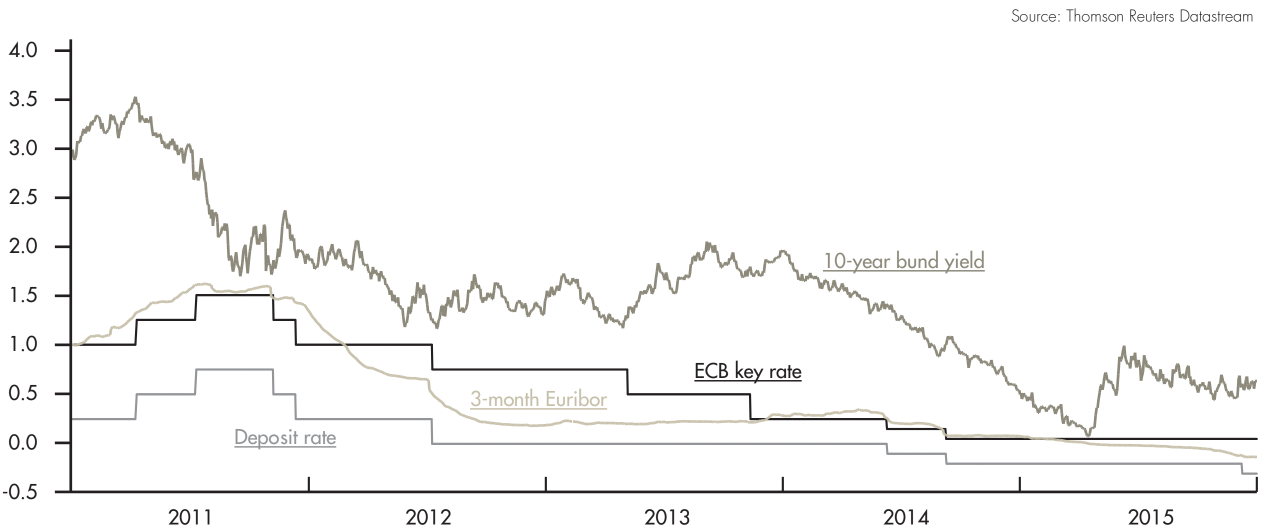
- The further loosening of the ECB's monetary policy (see above) initially led to an additional decline in the yields on European government bonds which, however, was interrupted by a clear upward movement in April.
- The steady increase in surplus liquidity during the year and the negative deposit rate led to a continuous decline in money market interest rates.
- The Swiss National Bank (SNB) shocked the market players with its January 2015 decision to abandon the minimum exchange rate of EUR/CHF 1.20.
- For the stock markets, 2015 was also a very turbulent year. The European exchanges generally closed with positive performance, and the ATX recorded a strong plus of 11.0%.

Interest Rates

As a reaction to the new measures implemented by the ECB in the previous year (see further above), interest rates declined on both the long-term and short-term end. The 3-month Euribor fell further, finally slipping into the negative range during April 2015. The increasing surplus liquidity in banks and the renewed cut in the deposit rate (December 2015: -0.30%) depressed the 3-month Euribor to -0.131% at year-end.

The downward trend in capital market yields that began in 2014 continued into mid-April 2015 – and was then followed by an abrupt upward shift. Since June 2015, the yields have returned to the previous trend and are slowly declining. The yield on 10-year German federal bonds started the year at 0.54% and closed only slightly higher at 0.63%, whereby an interim high of 0.99% was reached on 10 June 2015.

Eurozone Interest rates in %



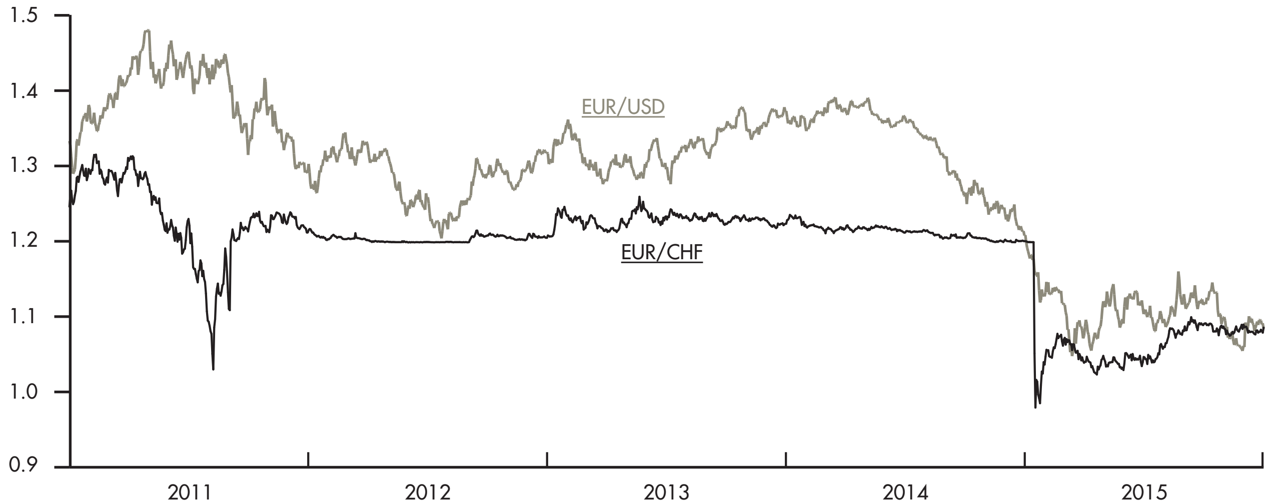
Currencies and Equity Markets

The downward trend in the euro versus the US dollar continued up to March 2015 – the market factored the ECB's still expansive policy into its estimates, in contrast to the steps taken by the FED. The latter finally raised its key rate by 25 basis points at year-end. The EUR/USD exchange rate equalled 1.0863 at the end of 2015. The Swiss National Bank caused an uproar in January 2015 with its previously unannounced decision to abandon the minimum exchange rate of EUR/CHF 1.20. This initially led to a massive devaluation of the franc below parity. The SNB has taken a series of smaller steps to intervene on the foreign exchange market since that time in order to slow the revaluation of the franc. After the containment of the Greek crisis, which threatened to escalate during the spring, the pressure on the Swiss currency eased during the second half of the year. The EUR/CHF exchange rate equalled 1.0886 at the end of 2015.

On all markets, 2015 was a positive – or at least not a very bad – year: Europe and the USA again produced very solid performance despite intermittent declines. Nearly all European and US indexes reached new all-time highs, and the overall annual performance was favourable in spite of the year-end losses. The DAX rose by 9.6% and the ATX by 11.0%. The market development was negatively influenced, above all by uncertainty over the timing of the first interest rate increase in the USA. In addition, concerns over the growing weakness in the Chinese economy and the enormous volatility on the markets in that country led to substantial short-term losses on the European and US stock markets.

Development of the EUR vs. USD and CHF EUR/CHF and EUR/USD

Source: Thomson Reuters Datastream



Development of the Austrian Banking Sector

The balance sheet total of the Austrian credit institutions followed the downward trend that characterized the past three and one-half years with a decline during the first three quarters of 2015. The decrease in loans and advances to customers (non-banks) rose to 1.7% during the third quarter (year-on-year), after a slight improvement in the first quarter. Loans and advances to other banks were 11.0% below the previous year. Deposits from other banks were 9.8% lower, but a further increase was recorded in deposits from customers (+4.0%, in the third quarter).

The Austrian banks recorded weaker earnings growth in 2015. Net interest income was 1.8% lower year-on-year in the first three quarters of 2015, but operating income rose slightly by 0.2%. However, a reduction in operating expenses supported an increase in operating profit to EUR 5.4 billion.

Earnings, Financial and Asset Position

The consolidated financial statements of RLB NÖ-Wien are prepared in accordance with EU Directive (EC) 1606/2002 issued by the Commission on 11 September 2002 in connection with § 245a of the Austrian Commercial Code ("Unternehmensgesetzbuch") and § 59a of the Austrian Banking Act ("Bankwesengesetz") on the basis of the International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. The consolidated financial statements reflect the legal regulations in effect and applicable as of 31 December 2015. RLB NÖ-Wien also prepares separate financial statements in accordance with the Austrian Banking Act in connection with the Austrian Commercial Code. The consolidated management report agrees with the consolidated financial statements and presents a true and fair view of the financial position, financial performance and cash flows of RLB NÖ-Wien.

Consolidated operating profit 2015 vs. 2014

€’000	2015	2014	Absolute +/(–) Change	Absolute +/(–) Change
Net interest income	188,059	175,393	12,666	7.2
Net fee and commission income	66,159	66,548	(389)	(0.6)
Net trading income	(1,002)	3,930	(4,932)	-
Profit from investments in entities accounted for using the equity method	689	(184,984)	185,673	-
Other operating profit/(loss)	(27,177)	(58,953)	31,776	(53.9)
Operating income	***226,728***	*1,935*	***224,793***	***>100***
Staff costs	(104,889)	(98,936)	(5,953)	6.0
Other administrative expenses	(95,869)	(95,137)	(732)	0.8
Depreciation/amortization/write-offs	(3,939)	(4,421)	482	(10.9)
General administrative expenses	***(204,697)***	*(198,494)*	***(6,203)***	***3.1***
Consolidated operating profit	**22,031**	(196,559)	**218,591**	-

Net interest income rose by 7.2% year-on-year to EUR 188.1 million in 2015. Despite the historically low interest rates, the margins on loans and advances to customers remained stable. The margins on deposits from customers improved slightly, but were still negative. In combination with the high profit on maturity transformation, this led to an increase in net interest income.

Net interest income in EUR million

Net fee and commission income reflected the previous year at EUR 66.2 million in 2015.

Net trading income fell by EUR 4.9 million to EUR – 1.0 million.

Profit/(loss) from investments accounted for at equity had a significant influence on the results recorded by RLB NÖ-Wien for 2015. The year-on-year improvement of EUR 185.7 million was the main reason for the substantial increase in annual profit in 2015. The proportional share of results from RZB amounted to EUR 82.3 million and the effect from the valuation of RZB equalled EUR -99.3 million. The contribution from Raiffeisen Informatik GmbH totalled EUR 17.7 million.

Other operating profit/(loss) improved by EUR 31.8 million over the previous year, but was again negative at EUR – 27.2 million. Included here, in particular, are expenses of EUR 24.4 million for actual and potential damages arising from the customer business. This position was also negatively influenced by the initial contribution to the European resolution fund and the deposit security fund (EUR 7.7 million) as well as the stability levy (EUR 25.7 million). In contrast, the valuation of derivatives represented a positive factor.

Operating income in EUR million

General administrative expenses rose by 3.1% to EUR 204.7 million in 2015. (2014: EUR 198.5 million). This increase resulted, above all, from higher personnel expenses (EUR 104.9 million).

Other administrative expenses totalled EUR 95.9 million and remained near the prior year level. Higher IT expenses in connection with the nationwide project in the Raiffeisen sector ("One IT system for Raiffeisen Austria") and higher consulting expenses, above all in connection with regulatory issues, were contrasted by cost savings from the optimization of the branch network and lower marketing costs.

General administrative expenses in EUR million

The RLB NÖ-Wien Group recorded **consolidated operating profit** of EUR 22.0 million in 2015, compared with EUR – 196.6 million in the previous year, primarily due to the improvement in profit/(loss) from investments accounted for at equity.

€'000	**2015**	2014*	**Absolute +/(–) Change**	**Absolute +/(–) Change**
Consolidated operating profit	22,031	(196,559)	218,591	-
Impairment charge on loans and advances	1,932	(84,120)	86,052	-
Profit/(loss) from financial investments	56,417	18,204	38,213	>100
Profit/(loss) for the year before tax	***80,380***	*(262,476)*	***342,856***	**-**
Income tax*	(14,986)	13,886	(28,871)	-
Profit/(loss) for the year after tax	**65,394**	(248,590)	**313,984**	**-**

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

Releases from the **impairment allowance balance** exceeded the additions by EUR 1.9 million in 2015 (2014: EUR – 84.1 million). This development was supported by the conservative lending policy followed in previous years, by the detailed management of several larger impaired loans that were successfully restructured and by a reduction in actual default cases below the original expectations.

Profit/(loss) from financial investments totalled EUR 56.4 million in 2015. The increase of EUR 38.2 million over the previous year resulted chiefly from a gain of EUR 46.2 million on the scheduled sale of securities. It also includes a gain of EUR 18.3 million on the sale of shares in Raiffeisen Bausparkasse Gesellschaft m.b.H. to RZB.

The above factors led to **profit before tax** of EUR 80.4 million. After the deduction of income tax expense, **after-tax profit for the reporting year** amounted to EUR 65.4 million.

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

Other comprehensive income of EUR -71.8 million (2014: EUR -194.8 million) reflected the negative proportional share of other comprehensive income from the companies accounted for at equity, which equalled EUR -37.6 million. This development resulted, above all, from the devaluation of individual East European currencies and the related effects on the total comprehensive income of RZB. In addition, the available-for-sale reserve was negative at EUR -54.9 million (2014: EUR 89.6 million) primarily due to the income statement effects from the scheduled reduction in the volume of securities and the sale of shares in Raiffeisen Bausparkasse Gesellschaft m.b.H. **Total comprehensive income** for 2015 amounted to EUR -6.4 million.

Segment Report

The RLB NÖ-Wien Group is organized in several segments based on the various customer service areas. 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/Organization
- 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. The 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. This segment recorded profit before tax of EUR 20.1 million in 2015, compared with EUR 9.0 million in the previous year. The historically low interest rates continue to have a negative effect on deposit margins. Net interest income after impairment charges amounted to EUR 61.1 million and generally reflected the prior year (EUR 61.7 million) based on an improvement in the impairment allowance balance. A positive effect was provided by the increase in net fee and commission income from EUR 38.5 million in 2014 to EUR 43.8 million in 2015. The optimization of the branch network led to a reduction of EUR -4.4 million in general administrative expenses to EUR 86.3 million. The cost/income ratio improved from 82.0% in the previous year to 75.2% in 2015. The return on equity before tax equalled 11.8% (2014: 7.0%).

Specially designed products and solutions as well as a clear-cut customer orientation are the decisive success factors for the **Corporate Clients Segment**. Net interest income rose to EUR 123.2 million in 2015 despite the difficult interest rate and market situation (2014: EUR 109.7 million). The impairment allowance balance showed sound development with an increase to EUR +10.5 million (2014: EUR – 73.5 million). The valuation requirements for customer derivatives led to negative net trading income of EUR -10.5 million (2014: EUR 0.6 million). Other operating profit/(loss) of EUR -25.0 million includes the damage events which were reflected in the recognition of provisions in the Other Segment during earlier years and which were allocated to this segment as a special effect in 2015 following the termination of legal proceedings. The Corporate Clients Segment generated profit before tax of EUR 77.3 million in 2015, compared with EUR 18.8 million in the previous year. With capital employed of EUR 747.0 million, this segment generated a pre-tax return on equity of 10.3% (2014: 3.2%).

The **Financial Markets/Organization Segment** made a positive contribution to earnings in 2015. The favourable development of profit from maturity transformation supported a sound increase in net interest income after impairment charges to EUR 38.7 million (2014: EUR 31.7 million). The planned reduction of the securities portfolio led to a substantial increase in profit from financial investments to EUR 34.3 million (2014: EUR 19.4 million). Net trading income contributed EUR 6.0 million to total comprehensive income (2014: EUR 0.1 million), and other operating profit/(loss) improved to EUR -15.0 million (2014: EUR -36.3 million). This segment recorded profit before tax of EUR 43.6 million in 2015 (2014: EUR -5.8 million).

The development of business in the **Investments Segment** is significantly influenced by the earnings contribution from RZB, which is accounted for at equity. The results from the equity-accounted investments also include the proportional share of results from Raiffeisen Informatik GmbH and were slightly positive at EUR 0.7 million in 2015, compared with a negative earnings contribution of EUR -185.0 million in 2014. The profit from financial investments of EUR 17.1 million (2014: loss of EUR -2.1 million) includes, above all, the proceeds from the sale of the remaining shares in Raiffeisen Bausparkasse to RZB. After the inclusion of refinancing expenses, the Investments Segment recorded a loss of EUR -29.5 million in 2015 (2014: EUR – 237.8 million).

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 as well as items that cannot be specifically allocated to another segment. The implementation of measures for regulatory projects and the IT project "One IT system for Raiffeisen Austria“ remained key cost factors. Other operating income also included the EUR 25.7 million bank levy and contributions totalling EUR 7.7 million to the resolution and deposit security funds. Profit before tax improved to EUR -31.1 million (2014: EUR -46.6 million).

Consolidated Balance Sheet 2015

The balance sheet total of the RLB NÖ-Wien Group declined by EUR 1,771.1 million year-on-year to EUR 27,742.6 million. The decrease under assets reflected the scheduled reduction in selected securities as well as the lower volume of lending. The structure of liabilities shows a decline of EUR 1,381.0 million in deposits from other banks.

Assets

€m	31/12/2015	31.12.2014	Absolute +/(–) Change	Absolute +/(–) Change
Loans and advances to other banks	7,583	7,937	(354)	(4.5)
Loans and advances to customers	11,948	12,418	(470)	(3.8)
Securities and equity investments	4,384	5,301	(917)	(17.3)
Investments in entities accounted for using the equity method	1,839	1,877	(38)	(2.0)
Other assets	1,988	1,981	7	0.4
Consolidated assets	**27,743**	29,514	**(1,771)**	**(6.0)**

Loans and advances to other banks totalled EUR 7,583.4 million as of 31 December 2015 and were EUR 353.9 million lower than the previous year.

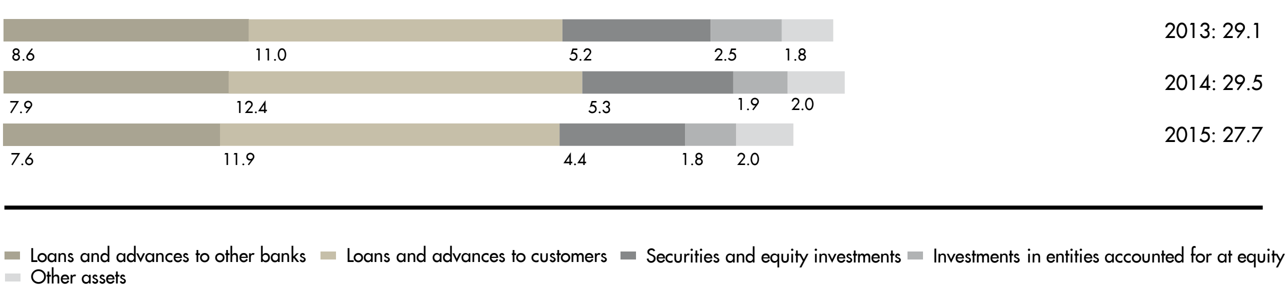
Loans and advances to customers amounted to EUR 11,948.1 million as of 31 December 2015. The year-on-year decline of EUR 469.5 million is attributable, above all, to the corporate and public sectors and reflected the low willingness to invest and strong competition.

Against the backdrop of regulatory requirements, RLB NÖ-Wien sold securities with a nominal volume of EUR 909.1 million, above all in the first half-year, to strengthen the capital structure. This led to a decline of EUR 917.0 million in **securities and equity investments** to EUR 4,384.2 million.

Investments accounted for at equity declined by EUR 37.9 million year-on-year to EUR 1,838.8 million as of 31 December 2015.

Other assets totalled EUR 1,988.1 million and remained nearly unchanged at the prior year level.

Structure of assets on the consolidated balance sheet in EUR billion



Liabilities and Equity

€m	31/12/2015	31.12.2014	Absolute +/(–) Change	Absolute +/(–) Change
Deposits from other banks	9,453	10,834	(1,381)	(12.7)
Deposits from customers	7,622	7,478	144	1.9
Liabilities evidenced by paper	6,234	6,201	34	0.5
Equity	1,751	1,799	(48)	(2.7)
Other liabilities	2,683	3,202	(519)	(16.2)
Balance sheet equity and liabilities	**27,743**	29,514	**(1,771)**	**(6.0)**

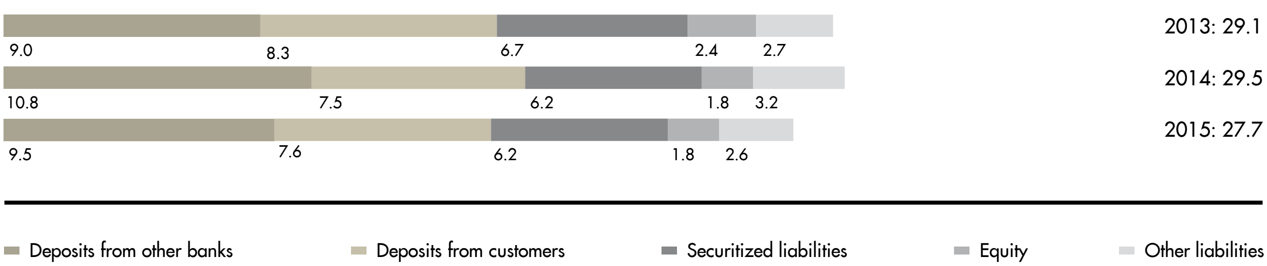
Deposits from other banks amounted to EUR 9,453.3 million as of 31 December 2015, compared with EUR 10,834.3 million in the previous year. The decline of EUR 1,381.0 million resulted from lower refinancing requirements.

The second half of 2015 brought an increased focus on retaining current and acquiring new customer deposits. These activities led to an increase of EUR 144.0 million in **deposits from customers, including savings deposits,** to EUR 7,621.7 million (2014: 7,477.7 million).

Additional covered bonds were successfully placed during 2015 in the form of two benchmark issues with a volume of EUR 500 million each. **Securitized liabilities** amounted to EUR 6,234.4 million as of 31 December 2015 and were slightly higher than the previous year (EUR 6,200.6 million).

Equity totalled EUR 1,750.5 million and was EUR 48.5 million lower than in 2014 (EUR 1,799.0 million).

Structure of equity and liabilities on the consolidated balance sheet in EUR billion.



Financial Performance Indicators

Performance Ratios

The **Group's cost/income ratio** – i.e. the ratio of operating expenses to operating income – equalled 90.3% in 2015.

The **Group's return on equity after tax** – i.e. return on equity based on average equity – equalled 3.7% in 2015 (2014: – 12.6%).

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 2,894.2 million (2014: 3,165.9 million). At 20.3% (2014: 19.7%) 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 176.1 million, appropriated capital reserves of EUR 373.4 million, retained earnings of EUR 1,023.5 million, non-controlling interests of EUR 359.5 million and various regulatory adjustments of EUR 31.7 million. After deductions of EUR -3.8 million, common equity Tier 1 capital equalled EUR 1,960.4 million. The additional Tier 1 capital consists of hybrid capital of EUR 162.8 million and non-controlling interests of EUR 14.6 million less deductions of EUR -5.3 million. Tier 1 capital, after deductions, therefore equalled EUR 2,132.4 million (2014: 2,217.2 million).

Tier 2 capital of EUR 761.8 million (2014: EUR 948.7 million) comprises eligible Tier 2 instruments of EUR 640.5 million, hybrid capital of EUR 12.2 million and an addition of EUR 108.7 million for amounts guaranteed as well as participation capital von EUR 0.4 million which no longer qualifies as CET 1 capital.

Tier 1 capital as a per cent of eligible capital equals 73.7% (2014: 70.0%).

The common equity Tier 1 ratio (CET1 ratio) equalled 13.8% as of 31 December 2015 (2014: 12.2%), and the Tier 1 capital ratio (T1 ratio) for the total risk of the Raiffeisen-Holding NÖ-Wien credit institution group equalled 15.0% (2014: 13.8%).

The Internal Control System for the Accounting Process

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

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

Control Environment

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

Risk Assessment

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

The accounting process is exposed to various types of risks that can result in material reporting errors. In particular, these risks include the estimates required to determine the fair value of financial instruments in cases where reliable market values are not available; the recognition of impairment allowances for loans and provisions; complex recognition and measurement rules; and the current challenging business environment.

Control Activities

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

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

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

Information and Communications

The consolidated financial statements are prepared by the Finance Department in accordance with IFRSs and the applicable provisions of the Austrian Commercial Code and Banking Act. The Overall Bank Management/Controlling Department is responsible for the preparation of the Group management report, which includes the notes to the financial statements in accordance with legal requirements. The Managing Board, which is responsible for the finalization of the consolidated financial statements, submits the consolidated financial statements after certification by the auditor to the Audit Committee of the Supervisory Board.

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

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

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

Monitoring

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

Risk Report

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

Significant Events after the Balance Sheet Date

In connection with the shared services project, a group of roughly 80 employees were transferred to RSC Raiffeisen Service Center GmbH, an associate that is jointly managed by companies in the Raiffeisen sector, during the first quarter of 2016. The goal of the shared services project is to centralize standard settlement activities and thereby optimize back office processes.

RLB NÖ-Wien holds bonds with a nominal value of EUR 25.0 million in HETA. In January 2016 the Carynthian settlement fund ("Kärntner Ausgleichs-Zahlungsfond", K-AF) announced a repurchase offer which required the approval of creditors representing at least two-thirds of the total amount. This offer covered a pro-rata payment of 75% for senior debt instruments and 30% for subordinated debt instruments. Acceptance of the offer would have allowed the investors to use the proceeds for the purchase of a zero-coupon, 18-year government bond at 75% of the nominal value. On 14 March 2016 K-AF announced the following: the repurchase offer was not accepted by the majority of creditors holding debt instruments covered by the offer as required by § 2a (4) of the Austrian Financial Market Stability Act ("Finanzmarktstabilitätsgesetz", FinStaG); the terms defined by the offer as preconditions for the purchase of the debt instruments covered by the offer were therefore not met; and K-AF would therefore not purchase any of the debt instruments covered by the offer. Further actions by the FMA remain outstanding. The Managing Board of RLB NÖ-Wien has recognised an appropriate provision for these bonds.

On 1 March 2016 Raiffeisen Bank International AG (RBI) indicated that the sale of the direct bank ZUNO BANK AG to the Alfa Banking Group, which was initially announced in September 2015, would not be finalized. The effect of the transaction on RBI's regulatory capital ratios would have been negligible. RBI is evaluating further internal and external steps, primarily the total sale of Zuno but also the full integration in other RBI units or a partial sale.

On 15 January 2016 the Polish president signed a law passed by the parliament, which implements a bank levy for Polish banks. The bank levy equals 0.44% of the balance sheet total each year and has been collected in monthly instalments since February 2016. A base amount of PLN 4 billion (=approx. EUR 1 billion) as well as investments in Polish government bonds and equity are exempt from the levy.

The two above events have no direct influence on the business activities of RLB NÖ-Wien. However, they are connected with risks and uncertainties for the valuation and future development of RZB.

Branches and Offices

The personal and business banking customers of RLB NÖ-Wien are currently serviced by roughly 520 account managers and sales assistants at 44 locations throughout Vienna. The branch and office structure was further streamlined in 2015 as part of the restructuring course. These 44 locations include 33 retail banking branches, a private banking office in Vienna's Loos Haus, five competence centres for trade and business customers and five locations for the Raiffeisen organization and its employees. Corporate clients are serviced by roughly 100 account managers and sales assistants at the Raiffeisen Haus on Friedrich-Wilhelm-Raiffeisen-Platz 1 in Vienna.

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

Research and Development

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

Non-financial Performance Indicators

Services for the Austrian Raiffeisen Organization

In keeping with its responsibilities as a bank for the Austrian Raiffeisen organization, RLB NÖ-Wien provides support for the 64 independent Raiffeisen banks in Lower Austria through a broad range of advisory and other services. The planning for and handling of regulatory issues and individual support for regulatory audits and inquiries have played an increasing role for many years.

Nearly all of the Lower Austrian Raiffeisen banks are serviced by RLB NÖ-Wien's experts in their operational budgeting and earnings management.

RLB NÖ-Wien provided additional support for restructuring projects in the Lower Austrian Raiffeisen banks during 2015. These projects focused on topics such as cost optimization or the adjustments to the branch structure.

Shared service pilot operations started in three Lower Austrian Raiffeisen banks at the end of 2014 and involved the outsourcing of settlement activities to RLB NÖ-Wien. The relevant processes were standardized together with the Lower Austrian Raiffeisen banks in advance, and the results of the pilot project will form an important basis for further services.

More than two-thirds of the Lower Austrian Raiffeisen banks made use of the expanded compliance support offering in 2015. Other services for the standard lending business, payment transactions and customer data quality management will follow – also in form of shared services.

One IT for Raiffeisen Österreich

A major joint project in the Raiffeisen sector is "One IT for Raiffeisen Austria". An important step in 2015 was the successful migration of the Raiffeisen banking group in Styria and Hypo-Steiermark. Plans for 2016 include the conversion of the Raiffeisen banking groups in Lower Austria and Vienna as well as Burgenland and Vorarlberg to this new core banking system.

The Raiffeisen Climate Protection Initiative

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

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

One special project by the RZB Group's sustainability management for the reporting year involved the preparation of an environmental accounting statement covering the activities of the Raiffeisen banking group in Austria during 2014. This analysis reported on the greenhouse gas emissions from 2009 to 2014 and the macroeconomic effects of green investments. The environmental accounting statement confirms the good results achieved by the Raiffeisen banking group in Austria in the conscious interaction with resources: for example, the group's energy consumption is nearly 20% lower than the average of the public and private service sector in this country.

Environmental Protection and Resource Conservation

RLB NÖ-Wien has introduced numerous initiatives in recent years to reduce the harmful impact of its operations on the environment and to optimize its use of resources. The sustainability weeks in Raiffeisen Haus, which highlight the advantages of regional food products, were again the focus of substantial interest in 2015.

Individual projects were also launched and measures and events were supported to raise the general public's ecological awareness. One particular focal point is the Raiffeisen Energy Savings Day in Lower Austria, which includes numerous information events as well as free-of-charge meetings with energy advisors at the Raiffeisen locations. In cooperation with the Lower Austrian energy supplier EVN, a multi-stage "carefree renovation package" for the thermal renovation of buildings was again offered in 2015 as a means of improving energy efficiency. EVN provides the technical advice, while RLB NÖ-Wien advises customers on financing issues.

Wide-ranging Social Commitment

RLB NÖ-Wien demonstrates its commitment to social responsibility in many ways and places special emphasis on the support for and advancement of socially disadvantaged people. Examples are the long-standing support for the "Licht ins Dunkel" campaign, the Concordia social projects and the Cardinal König sponsorship for the Gruft shelter.

RLB NÖ-Wien is a partner of KURIER AID AUSTRIA. This campaign was launched in 2005 after the Tsunami disaster and provides fast and efficient assistance in disaster situations. Another special focal point is the “Aktion Lernhaus“ tutorial project, which provides free educational support for needy children at a number of locations in Vienna and Lower Austria.

As a reaction to the refugee crisis in summer and autumn 2015, Raiffeisen NÖ-Wien launched the “Raiffeisen – helps“ fundraising campaign. Donations for refugees were collected in cooperation with the Caritas, Red Cross and Diakonie relief organizations. The funds donated by employees and customers were rounded up by RLB NÖ-Wien, and approx. EUR 70,000 were turned over to the relief organizations.

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

Culture and Sport

The social commitment of RLB NÖ-Wien is also expressed in its support for cultural and sport organizations, in quite a few cases over many years. In the sport area, this includes assistance for various sport clubs. In the cultural area, support is provided for the Theater in der Josefstadt, Wiener Volksoper and Vienna's Jewish Museum as well as music events like the Classics under the Stars in Göttweig Abbey and the Grafenegg Festival. RLB NÖ-Wien also sponsors NÖ Kulturwirtschaft (NÖKU), which is a partner of cultural institutions like the St. Pölten Festival House and the Art Museum in Krems.

Employees

RLB NÖ-Wien had a total workforce of 1,262 at the end of 2015, which represents a year-on-year decline of 21 persons. The employee turnover rate equalled 9.0% for the reporting year. Nearly 100 new employees and 10 former apprentices were hired, while eight new apprentices started their training with RLB NÖ-Wien.

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

Expenses for basic and advanced training totalled approx. EUR 1.2 million in 2015. The development and advancement of employees cover on-the-job training as well as seminars. The training programmes are organized by the Raiffeisen sector training institutes MODAL and Raiffeisen Campus and also by external providers.

Outlook on 2016

The Economic Environment

Forecasts issued by the International Monetary Fund (IMF) at the beginning of 2016 point to expected global growth of only 3.4% this year (in October 2015, growth was estimated at 3.6%). This adjustment reflects the perceived increase in risk, whereby the identified challenges include the expected difficult reorientation of the Chinese economy, economic weakness in the emerging countries, the downward slump in the oil price and the pending interest hikes by the US FED.

The USA will remain on a positive growth course in 2016. The export-oriented sector is still suffering from the strong US dollar and weaker demand from the emerging countries. However, private household consumption is the largest growth driver in this country and is becoming an even more important factor with the steady improvement of the labour market. The IMF is forecasting an increase of 2.6% in the economy this year. The FED initially signalled an increase of 100 basis points in the key interest rate for 2016, but could slow the pace of the adjustments due to the lack of inflationary pressure and concerns over development in the emerging countries with the resulting turbulence on the financial markets.

Data from the eurozone still point to an uninterrupted continuation of the economic recovery that began in mid-2013 and has now entered its third year. After an increase of 1.5% in 2015, the eurozone GDP could rise by 1.7% this year (4 February 2016 forecast by the EU Commission). Higher incomes due to the gradual improvement of the labour market, favourable lending conditions and higher investments are expected to support the upturn and serve as protection against global events. The ECB plans to do its share by holding interest rates in the eurozone at a low level. Inflation rates are expected to remain below the ECB's 2% target for a longer period due to the decline in raw material prices and, consequently, the extension of and/or volume increase in this central bank's bond repurchase programme cannot be excluded. A further reduction in the deposit rate is also possible. From the current point of view, the ECB will remain a strong buyer on the government bond market at least up to March 2017 and thereby hold yields at a low level.

After two years of growth below the eurozone average, Austria is now moving closer to its partner countries in the monetary union. Three special factors are supporting the moderate upturn in the Austrian economy: the enactment of the tax reform at the beginning of 2016, expenditures for asylum seekers and recognized refugees as well as the housing construction initiative should result in GDP growth of 1.9%, or nearly three-times as strong as the previous year (2015: 0.7%; 9 December 2015 forecast by OeNB).

Outlook on the Group's Development

The continuing low interest rates, the challenging economic environment and radical changes in the financial services sector will also influence the business strategy and development of banking sector during the coming year. The following focal points have been defined for 2016:

- Further expansion of the customer business
- Monitoring and improvement of sales channels
- Continuous management and optimization of regulatory indicators
- Implementation of the shared services project through the outsourcing of settlement activities to RSC Raiffeisen Service Center GmbH
- Reduction in complexity
- Finalization of the project “One IT for Raiffeisen Austria“

The development of profit from the investments accounted for at equity as a component of earnings will also be difficult to estimate in 2016. 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. This creates substantial uncertainty concerning forecasts for the proportional share of results from the investment in 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 courts. Consequently, it cannot be excluded that RLB NÖ-Wien will also be involved in court cases and administrative proceedings in the future and that any possible future proceedings or their potential negative conclusion may have an adverse effect on RLB NÖ-Wien. As of the balance sheet date on 31 December 2015, all such recognizable risks had been taken into account.

Vienna, 24 March 2016
The Managing Board

Klaus BUCHLEITNER
CEO

Georg KRAFT-KINZ
Deputy CEO

Andreas FLEISCHMANN
Member of the Managing Board

Reinhard KARL
Member of the Managing Board

Michael RAB
Member of the Managing Board

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Consolidated Statement of Comprehensive Income

Consolidated Income Statement

€'000	Notes	2015	2014*
Interest income	(1)	503,592	547,732
Interest expenses	(1)	(315,533)	(372,339)
Net interest income	*(1)*	*188,059*	*175,393*
Impairment allowance balance	(2)	1,932	(84,120)
Net interest income after impairment charges		*189,991*	*91,273*
Fee and commission income	(3)	94,540	94,979
Fee and commission expenses	(3)	(28,381)	(28,431)
Net fee and commission income	*(3)*	*66,159*	*66,548*
Net trading income	(4)	(1,002)	3,930
Profit/(loss) from investments in entities accounted at equity	(5)	689	(184,984)
Profit/(loss) from financial investments	(6)	56,417	18,204
General administrative expenses	(7)	(204,697)	(198,494)
Other operating profit/(loss)	(8)	(27,177)	(58,953)
Profit/(loss) for the year before tax		*80,380*	*(262,475)*
Income tax*	(10)	(14,986)	13,886
Profit/(loss) for the year after tax		**65,394**	(248,590)
Of which attributable to equity holders of the parent		65,394	(248,590)
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.

Reconciliation to Consolidated Comprehensive Income

€'000	2015 Attributable to Equity Holders of the Parent	2015 Non-controlling interests	2015 Total	2014* Attributable to Equity Holders of the Parent	2014* Non-controlling interests	2014* Total
Net profit/(loss) for the year	*65,394*	*0*	*65,394*	*(248,590)*	*0*	*(248,590)*
Items that will not be reclassified to profit or loss in later periods	*4,515*	*0*	*4,515*	*(18,837)*	*0*	*(18,837)*
Actuarial gains and losses on the revaluation of provisions for staff benefits	2,845	0	2,845	(13,632)	0	(13,632)
Deferred taxes on items not reclassified to profit and loss	(449)	0	(449)	2,586	0	2,586
Enterprise's interest in other comprehensive income of entities accounted for at equity, which will never be reclassified	2,119	0	2,119	(7,792)	0	(7,792)
Items that may be reclassified to profit or loss in later periods	*(76,303)*	*0*	*(76,303)*	*(175,940)*	*0*	*(175,940)*
Cash flow hedge reserve	5,702	0	5,702	11,217	0	11,217
Of which unrealized gains/(losses) in the period	0	0	0	0	0	0
Of which gains/(losses) reclassified to the income statement	5,702	0	5,702	11,217	0	11,217
Available-for-sale reserve	(54,862)	0	(54,862)	89,625	0	89,625
Of which unrealized gains/(losses) in the period	8,479	0	8,479	105,349	0	105,349
Of which gains/(losses) reclassified to the income statement	(63,341)	0	(63,341)	(15,723)	0	(15,723)
Deferred taxes*	12,619	0	12,619	(25,851)	0	(25,851)
Of which unrealized gains/(losses) in the period	(2,120)	0	(2,120)	(26,337)	0	(26,337)
Of which gains/(losses) reclassified to the income statement	14,738	0	14,738	486	0	486
Enterprise`s interest in other comprehensive income of entities accounted for at equity (after tax)	(39,761)	0	(39,761)	(250,932)	0	(250,932)
Of which unrealized gains/(losses) in the period	(39,761)	0	(39,761)	(250,967)	0	(250,967)
Of which gains/(losses) reclassified to the income statement	0	0	0	36	0	36
Other comprehensive income	*(71,788)*	*0*	*(71,788)*	*(194,778)*	*0*	*(194,778)*
Consolidated comprehensive income	(6,394)	0	(6,394)	(443,368)	0	(443,368)

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

Consolidated Balance Sheet

Assets, €´000	Notes	2015	2014
Cash and balances with the central bank	(12)	536,671	60,682
Loans and advances to other banks	(13)	7,583,415	7,937,345
Loans and advances to customers	(14)	11,948,052	12,417,567
Impairment allowance balance	(15)	(301,963)	(336,761)
Trading assets	(16)	777,090	608,763
Securities and equity investments	(17)	4,384,192	5,301,201
Entities accounted for using the equity method	(53)	1,838,834	1,876,687
Intangible assets	(18)	3,757	5,783
Property and equipment	(19)	9,946	8,303
Other assets	(20)	962,632	1,634,182
Of which current tax receivables		1	0
Of which deferred tax assets		0	0
Balance sheet assets		**27,742,625**	29,513,752

Equity and Liabilities, €´000	Notes	2015	2014
Total borrowed capital		***25,992,108***	*27,714,750*
Deposits from other banks	(21)	9,453,310	10,834,318
Deposits from customers	(22)	7,621,724	7,477,732
Securitized liabilities	(23)	6,234,402	6,200,633
Trading liabilities	(24)	578,604	428,466
Other liabilities	(25)	1,017,996	1,650,121
Thereof classified as available for sale, liabilities allocated to disposal groups	(25)	6,396	0
Provisions	(26, 27)	130,523	147,126
Tier 2 capital	(28)	955,551	976,356
Equity	(29)	***1,750,517***	*1,799,002*
Attributable to equity holders of the parent		1,750,517	1,799,002
Non-controlling interests		0	0
Balance sheet equity and liabilities		**27,742,625**	29,513,752

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 year	Total	Non-controlling interests	Total
Equity at 1/1/2015	214,520	76,500	432,688	1,323,883	(248,590)	1,799,002	0	1,799,002
Consolidated comprehensive income	0	0	0	(71,788)	65,394	(6,394)	0	(6,394)
Net profit/(loss) for the year	0	0	0	0	65,394	65,394	0	65,394
Other comprehensive income	0	0	0	(71,788)	0	(71,788)	0	(71,788)
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	3,865	0	3,865	0	3,865
Other changes	0	0	0	10,042	0	10,042	0	10,042
Equity at 31/12/2015	214,520	76,500	432,688	961,414	65,394	1,750,517	0	1,750,517

€'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 year	Total	Non-controlling interests	Total
Equity at 1/1/2014	214,520	76,500	432,688	1,639,955	0	2,363,663	55	2,363,718
Consolidated comprehensive income	0	0	0	(194,778)	(248,590)	(443,368)	0	(443,368)
Net profit/(loss) for the year	0	0	0	0	(248,590)	(248,590)	0	(248,590)
Other comprehensive income	0	0	0	(194,778)	0	(194,778)	0	(194,778)
Enterprise's interest in other changes in the equity of entities accounted for at equity	0	0	0	(121,153)	0	(121,153)	0	(121,153)
Other changes	0	0	0	(141)	0	(141)	(55)	(196)
Equity at 31/12/2014	214,520	76,500	432,688	1,323,883	(248,590)	1,799,002	0	1,799,002

The share capital of RLB NÖ-Wien totals EUR 214,520,100.00 (2014: EUR 214,520,100.00). Subscribed capital comprises 2,145,201 (2014: 2,145,201) registered zero par value shares with a nominal value of EUR 214,520,100.00 (2014: EUR 214,520,100.00). In 2008 RLB NÖ-Wien issued 765,000 bearer participation certificates as defined by § 23 (3) no. 8. in connection with (4) and (5) of the Austrian Banking Act (in the version published in Federal Gazette BGBl I 2013/184). One participation certificate represents a nominal value of EUR 100.00.

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

€'000	Cash flow hedge reserve	Available-for-sale reserve	Deferred taxes recognized in equity
At 1 January 2015	*3,069*	*115,132*	*(24,360)*
Net changes in the financial year	*5,702*	*(54,862)*	*12,169*
Of which unrealized gains/(losses) in the period	0	8,479	(2,569)
Of which gains/(losses) reclassified to the income statement	5,702	(63,341)	14,738
At 31 December 2015	**8,771**	**60,270**	**(12,190)**

€'000	Cash flow hedge reserve	Available-for-sale reserve	Deferred taxes recognized in equity*
At 1 January 2014	*(8,148)*	*25,507*	*(1,095)*
Net changes in the financial year	*11,217*	*89,625*	*(23,265)*
Of which unrealized gains/(losses) in the period	0	105,349	(23,751)
Of which gains/(losses) reclassified to the income statement	11,217	(15,723)	486
At 31 December 2014	3,069	115,132	(24,360)

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

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

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

€'000	**2015**	**2014***
Deferred taxes arising from the cash flow hedge reserve	(1,097)	(3,445)
Deferred taxes arising from the available-for-sale reserve	13,715	(22,406)
Deferred taxes arising from actuarial gains and losses on the revaluation of provisions for staff benefits	(449)	2,586
Total	**12,169**	(23,265)

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

Consolidated Cash Flow Statement

€'000	Notes	2015	2014*
*Profit for the year after tax**		*65,394*	*(248,590)*
Non-cash items in profit/(loss) for the year and reconciliation to cash flow from operating activities:			
Write-downs/(write-ups) of property and equipment, financial investments, intangible assets and equity investments		(1,674)	11,685
Property and equipment and intangible assets	(7)	3,939	4,421
Equity investments	(6)	(5,613)	7,264
Revaluation (gains)/losses on investments in entities accounted for using the equity method	(5)	(689)	184,984
Release of/addition to provisions and impairment allowances		964	114,749
Other provisions	(27)	3,357	22,249
Provisions for staff benefits	(26)	(5,427)	14,791
Risk provisions	(15)	2,217	77,311
Direct write-downs	(2)	817	398
(Gains)/losses on disposals of property and equipment, financial investments, intangible assets and equity investments		(52,581)	(26,869)
Property and equipment and intangible assets		(8)	(7)
Equity investments	(6)	(52,573)	(26,862)
Other adjustments (net)		(179,199)	(172,457)
Subtotal		*(167,784)*	*(136,498)*
Change in assets and liabilities arising from operating activities after corrections for non-cash items:			
Loans and advances to customers and other banks		777,669	(833,008)
Trading assets		(169,159)	(307,549)
Securities (except financial investments)		292,713	228,463
Other assets		622,190	(288,213)
Deposits from customers and other banks		(1,236,233)	1,006,953
Securitized liabilities		43,107	(589,077)
Trading liabilities		150,138	234,153
Other liabilities		(656,550)	58,848
Other provisions	(27)	(10,903)	(44,821)
Subtotal		*(354,812)*	*(670,749)*
Interest received		578,333	575,694
Dividends received		91,504	87,432
Interest paid		(356,937)	(418,649)
Income taxes paid		2,720	15,670
Cash flow from operating activities		*(39,191)*	*(410,603)*

€'000	Notes	2015	2014*
Cash receipts from sales of:			
Financial and equity investments		1,809,129	714,498
Property and equipment and intangible assets		11	248
Cash paid for:			
Financial and equity investments		(1,226,058)	(587,582)
Property and equipment and intangible assets	(18, 19)	(3,850)	(3,250)
Cash flow from investing activities		***579,231***	***123,914***
Cash inflows from Tier 2 capital		5,178	97,225
Cash outflows from Tier 2 capital		(13,197)	(94,515)
Dividends paid/transfer of profit/(loss) incl. payments on participation capital		(55,998)	(60,008)
Cash flow from financing activities		***(64,018)***	***(57,297)***

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

€'000	2015	2014*
Cash and cash equivalents at end of previous year	***60,682***	***404,646***
Cash flow from operating activities	(39,191)	(410,603)
Cash flow from investing activities	579,231	123,914
Cash flow from financing activities	(64,018)	(57,297)
Effect of exchange rate changes	(36)	23
Cash and cash equivalents at end of year	**536,671**	60,682

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

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

Notes

The Company

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

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

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

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

Principles of Accounting under IFRS

Principles

The consolidated financial statements for the 2015 financial year, including the comparable prior year data for 2014, were prepared in accordance with EU Directive (EC) No. 1606/2002 issued by the Commission on 11 September 2002 in connection with § 245a of the Austrian Commercial Code and § 59a of the Austrian Banking Act in the version applicable as of the respective balance sheet date. All International Financial Reporting Standards (IFRS) and IFRIC interpretations that were adopted by the EU and required mandatory application were applied in preparing the consolidated financial statements.

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

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

All amounts are stated in thousands of euros (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.

Basis of consolidation

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

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

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

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

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

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

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

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

Scope of consolidation

The scope of consolidation of the RLB NÖ-Wien Group includes all material subsidies over which the Group exercises control. As of 31 December 2015, the scope of consolidation, excluding RLB NÖ-Wien as the parent company, comprised the following two (2014: two) fully consolidated companies:

- RLB NÖ-Wien Holding GmbH
- RLB NÖ-Wien Sektorbeteiligungs GmbH

There were no changes in the number of consolidated subsidiaries or entities accounted for using the equity method in 2015:

Number of Entities	2015	2014 Consolidated	2015	2014 Equity Method
At 1 January	2	5	2	2
Changes in the financial year	0	(3)	0	0
At 31 December	2	2	2	2

Material investments in associates, i.e. companies over which the RLB NÖ-Wien Group can exercise significant influence, are accounted for at equity. As of 31 December 2015, this applied to RZB and Raiffeisen Informatik GmbH and reflected the previous year.

RLB NÖ-Wien holds a direct investment of 0.53% (2014: 0.53%) in RZB as well as an indirect investment of 34.21% (2014: 34.21%) through RLB NÖ-Wien Holding GmbH. The investment held by RLB NÖ-Wien in Raiffeisen Informatik GmbH equals 47.35% (2014: 47.35%).

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

Significant Accounting Policies

Financial instruments

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

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

The categories used for classification and measurement are as follows:

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

Included here are financial instruments classified by the company as held for trading or designated as at fair value through profit or loss upon initial recognition.

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

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

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

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

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

- Loans and receivables:

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

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

- Financial investments held to maturity:

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

- Financial assets available for sale:

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

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

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

• Financial liabilities at amortized cost:

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

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

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

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

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

Non-performing loans are reduced through impairment charges and derecognized in full or in part when insolvency proceedings have been concluded or waiver agreements take legal effect. Loans and advances to customers are also derecognized when there are no realistic expectations of repayment. Minor loans and advances receivable up to TEUR 1 are derecognized when they are 90 days overdue.

Derivatives

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

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

• Fair value hedge:

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

- Cash flow hedge:

A cash flow hedge is intended to cover the exposure to volatility in cash flows which are attributable to a recognized asset or liability or forecast transaction and could affect profit or loss. In these cases, derivatives are used to hedge future interest rate flows. Future variable interest rate payments on variable rate receivables and liabilities are exchanged for fixed interest payments, generally through interest rate swaps.

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

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

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

Classes of financial instruments (IFRS 7)

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

Receivables

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

Purchased receivables are also classified as loans and receivables.

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

Impairment allowance balances

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

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

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

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

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

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

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

The amount of each loan or advance at risk of default is calculated according to the discounted cash flow method. The amount of the impairment charge equals the difference between the carrying amount and the present value of the expected future cash flows. For significant receivables, this calculation is performed at the individual financial instrument level. For immaterial receivables, the calculation can be performed at the portfolio level.

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

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

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

Trading assets

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

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

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

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

Securities and equity investments

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

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

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

Investments in entities accounted for using the equity method

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

Intangible assets

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

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

As of the balance sheet date on 31 December 2015, RLB NÖ-Wien held no internally generated intangible assets whose production cost could be reliably determined and which were likely to generate future benefits.

Property and equipment

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

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

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

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

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

Other assets

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

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

Liabilities

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

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

Securitized liabilities

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

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

Trading liabilities

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

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

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

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

Other liabilities

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

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

IFRS 5 applies to non-current assets or disposal groups if their carrying amounts will be recovered principally through a sale transaction and not through continuing use in the company. Disposal groups can consist of non-current assets, current assets and liabilities. However, plans must call for their sale in a single transaction. The assets included in a disposal group must be reported in a separate position under assets. The same applies to the liabilities attributable to the disposal group – they must be reported in a separate position under other liabilities.

Provisions

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

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

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

• Defined contribution plans:

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

• Defined benefit plans:

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

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

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

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

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

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

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

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

Tier 2 capital

Tier 2 capital reflects the requirements defined in Part 2 Section I Article 4 of Regulation (EU) No. 575/2013 concerning prudential requirements for credit institutions and investment firms (Capital Requirements Regulation (CRR)). All Tier 2 capital and subordinated bonds that do not meet the CRR requirements for Tier 2 capital are reported under securitized liabilities. The recognized amount reflects the deduction of securities previously issued and subsequently repurchased by the company. In cases where the interest rate risk on an issue is covered by a fair value hedge, the carrying amount is adjusted by the change in value resulting from the interest rate risk (basis adjustment). The related accrued interest is also reported under this position.

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

Equity

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

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

Income tax

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

Since the 2005 assessment year, RLB NÖ-Wien has been a member of a corporate tax group established in accordance with § 9 of the Austrian Income Tax Act ("Körperschaftsteuergesetz") with Raiffeisen-Holding NÖ-Wien as the head of the group. A tax contribution agreement was concluded between RLB NÖ-Wien and the head of the group. The corporate tax group with Raiffeisen-Holding NÖ-Wien as the head of the group comprised RLB NÖ-Wien and 57 (2014: 54) other group members during the 2015 assessment year. The tax base for the entire group equals the total income of the head of the group plus the allocated taxable income of the group members after the maximum allowable deduction of the tax loss carryforwards held by the head of the group. RLB NÖ-Wien is charged a proportional share of group corporate income tax, which is assessed at the level of the head of the group, Raiffeisen-Holding NÖ-Wien. A tax charge based on the contractually agreed rate is payable to the head of the group, Raiffeisen-Holding NÖ-Wien, on the untaxed portion of the taxable income recorded by RLB NÖ-Wien. A loss recorded by RLB NÖ-Wien for the year results in a negative tax contribution.

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

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

Income statement

Net interest income includes interest income and expenses as well as all similar recurring and non-recurring income and expenses. Interest and similar income, respectively expenses, are calculated according to the effective interest rate method and accrued accordingly. This position also includes all interest and dividend income from securities and the profit/(loss) from non-consolidated companies and investments. Dividends are recognized when the company is legally entitled to payment.

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

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

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

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

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

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

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

Repo transactions

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

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

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

Securities lending

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

Trust activities

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

Leasing

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

Foreign currency translation

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

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

Judgments and estimates

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

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

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

Fair value of financial instruments

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

Impairment allowance for credit default cases and interest rebates

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

Provisions for pension, termination benefits and similar obligations

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

Non-financial assets

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

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

Deferred tax assets

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

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

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

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

Change in presentation

The negative interest on loans and advances to customers and other banks is reported under interest expense and similar charges, while the positive interest on non-derivative financial liabilities from the banking business is reported under interest and similar income (see (1) Net interest income).

Restatement for error corrections

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 31 December 2014, cash flow from operating activities was overstated by EUR 291.9 million, cash flow from investing activities was understated by EUR 368.8 million and cash flow from financing activities was overstated by EUR 76.9 million.

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

€'000	Notes	01.01.-31.12.2014	Restatement	Restatement 01.01.-31.12.2014
Profit/(loss) for the year after tax		*(272,949)*	*24,359*	*(248,590)*
Non-cash items in profit/(loss) for the year and reconciliation to cash flow from operating activities:				
Write-downs/(write-ups) of property and equipment, financial investments, intangible assets and equity investments		11,684	1	11,685
Revaluation (gains)/losses on investments in entities accounted for using the equity method	(5)	184,984	0	184,984
Release of/addition to provisions and impairment allowances		78,478	36,271	114,749
(Gains)/losses on disposals of property and equipment, financial investments, intangible assets and equity investments		(26,868)	(1)	(26,869)
Other adjustments (net)		(48,546)	(123,911)	(172,457)
Subtotal		*(73,217)*	*(63,281)*	*(136,498)*
Change in assets and liabilities arising from operating activities after corrections for non-cash items:				
Loans and advances to customers and other banks		(755,467)	(77,541)	(833,008)
Trading assets		(308,958)	1,409	(307,549)
Securities (except financial investments)		241,724	(13,261)	228,463
Other assets		(337,258)	49,045	(288,213)
Deposits from customers and other banks		998,455	8,498	1,006,953
Securitized liabilities		(629,045)	39,968	(589,077)
Trading liabilities		234,152	1	234,153
Other liabilities		339,565	(280,717)	58,848
Other provisions	(27)		(44,821)	(44,821)
Subtotal		*(290,049)*	*(380,700)*	*(670,749)*
Interest and dividends received		584,151	78,975	663,126
Interest received				575,694
Dividends received				87,432
Interest paid		(428,498)	9,849	(418,649)
Income taxes paid		15,670	0	15,670
Cash flow from operating activities		*(118,726)*	*(291,877)*	*(410,603)*
Cash receipts from sales of:				
Financial and equity investments		321,518	392,980	714,498
Property and equipment and intangible assets		248	0	248
Cash paid for:				
Financial and equity investments		(563,376)	(24,206)	(587,582)
Property and equipment and intangible assets	(18, 19)	(3,250)	0	(3,250)
Cash flow from investing activities		*(244,860)*	*368,774*	*123,914*

€'000	Notes	01.01.-31.12.2014	Restatement	Restatement 01.01.-31.12.2014
Cash inflows/outflows from Tier 2 capital		79,608	(76,897)	2,711
Cash inflows from Tier 2 capital				97,225
Cash outflows from Tier 2 capital				(94,515)
Transfer of profit/(loss) incl. payments on participation capital		(60,008)	0	(60,008)
Cash flow from financing activities		*19,600*	*(76,897)*	*(57,297)*

€'000	01.01.-31.12.2014	Restatement	Restatement 01.01.-31.12.2014
Cash and cash equivalents at end of previous year	*404,646*	*0*	*404,646*
Cash flow from operating activities	(118,726)	(291,877)	(410,603)
Cash flow from investing activities	(244,861)	368,774	123,914
Cash flow from financing activities	19,600	(76,897)	(57,297)
Effect of exchange rate changes	23	0	23
Cash and cash equivalents at end of year	60,682	0	60,682

Restatement RZB/RBI as of 31 December 2014

The most important asset of RZB – Raiffeisen Bank International AG (RBI) – was the subject of a scheduled audit by the Austrian Financial Reporting Enforcement Panel ("Österreichische Prüfstelle für Rechnungslegung", OePR), in 2015 pursuant to § 2 (1) no. 2 of the Austrian Accounting Control Act ("Rechnungslegungs-Kontrollgesetz"). The audit focused on RBI's consolidated financial statements for 2014 and RBI's half-year financial report for 2015. RBI expects official written confirmation of the preliminary audit results in the coming months. The preliminary audit results led to a shift in expenses from 2015 to the consolidated financial statements as of per 31 December 2014 (EUR 124.1 million). The resulting necessary adjustment to the loss recorded by RBI for the 2014 financial year subsequently led to the adjustment of the loss recorded by RZB as of 31 December 2014. This, in turn, resulted in an increase in the negative at equity earnings contribution of RZB recorded in the consolidated financial statements of RLB NÖ-Wien as of 31 December 2014 (EUR 26.2 million) and to an equal reduction of the impairment charge.

€'000	01.01.-31.12.2014	Restatement	Restatement 01.01.-31.12.2014
Group interest in annual profits or losses	(117,984)	(26,226)	(144,210)
Revaluation gains and losses	(67,000)	26,225	(40,775)
Total	(184,984)	0	(184,984)

Restatement of deferred taxes

The calculation of deferred taxes in 2014 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 31 December 2014. The impairment charges were calculated based on the net balance of deferred taxes as of 1 January 2014. The changes in deferred taxes during 2014 were not recorded, but were accounted for during 2015 in connection with a retroactive error correction in the sense of IAS 8.41f.

The change in deferred taxes during 2014 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 for the 2014 financial year.

The following table shows the effects of the restatement on the deferred taxes included under other comprehensive income for the 2014 financial year:

in TEUR	01.01.-31.12.2014	Restatement deferred taxes	Restatement 01.01.-31.12.2014
Net profit/(loss) for the year	*(272,949)*	*24,359*	*(248,590)*
Items that will not be reclassified to profit or loss in later periods	*(24,545)*	*5,707*	*(18,838)*
Deferred taxes on items not reclassified to profit and loss	(3,121)	5,707	2,586
Items that may be reclassified to profit or loss in later periods	*(145,874)*	*(30,067)*	*(175,940)*
Deferred tax	4,216	(30,067)	(25,851)
Other comprehensive income	*(170,418)*	*(24,360)*	*(194,778)*
Consolidated comprehensive income	(443,368)	0	(443,368)

The restatement had the following effects on the income tax reported on the consolidated income statement for the 2014 financial year:

in TEUR	01.01.-31.12.2014	Restatement deferred taxes	Restatement 01.01.-31.12.2014
Income tax	(10,474)	24,360	13,886
Profit/(loss) for the year after tax	*(272,949)*	*24,360*	*(248,589)*
Of which attributable to equity holders of the parent	(272,949)	24,360	(248,589)
Of which non-controlling interests in profit	0	0	0

The restatement had no effect on assets or liabilities and equity as reported on the consolidated balance sheet as of 31 December 2014.

New standards and interpretations

The following new or revised standards and interpretations are effective for financial years beginning on or after 1 January 2015 and were applied in preparing these consolidated financial statements:

New Provisions		Effective for Financial Years Beginning on or After	Adopted by the EU
Amendments to Standards			
Various	Improvements to the International Financial Reporting Standards 2011-2013	1 January 2015	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 2011-2013 (EU endorsement on 18 December 2014) – include numerous small changes and clarifications to IFRS. These changes in accounting requirements have no effect on the presentation of the asset, financial or earnings position of the RLB NÖ-Wien Group.

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

New Provisions		Effective for Financial Years Beginning on or After	Adopted by the EU
New Standards			
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2018	No
IFRS 9	Financial instruments - recognition and derecognition of financial liabilities	1 January 2018	No
IFRS 14	Regulatory Deferral Account	1 January 2016	No
IFRS 15	Income from contracts with customers	1 January 2018	No
IFRS 16	Leases	1 January 2019	No
Amendments to Standards			
IAS 1	Presentation of Financial Statements	1 January 2016	Yes
IAS 7	Cash Flow Statement	1 January 2017	No
IAS 12	Income taxes	1 January 2017	No
IAS 16	Property, Plant and Equipment - Clarification of acceptable depreciation methods (changes in IAS 16 and IAS 38)	1 January 2016	Yes
IAS 16	Property, Plant and Equipment - Agriculture: biological assets (changes in IAS 16 and IAS 41)	1 January 2016	Yes
IAS 19	Employee Benefits - Defined benefit plans - employee contributions	1 February 2015	Yes
IAS 27	Separate Financial Statements - Application of the equity method in separate financial statements	1 January 2016	Yes
IAS 28	Investments in Associates and Joint Ventures - Sale or contribution of assets between an investor and an associate or joint ventures (changes in IFRS 10 and IAS 28)	*	No
IAS 28	Investments in Associates and Joint Ventures - Consolidation exemption for investment entities (changes in IFRS 10, IFRS 12 and IAS 28)	1 January 2016	No
IAS 38	Intangible assets - clarification of acceptable amortization methods (changes in IAS 16 and IAS 38)	1 January 2016	Yes
IAS 41	Agriculture: biological assets (changes in IAS 16 and IAS 41)	1 January 2016	Yes
IFRS 10	Consolidated Financial Statements - Sale or contribution of assets between an investor and an associate or joint ventures (changes in IFRS 10 and IAS 28)	*	No
IFRS 10	Consolidated Financial Statements - Consolidation exemption for investment entities (changes in IFRS 10, IFRS 12 and IAS 28)	1 January 2016	No
IFRS 11	Joint Arrangements - Accounting for the acquisition of shares in a joint operation	1 January 2016	Yes
IFRS 12	Disclosure of Interests in Other Entities - Consolidation exemption for investment entities (changes in IFRS 10, IFRS 12 and IAS 28)	1 January 2016	No
Various	Improvements to the International Financial Reporting Standards 2010(2012)	1 February 2015	Yes
Various	Improvements to the International Financial Reporting Standards 2012(2014)	1 January 2016	Yes

* Effective date postponed for an indefinite period

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

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

The changes to IAS 7 requires companies to disclose information that enables the users of financial statements to evaluate changes in liabilities from financing activities.

The primary objective of the amendments to IAS 12 is to clarify the accounting treatment of deferred tax assets arising from unrealized losses on assets carried at fair value and to eliminate the different methods currently applied.

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

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

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

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

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

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

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

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

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

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

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

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

The changes to IFRS 10 and IAS 28 clarify that the amount of the proceeds recognized on transactions with an associate or joint venture depends on whether the sold or contributed assets constitute a business operation. The effective date of these changes was postponed indefinitely.

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

The amendments to IFRS 14 have no effect on the consolidated financial statements because the RLB NÖ-Wien Group is not a first-time IFRS adopter.

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

IFRS 16 regulates the accounting treatment of leases and will replace the previous IAS 17 as well as three leasing-related interpretations. The application of IFRS 16 is mandatory for all IFRS reporters and generally covers all leases. However, there are exemptions for contracts covering the exploration for minerals, oil, gas and similar non-regenerative resources; licensed rights for films, video recordings, plays, manuscripts, patents and copyrights within the scope of application of IAS 38; leases for biological assets within the scope of application of IAS 41; service agreements within the scope of application of IFRIC 12 and license agreements for intellectual property arising from a lease covered by IFRS 15.

The annual improvements to IFRS – Cycle 2010-2012 (EU endorsement on 17 December 2014) and Cycle 2012-2014 (EU endorsement still outstanding) – include a number of minor changes and clarifications to IFRS.

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

Details on the Consolidated Income Statement

(1) Net interest income

€'000	2015	2014
Interest income	*499,215*	*541,228*
from loans and advances to other banks	57,168	82,156
from loans and advances to customers	242,404	244,285
from trading assets and liabilities	1,484	1,991
From other variable-yield securities	100,375	138,397
from derivative financial instruments	97,189	74,395
Interest income from non-derivative financial liabilities	584	0
Other	10	4
Current income	*4,377*	*6,505*
from shares and other variable-yield securities	1,889	4,101
from equity investments in subsidiaries	296	1,069
from other equity investments	2,192	1,335
Total interest and similar income	*503,592*	*547,732*
Interest expenses	*(315,533)*	*(372,339)*
on deposits from other banks	(67,751)	(88,275)
on deposits from customers	(40,059)	(59,484)
on securitized liabilities	(128,938)	(153,348)
on subordinated debt capital	(45,032)	(45,026)
from derivative financial instruments	(30,786)	(26,128)
Interest expense on receivables	(2,909)	0
Other	(58)	(79)
Total interest expenses and similar charges	*(315,533)*	*(372,339)*
Net interest income	**188,059**	175,393

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

Interest income includes interest income (unwinding) of TEUR 3,626 (2014: 4,479) from impairment-adjusted loans and advances to customers and other banks.

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

€'000	2015	2014
Interest income	385,469	439,889
Interest expenses	(280,723)	(333,817)

(2) Impairment allowance balance

€'000	2015	2014
Individual impairment allowances	***(2,207)***	*(82,886)*
Addition to impairment allowances	(53,666)	(116,543)
Reversal of impairment allowances	50,202	32,239
Direct write-offs	(817)	(398)
Recoveries of loans and advances previously written off	2,074	1,816
Collective impairment allowances to the portfolio	***1,247***	*6,994*
Addition to impairment allowances	(1,118)	(1,010)
Reversal of impairment allowances	2,365	8,004
Off-balance sheet obligations	***2,893***	*(8,227)*
Addition to impairment allowances	(2,718)	(13,182)
Reversal of impairment allowances	5,611	4,954
Total	**1,932**	(84,120)

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

(3) Net fee and commission income

€'000	2015	2014
Fee and commission income	***94,540***	*94,979*
Payment services	33,770	35,031
Loan processing and guarantee operations	11,175	11,030
Securities operations	26,977	26,510
Foreign exchange, notes-and-coin and precious-metals business	5,172	5,102
Other banking services	17,446	17,308
Fee and commission expenses	***(28,381)***	*(28,431)*
Fiduciary activities	(6,254)	(4,052)
Payment services	(14,731)	(15,814)
Loan processing and guarantee operations	(1,775)	(2,444)
Securities operations	(3,969)	(4,546)
Foreign exchange, notes-and-coin and precious-metals business	(1,088)	(1,102)
Other banking services	(563)	(473)
Net fee and commission income	**66,159**	66,548

(4) Net trading income

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

€'000	2015	2014
Interest rate contracts	*(10,136)*	*(1,514)*
Of which from securities	78	6,694
Of which from derivative contracts	(10,213)	(8,208)
Currency contracts	*7,263*	*2,825*
Equity and index contracts	*191*	*907*
Of which from securities	187	882
Of which from derivative contracts	5	25
Other contracts	*1,679*	*1,712*
Total	**(1,002)**	3,930

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

€'000	2015	2014*
Group interest in annual profits or losses*	99,989	(144,210)
Revaluation gains and losses*	(99,300)	(40,775)
Total	**689**	(184,984)

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

The negative results of TEUR -99,300 from investments in entities resulted from an impairment charge of TEUR 99,300 (2014: TEUR 40,775) to RZB. The investment in RZB, which is accounted for at equity, was tested for impairment following the occurrence of several triggering events (in particular, the ongoing tense economic situation in major markets of RBI AG). In accordance with IAS 36.30, the recoverable amount was determined as the value in use based on the present value of the expected cash flows (DCF method) from the operating subsidiaries. The five-year forecasts for the operating units in the units in the RZB Group, which were used in the calculations, were based on forecasts approved by the respective management and applicable at the time of the impairment tests. The cash flows realizable from the valuation object (the operating subsidiaries) were discounted on the basis of a risk-adjusted capitalization rate. For RBI - the most important asset of RZB – an 11.0% (2014: 11.7%) cost of capital was used. The calculated value in use led to the identification of an impairment charge of TEUR 99,300 (2014: TEUR 40,775). Potential valuation uncertainties such as the development of the Russian rouble and the Ukrainian hrywnja or the development of risk-related costs (among others, in Russia and Ukraine) 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	2015	2014
Net gains/(losses) on financial instruments classified as held to maturity	***(6,411)***	*63*
Of which revaluation gains and losses	(6,411)	0
Of which gains and losses on disposal	0	63
Net gains/(losses) on financial instruments classified as available for sale and measured at fair value	***66,320***	*14,677*
Of which revaluation gains and losses	1,956	(6,600)
Of which gains and losses on disposal	64,365	21,277
Net gains/(losses) on financial instruments classified as available for sale and measured at cost	***(1,941)***	*(2,508)*
Of which revaluation gains and losses	(2,515)	(2,509)
Of which gains and losses on disposal	574	1
Net gains/(losses) on investments in entities accounted for at equity	***0***	*362*
Of which gains and losses on disposal	0	362
Net gains/(losses) from unlisted securities classified as loans and receivables	***2,013***	*706*
Of which revaluation gains and losses	2,013	0
Of which gains and losses on disposal	0	706
Net gains/(losses) on financial instruments designated at fair value through profit or loss	***(1,796)***	*6,298*
Of which revaluation gains and losses	10,570	1,845
Of which gains and losses on disposal	(12,366)	4,453
Gain/(loss) on liabilities measured at amortized cost	***(1,769)***	*(1,394)*
Of which realized gain/(loss)	(1,769)	(1,394)
Total	**56,417**	18,204

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

The revaluation gains and losses on financial instruments designated as at fair value through profit or loss represent the net amount of the positive and negative changes in value. The net gains/(losses) on financial instruments classified as available for sale include an increase in value of TEUR 4,993 (2014: TEUR 0). All other valuation results represent impairment charges.

The year-on-year increase of EUR 38.2 million in the profit from financial investments resulted primarily from a gain on sale of EUR 46.2 million from the planned reduction in the volume of securities. It also includes a gain EUR 18.3 million on the sale of the shares in Raiffeisen Bausparkasse Gesellschaft m.b.H. to RZB.

(7) General administrative expenses

€'000	2015	2014
Staff costs	***(104,889)***	*(98,936)*
Of which wages and salaries	(76,290)	(72,036)
Of which social security costs	(19,904)	(18,752)
Of which voluntary fringe benefits	(1,739)	(1,806)
Of which expenses for termination and post-employment benefits	(6,957)	(6,341)
Other administrative expenses	***(95,869)***	*(95,137)*
Of which building rental, maintenance and operating costs	(17,120)	(18,307)
Of which IT costs	(35,451)	(34,144)
Of which advertising and entertainment expenses	(10,690)	(10,836)
Of which other items	(32,607)	(31,851)
Depreciation/amortization/write-offs of property and equipment and intangible assets	***(3,939)***	*(4,421)*
Of which of property and equipment	(1,960)	(2,122)
Of which of intangible assets	(1,979)	(2,299)
Total	**(204,697)**	(198,494)

Rental and leasing expenses of TEUR 14,593 (2014: TEUR 15,423) are included under other administrative expenses.

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

2015 €'000	KPMG Austria GmbH	Österreichischer Raiffeisenverband
Audit of the annual financial statements and consolidated financial statements	228	644
Other auditing services	17	141
Other services	138	55
Total	**384**	**840**

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

(8) Other operating profit/(loss)

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

€'000	**2015**	**2014**
Effect of hedge accounting	***(3,432)***	*6,006*
Of which revaluation gains and losses on hedging instruments in fair value hedges	4,815	(20,265)
Of which revaluation gains and losses on hedged items in fair value hedges	(8,247)	26,271
Net gains/(losses) from other derivatives	***10,878***	*(46,568)*
Of which from interest rate derivatives	8,891	(46,285)
Of which from currency derivatives	1,998	126
Of which from equity and index contracts	(11)	29
Of which credit derivatives	0	(439)
Other operating income	***25,472***	*23,225*
Of which income from services and reimbursed costs	14,840	14,219
Of which other items	10,633	9,007
Other operating expenses	***(60,095)***	*(41,615)*
Of which damages and compensation for damages	(24,360)	(15,610)
Of which arising from the solidarity association (Solidaritätsverein)	(1,980)	(780)
Of which Bank levy	(25,710)	(25,428)
Of which Resolution fund	(6,616)	0
Of which other items	(1,429)	202
Total	**(27,177)**	(58,953)

(9) Profit/(loss) from financial instruments

€'000	2015	2014
Net gains/(losses) on financial instruments designated at fair value through profit or loss	***22,275***	*(26,599)*
Of which from financial instruments held for trading	19,970	(39,456)
Of which from financial instruments designated at fair value through profit or loss	2,305	12,857
Net gains/(losses) on financial instruments classified as available for sale	***141,567***	*103,733*
Of which reclassified from other comprehensive income to profit or loss for the financial year	63,341	15,723
Of which recognized to profit or loss for the financial year	78,226	88,010
Net gains/(losses) on financial instruments classified as held to maturity	***5,341***	*27,326*
Net gains/(losses) on financial instruments classified as loans and receivables	***301,208***	*251,258*
Net gains/(losses) on liabilities measured at cost	***(282,433)***	*(335,212)*
Total	**187,958**	20,506

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

(10) Income tax

€'000	2015	2014*
Current income tax	***(2,817)***	*11,389*
Of which tax contribution	(2,809)	11,392
Of which current domestic tax	(4)	(3)
Of which current foreign tax	(4)	0
Deferred taxes*	***(12,169)***	*2,497*
Total	**(14,986)**	13,886

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

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

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

€'000	2015	2014*
Profit/(loss) for the year before tax	80,380	(262,475)
Theoretical income tax expense based on the domestic tax rate of 25 per cent	(20,095)	65,619
Effect of the lower tax contribution rate**	5,054	(11,617)
Tax reduction based on tax-exempt income from equity investments and other tax-exempt income	27,018	1,989
Increase in taxes based on non-tax deductible expenses	(27,520)	(48,185)
Use of tax loss carryforwards and remeasurement of deferred tax items*	(5,097)	(2,968)
Other	5,654	9,048
Actual tax burden	**(14,986)**	13,886

* The previous year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.
** The tax contribution rates agreed defined by the group taxation agreement are lower than the Austrian corporation tax rate. This line item shows the resulting effect on the actual income tax burden.

(11) Segment reporting

Segment reporting is based on internal management performance calculations in the form of a multi-level contribution margin income statement. Income and expenses are allocated on the basis of origin. Income includes net interest income, net fee and commission income, net trading income and other operating profit/(loss). Net interest income is calculated on a market interest rate basis.

The interest income from equity is determined on the basis of a theoretical interest rate, allocated to the segments in accordance with regulatory capital requirements and presented under net interest income. The impairment allowances in the credit business include the net new creation of impairment allowances for credit risks and direct write-offs as well as the income from loans and advances previously written off. General administrative expenses include direct and indirect costs. Direct costs (staff costs and other administrative expenses) are the responsibility of the individual business segments, while indirect costs are assigned according to predefined allocation keys.

The segments are presented as independent companies with a separate capital base and profit responsibility.

The basis for the definition of the individual segments is their responsibility for servicing the various customer groups of RLB NÖ-Wien.

The following segments were defined for reporting purposes:

- The Sales Support Segment for Raiffeisen Banking Lower Austria/Personal and Business Banking Customers Vienna covers the Group's retail operations in Vienna.

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

The offering for personal and business banking customers consists primarily of standardized products like passbook accounts, savings deposits, time deposits, current and salary accounts, personal loans, overdrafts, mortgages and other special purpose loans.

- The Corporate Clients Segment covers business with corporate customers in the Centrope region, the public sector, institutional clients and international operations.

This segment provides traditional credit services for corporate customers, corporate finance (project and investment financing, acquisition financing and property financing), trade and export financing, documentation services and financing for local authorities and financial institutions.

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

International Operations and Sales Management – a head office department – is responsible for processing export loans and foreign investments (e.g. export loans from export funds and Oesterreichische Kontrollbank (OeKB) and OeKB equity loans) as well as the structuring and settlement of letters of credit, collections and guarantees for Austrian and international clients. In addition, this department handles relations with correspondent banks (financial institutions) and international corporate customers.

The activities of the Corporate Finance Department cover project and investment financing (specially tailored financing for specific business projects) in the Group's core market and a full range of subsidized credit products. Transactions are also carried out jointly with the European Investment Bank (EIB) and Kreditanstalt für Wiederaufbau (KfW).

- The Financial Markets and Organization Segment is responsible for the Group's treasury activities, above all earnings from the management of the banking book (profit from maturity transformation) and trading book as well as the results of liquidity management.

The Treasury Department manages the Group's positions in on-balance sheet (e.g. money market deposits) and off-balance sheet interest rate- and currency-based products (forwards, futures and options). Included here are interest rate and foreign currency contracts, liquidity management and asset liability management (maturity transformation). This department is also responsible for managing the RLB NÖ-Wien portfolios of bonds, funds and short-term and long-term alternative investments (combinations of securities products and derivatives).

Financial instrument trading is organized centrally and subject to strictly controlled limits. All proprietary trading is reported in this segment, while profit contributions from treasury transactions for customers are allocated to the other segments. The portion of the earnings contribution that exceeds the market price is allocated to the customer segments.

- The Investments Segment includes the banking-related equity investments, in particular the investment in RZB.

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

- As shown on the organizational chart, the Other Segment includes the directorate general and risk management/finance.

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

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

Return on equity represents the ratio of profit before tax to the average capital employed and shows the return on the capital used by the respective segment.

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

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

2015 €'000	**Sales Support Raiffeisen Banks Lower Austria/ Personal and Business Banking Customers Vienna***	**Corporate Customers**	**Financial Markets**	**Investments**	**Other****	**Total**
Net interest income	69,085	123,178	39,375	(44,643)	1,064	188,059
Impairment allowance balance	(7,955)	10,541	(654)	0	0	1,932
Net interest income after impairment charges	61,130	133,719	38,721	(44,643)	1,064	189,991
Net fee and commission income	43,821	18,888	(7,189)	0	10,639	66,159
Net trading income	1,645	(10,490)	6,030	0	1,813	(1,002)
Profit/(loss) from investments in entities accounted at equity	0	0	0	689	0	689
Profit/(loss) from financial investments	(471)	773	34,250	17,089	4,776	56,417
General administrative expenses	(86,320)	(40,630)	(13,138)	(2,670)	(61,939)	(204,697)
Of which staff costs	(51,263)	(25,539)	(6,123)	(935)	(21,030)	(104,889)
Of which other administrative expenses	(33,138)	(14,725)	(5,941)	(1,694)	(40,371)	(95,869)
Of which amortization	(1,920)	(366)	(1,074)	(41)	(538)	(3,939)
Other operating profit/(loss)	275	(24,976)	(15,035)	55	12,504	(27,177)
Profit/(loss) for the year before tax	**20,080**	**77,285**	**43,639**	**(29,480)**	**(31,144)**	**80,380**
Average risk-weighted assets, €m	1,716	7,526	507	1,843	186	11,778
Average allocated equity, €m	170	747	50	183	625	1,775
Return on equity before tax (%)	11.8%	10.3%	87.3%	(16.1)%	(5.0)%	4.5%
Cost:income ratio	75.2%	38.1%	56.7%	(6.1)%	> 100 %	90.3%

* The name of the Retail Banking Segment was changed to the Sales Support Segment Raiffeisen Banks Lower Austria/Personal and Business Banking Customers Vienna in 2015.
** The name of the Management Service Segment was changed to the Other Segment in 2015.

In the Corporate Clients Segment, other operating profit/(loss) includes the damage events which were reflected in the recognition of provisions in the Other Segment during earlier years and which were allocated to this segment as a special effect in 2015 following the termination of legal proceedings.

The Investments Segment includes impairment charges to the profit/(loss) from investments in entities accounted for using the equity method. Additional information is provided in note (5) Profit/(loss) from investments in entities accounted for using the equity method.

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

* The name of the Retail Banking Segment was changed to the Sales Support Segment Raiffeisen Banks Lower Austria/Personal and Business Banking Customers Vienna in 2015.
** The name of the Management Service Segment was changed to the Other Segment in 2015.

Details on the Consolidated Balance Sheet

(12) Cash and balances with central banks

€'000	2015	2014
Cash and balances with central banks	536,671	60,682
Total	**536,671**	60,682

(13) Loans and advances to other banks

€'000	2015	2014
Demand deposits	2,553,190	647,770
Time deposits	2,991,958	5,341,518
Other loans and advances	1,895,743	1,899,009
Debt instruments	107,567	5,480
Other	34,956	43,567
Total	**7,583,415**	7,937,345

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

€'000	2015	2014
Austria	7,044,478	7,175,031
Foreign countries	538,937	762,314
Total	**7,583,415**	7,937,345

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

(14) Loans and advances to customers

Loans and advances to customers are classified as follows:

€'000	2015	2014
Current accounts	1,224,945	1,387,061
Cash advances	1,280,357	1,479,498
Loans	9,292,210	9,464,816
Debt instruments	76,815	82,416
Other	73,726	3,776
Total	**11,948,052**	12,417,567

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

€'000	2015	2014
Public sector exposures	1,820,398	2,023,468
Retail exposures	1,771,211	1,701,528
Corporate customers	8,356,440	8,692,570
Other	3	0
Total	**11,948,052**	12,417,567

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

€'000	2015	2014
Austria	10,617,784	10,964,125
Foreign countries	1,330,267	1,453,441
Total	**11,948,052**	12,417,567

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

(15) Impairment allowance balance

2015 in TEUR	At 1 January	Added	Reversed	Used	At 31 December
Individual impairment allowances	***317,812***	***53,666***	***(50,202)***	***(37,015)***	***284,261***
Loans and advances to other banks	770	1,139	(670)	0	1,239
Thereof domestic	670	1,139	(670)	0	1,139
Of which in foreign countries	100	0	0	0	100
Loans and advances to customers	317,042	52,527	(49,532)	(37,015)	283,022
Of which in Austria	273,546	42,746	(49,458)	(36,438)	230,396
Of which in foreign countries	43,496	9,781	(74)	(577)	52,626
Collective impairment allowances to the portfolio	***18,949***	***1,118***	***(2,365)***	***0***	***17,702***
Loans and advances to other banks	1,034	66	0	0	1,100
Loans and advances to customers	17,915	1,052	(2,365)	0	16,602
Impairment allowance balance (loans and advances)*	***336,761***	***54,784***	***(52,567)***	***(37,015)***	***301,963***
Risks arising from off-balance-sheet liabilities**	***31,003***	***2,718***	***(5,611)***	***(5,881)***	***22,229***
Total	**367,764**	**57,502**	**(58,178)**	**(42,896)**	**324,192**

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

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

* The decline in the portfolio impairment charges resulted from a change in the balance sheet presentation of the impairment charges to off-balance sheet positions, which are now reported under provisions.
** Risks arising from the credit business are reported under the impairment allowance balance.
*** Risks arising from off-balance sheet obligations are reported under provisions.

(16) Trading assets

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

€'000	2015	2014
Bonds and other fixed-interest securities	***199,853***	*168,534*
Of which public-sector debt instruments eligible for rediscounting	0	11,743
Of which bonds and other securities from other issuers	199,853	156,791
Positive fair values of derivative contracts	***528,427***	*406,419*
Of which interest rate derivatives	500,671	376,502
Of which currency derivatives	27,742	29,917
Of which equity and index derivatives	14	0
Accruals arising from derivatives	***48,809***	*33,809*
Of which interest rate derivatives	48,809	33,809
Total	**777,090**	608,763

(17) Securities and equity investments

€'000	2015	2014
Bonds and other fixed-interest securities	***4,317,610***	*5,166,792*
Classified as held to maturity	347,779	645,698
Of which public-sector debt instruments eligible for rediscounting	182,080	207,416
Of which other debt instruments issued by the public sector	0	5,768
Of which bonds and other securities from other issuers	165,700	432,513
Designated as at fair value through profit or loss	526,733	819,241
Of which public-sector debt instruments eligible for rediscounting	45,457	51,706
Of which other debt instruments issued by the public sector	7,895	7,716
Of which bonds and other securities from other issuers	473,382	759,818
Classified as available for sale, measured at fair value	3,443,098	3,701,854
Of which public-sector debt instruments eligible for rediscounting	2,119,370	2,767,241
Of which other debt instruments issued by the public sector	288,746	0
Of which bonds and other securities from other issuers	1,034,981	934,614
Shares and other variable-yield securities	***40,713***	*68,029*
Designated as at fair value through profit or loss	12,425	28,738
Of which shares	0	1,126
Of which units in investment funds	9,201	19,336
Of which other variable-yield securities	3,225	8,275
Classified as available for sale, measured at fair value	28,288	39,292
Of which shares	2,215	2,215
Of which other variable-yield securities	26,073	37,077
Equity investments	***25,868***	*66,379*
Classified as available for sale, measured at fair value	0	43,324
Of which other equity investments	0	43,324
Classified as available for sale, measured at cost	25,868	23,055
Of which equity investments in unconsolidated subsidiaries*	13,786	10,484
Of which equity investments in associates not accounted for at equity	4,365	3,991
Of which other equity investments	7,717	8,579
Total	**4,384,192**	5,301,201

* This position includes participation capital of TEUR 277 (2014: TEUR 277) in Raiffeisen-Holding NÖ-Wien.

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

€'000	2015	2014
Designated as at fair value through profit or loss	***539,159***	***847,978***
Bonds and other fixed-interest securities	526,733	819,241
Shares and other variable-yield securities	12,425	28,738
Classified as available for sale	***3,497,254***	***3,807,525***
Measured at fair value	3,471,386	3,784,470
Bonds and other fixed-interest securities	3,443,098	3,701,854
Shares and other variable-yield securities	28,288	39,292
Equity investments	0	43,324
Measured at cost	25,868	23,055
Equity investments	25,868	23,055
Classified as held to maturity	***347,779***	***645,698***
Bonds and other fixed-interest securities	347,779	645,698
Total	**4,384,192**	5,301,201

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

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

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

In 2015 bonds with a total nominal volume of EUR 909.1 million were sold to improve the capital ratios as part of a package of measures implemented to meet the expected regulatory capital requirements.

These measures involved bonds purchased by the Corporate Clients Segment with the intention to hold them to maturity as well as positions held by the Financial Markets Segment which were originally purchased with different retention plans. Included here are securities classified as held for trading, available for sale, carried at fair value and held to maturity.

The positions originally purchased as held-to-maturity investments were reclassified as available for sale at a carrying amount of TEUR 191,893. This represents the carrying amount as of the reclassification date based on the measurement principles for the held to maturity category and reflects the exemption provided by IAS 39.AG22(e).

As of 31 December 2015 the carrying amount of the securities reclassified from the trading portfolio in 2008 and 2011 equalled TEUR 21,525 (2014: TEUR 34,348) and the fair value equalled TEUR 21,525 (2014: TEUR 34,444). If these securities had not been reclassified due to the change in retention plans, TEUR –327 (2014: TEUR 136) of unrealized revaluation results would have been recorded under net trading income in 2015. After the reclassification date, interest income of TEUR 2,479 (2014: 797) and proceeds on sale of TEUR 172 (2014: TEUR 74) were recognized. Similar to the previous year, no impairment charges were recognized to the reclassified securities in 2015.

(18) Intangible assets

€'000	**2015**	**2014**
Acquisition costs		
At 1 January	***51,333***	*50,856*
Additions	166	724
Disposals*	(317)	(246)
At 31 December	***51,182***	*51,333*
Depreciation		
At 1 January	***(45,550)***	*(43,418)*
Disposals	104	167
Depreciation during the financial year	(1,979)	(2,299)
At 31 December	***(47,425)***	*(45,550)*
Carrying amounts		
At 1 January	***5,783***	*7,438*
At 31 December	***3,757***	*5,783*

* This amount includes subsequent changes to purchase or production cost.

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

(19) Property and equipment

€'000	Land and buildings used by the Group for its own purposes	Other property and equipment
Acquisition costs		
At 1 January 2015	***2,393***	***29,462***
Additions	2,331	1,353
Disposals*	(38)	(2,243)
At 31 December 2015	***4,685***	***28,572***
Depreciation		
At 1 January 2015	***(1,882)***	***(21,669)***
Disposals	38	2,161
Depreciation during the financial year	(105)	(1,855)
At 31 December 2015	***(1,948)***	***(21,363)***
Carrying amounts		
At 1 January 2015	***510***	***7,793***
At 31 December 2015	***2,736***	***7,210***

* This amount includes subsequent changes to purchase or production cost.

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

* This amount includes subsequent changes to purchase or production cost.

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

Obligations arising from the use of property and equipment not reported on the balance sheet total TEUR 14,817 (2014: TEUR 15,182) for the next financial year and TEUR 71,977 (2014: TEUR 75,010) for the next five financial years.

(20) Other assets

€'000	2015	2014
Tax receivables	*1*	*0*
Of which current tax receivables	1	0
Positive fair values of derivative hedging instruments in fair value hedges	*373,966*	*510,386*
Of which interest rate derivatives	373,492	508,054
Of which equity and index derivatives	474	2,331
Positive fair values of derivative financial instruments designated as at fair value through profit or loss	*6,982*	*9,329*
Of which interest rate derivatives	6,982	9,326
Of which equity and index derivatives	0	2
Positive fair values of other derivative financial instruments	*341,580*	*754,102*
Of which interest rate derivatives	333,498	738,897
Of which currency derivatives*	8,063	15,175
Of which equity and index derivatives	19	29
Interest accruals arising from derivative financial instruments	*143,801*	*192,974*
Of which interest rate derivatives*	143,102	192,116
Of which currency derivatives	689	710
Of which equity and index derivatives	10	148
Miscellaneous other assets	*96,303*	*167,392*
Total	**962,632**	1,634,182

* The prior year values were adjusted to reflect a change in the technical procedure used to determine the dirty price (clean price and accrued interest) starting in 2015.

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

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

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

Deferred tax assets

Deferred taxes are classified as follows:

€'000	**2015**	**2014**
Deferred tax assets	0	0
Provisions for deferred taxes	0	0
Net deferred tax assets	**0**	0

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

€'000	**2015**	**2014***
Impairment allowance balance	4,425	4,737
Trading assets**	19,387	8,068
Deposits from other banks	17,175	23,080
Deposits from customers	21,597	29,403
Securitized liabilities	12,353	41,403
Other liabilities	196,044	341,597
Provisions	11,941	14,432
Tier 2 capital**	15,296	20,008
Deferred tax assets	***298,218***	*482,728*
Loans and advances to other banks	6,778	7,867
Securities and equity investments**	82,823	131,450
Other assets*	174,216	310,205
Other balance sheet items	16,504	19,508
Deferred tax liabilities	***280,321***	*469,030*
Impairment of deferred tax assets*	***17,897***	*13,698*
Net deferred tax assets	**0**	0

* The prior year was adjusted in accordance with IAS 8. Detailed information is provided under "Restatement" in the notes.
** Temporary differences were presented in greater detail in 2015. The prior year data were adjusted accordingly.

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

Deferred taxes of approx. TEUR 57,845 (2014: TEUR 58,065) were not recognized in the consolidated financial statements for unused tax loss carryforwards and deductible temporary differences because their realization does not appear possible within a reasonable period. In addition, deferred taxes were not recognised on temporary differences of EUR 759 million (2014: TEUR 805) in accordance with IAS 12.39.

(21) Deposits from other banks

These deposits are classified as follows:

€'000	2015	2014
Demand deposits	3,096,451	3,254,188
Time deposits	5,862,536	6,967,567
Borrowed funds	494,323	612,562
Total	**9,453,310**	10,834,318

€'000	2015	2014
Austria	8,515,485	10,060,097
Foreign countries	937,825	774,220
Total	**9,453,310**	10,834,318

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

(22) Deposits from customers

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

€'000	2015	2014
Sight deposits	5,021,490	4,613,295
Time deposits	974,916	1,025,704
Savings deposits	1,625,318	1,838,733
Total	**7,621,724**	7,477,732

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

€'000	2015	2014
Public sector exposures	555,842	580,663
Retail exposures	3,772,155	4,079,610
Corporate customers	2,465,497	2,119,978
Other	828,230	697,480
Total	**7,621,724**	7,477,732

The regional classification of these deposits is shown below:

€'000	2015	2014
Austria	6,521,071	6,294,704
Foreign countries	1,100,653	1,183,027
Total	**7,621,724**	7,477,732

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

(23) Securitized liabilities

€'000	2015	2014
Measured at amortized cost	***6,220,900***	*6,091,560*
Issued bonds	5,057,608	4,869,371
Other securitized liabilities	1,163,292	1,222,189
Designated as at fair value through profit or loss	***13,502***	*109,073*
Issued bonds	13,502	109,073
Total	**6,234,402**	6,200,633

The securitized liabilities designated as at fair value through profit or loss are measured in the same way as the interest rate-based derivative financial instruments, i.e. based on the fair value option, to avoid an accounting mismatch. Of the changes in the fair value of these liabilities during 2015, TEUR – 18 (2014: TEUR 1,278) are attributable to changes in the default risk. The comparable cumulative amount is TEUR – 1,180 (2014: TEUR – 6,916). The carrying amount of these liabilities is TEUR 260 (2014: TEUR 1,743) higher than the contractually agreed repayment amount. With the exception of the liabilities hedged against interest rate risk in a fair value hedge, the other securitized liabilities are carried at amortized cost. Also included here are securities that are listed on the Vienna Stock Exchange.

(24) Trading liabilities

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

€'000	2015	2014
Negative fair values of derivative contracts	*530,910*	*394,461*
Of which interest rate derivatives	504,273	365,878
Of which currency derivatives	26,637	28,583
Accruals arising from derivatives	*47,693*	*34,004*
Of which interest rate derivatives	47,693	34,004
Total	**578,604**	**428,466**

(25) Other liabilities

€'000	2015	2014
Tax liabilities	*13,154*	*10,175*
Of which current tax liabilities	13,154	10,175
Negative fair values of derivative hedging instruments in fair value hedges	*420,863*	*562,098*
Of which interest rate derivatives	420,863	562,098
Negative fair values of derivative financial instruments designated as at fair value through profit or loss	*27,834*	*44,532*
Of which interest rate derivatives	27,834	44,532
Negative fair values of other derivative financial instruments	*369,305*	*831,821*
Of which interest rate derivatives	368,268	815,888
Of which currency derivatives*	1,037	15,933
Interest accruals arising from derivative financial instruments	*87,462*	*125,886*
Of which interest rate derivatives*	87,162	125,467
Of which currency derivatives	299	398
Of which equity and index derivatives	0	22
Of which classified as held for sale, liabilities allocated to disposal groups	*6,396*	*0*
Miscellaneous other liabilities	*92,982*	*75,609*
Total	**1,017,996**	**1,650,121**

* The prior year values were adjusted to reflect a change in the technical procedure used to determine the dirty price (clean price and accrued interest) starting in 2015.

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

The liabilities classified as available for sale which are allocated to disposal groups represent provisions related to the shared services project. In connection with this project, a provision was recognized for the planned outsourcing of roughly 80 employees in the first quarter of 2016. This provision covers advance payments to employees as well as settlement payments to the accepting associated company. The goal of the shared services project is to optimize back office processes by centralizing standard settlement activities.

(26) Provisions

€'000	2015	2014
Termination benefits	29,305	32,222
Post-employment benefits	37,182	39,615
Jubilee benefits and part-time work by older staff	6,519	6,596
Other	57,517	68,693
Total	**130,523**	**147,126**

Employee-related provisions

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

2015	Discount rate in the entitlement phase	Discount rate in the benefit phase	Salary increase for active employees	Future pension increases	Turnover discounts
Beneficiary with STATUT, resp. KV6 commitment	1.9%	4.0%	3.0% - 4.5%*	0.0%	0.0%
Other beneficiaries	1.9%	1.9%	3.0% - 4.5%*	2.5%	0.0%

2014	Discount rate in the entitlement phase	Discount rate in the benefit phase	Salary increase for active employees	Future pension increases	Turnover discounts
Beneficiary with STATUT, resp. KV6 commitment	1.8%	4.0%	3.0% - 4.5%*	0.0%	0.0%
Other beneficiaries	1.8%	1.8%	3.0% - 4.5%*	2.5%	0.0%

* Detailed information on the salary increases for active employees: employees paid outside the scope of collective agreements: 3.0% (2014: 3.0%); employees paid within the scope of collective agreements: 4.0% (2014: 4.0%); employees paid under a transition collective agreement: 4.5% (2014: 4.5%); Managing Board: individual.

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

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

The development of the termination benefit obligations is as follows:

€'000	**2015**	**2014**
Present value of the defined benefit obligations at 1 January	32,222	27,752
Service cost	1,448	1,306
Interest cost	401	731
Termination benefit payments	(921)	(853)
Transfer to Group	(2,798)	0
Actuarial (gain)/loss for the financial year	(1,047)	3,286
Due to experience-based adjustments	(661)	(914)
Due to change in demographic assumptions	27	(32)
Due to change in financial assumptions	(413)	4,232
Present value of defined benefit obligations at 31.12.	**29,305**	32,222

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

€'000	**2015**	**2014**
Present value of the defined benefit obligations at 1 January	74,109	63,686
Service cost	1,444	1,126
Interest cost	1,306	2,021
Transferred to defined contribution plan	(998)	(675)
Payments to beneficiaries	(2,738)	(2,987)
Actuarial (gain)/loss for the financial year	(2,088)	10,939
Due to experience-based adjustments	(1,390)	(610)
Due to change in financial assumptions	(699)	11,549
Present value of the defined benefit obligations at 31 December	**71,034**	74,109

The following table shows the development of plan assets:

€'000	**2015**	**2014**
Fair value of the plan assets at 1 January	34,493	33,223
Expected return on the plan assets	617	1,083
Transferred to defined contribution plan	(1,167)	(693)
Contributions to plan assets	1,262	1,341
Taxes and costs for employer contributions	(73)	(57)
Retirement benefits paid from plan assets	(990)	(997)
Actuarial gain/(loss) for the financial year	(290)	593
Due to experience-based adjustments	(290)	593
Fair value of the plan assets at 31 December	**33,852**	34,493

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

€'000	**2015**	**2014**
Present value of the defined benefit obligations at 31 December	71,034	74,109
Fair value of the plan assets at 31 December	33,852	34,493
Net obligation (as per balance sheet on 31.12.)	**37,182**	39,615

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

€'000	**2015**	**2014**
Present value of the defined post-employment benefit obligations at 31 December	***71,034***	*74,109*
Of which obligations to active eligible employees	23,513	23,855
Of which obligations to former eligible employees	2,506	2,073
Of which obligations to retirees	45,015	48,181

The structure of the plan assets is as follows:

in %	2015	2014
Bonds and other fixed-interest securities	49.73	48.67
Shares and other variable-yield securities	23.34	30.34
Property	3.90	3.07
Other	23.03	17.93
Total	**100.00**	100.00

€'000	Active market		No active market	
	2015	2014	2015	2014
Bonds and other fixed-interest securities	17,637	16,787	1,127	0
Shares and other variable-yield securities	9,238	10,464	17	0
Property	0	0	1,236	1,059
Other	0	5,890	4,597	293
Total	**26,875**	33,141	**6,977**	1,352

In 2015 the plan assets included TEUR 279 of financial instruments issued by RLB NÖ-Wien (2014: TEUR 325).

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

31 December 2015	Change in the parameter	Effect on DBO in %	Change in the parameter	Effect on DBO in %
Provisions for post-employment benefits				
Discount rate	0.75%	(10.57)	(0.75)%	12.66
Retirement age	1 year	(0.72)	1 year	0.73
Assumption for increase in the entitlement phase	0.25%	0.80	(0.25)%	(0.78)
Assumption for increase in current benefits	0.25%	3.13	(0.25)%	(3.00)
Remaining life expectancy	1 year	3.99	(1) year	(4.16)
Provisions for termination benefits				
Discount rate	0.75%	(6.61)	(0.75)%	7.38
Retirement age	1 year	(0.15)	1 year	0.64
Increase in assessment base	0.25%	2.31	(0.25)%	(2.24)
Turnover	1.00%	(4.59)	(1.00)%	1.59

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

The weighted remaining term of the obligations is as follows:

in years	2015	2014
Post-employment benefits	13.2	16.5
Termination benefits	9.3	10.1

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

€'000	2015	2014
Present value of the defined benefit obligations at 1 January	6,596	5,427
Obligations transferred without recognition through profit or loss	(14)	4
Service cost	974	710
Interest cost	81	143
Payments	(660)	(592)
Actuarial (gain)/loss for the financial year	(457)	904
Present value of the defined benefit obligations at 31 December	**6,519**	6,596

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

€'000	2016
Post-employment benefits	176

The expenses for defined contribution plans are classified as follows:

€'000	2015	2014
Expenditure on defined contribution plans	***1,690***	*1,640*
Of which on defined contribution plans (pension fund)	1,086	1,051
Of which on staff benefit fund ("Mitarbeitervorsorgekasse")	603	589

(27) Other provisions

The other provisions changed as follows:

€'000	2015	2014
At 1 January	68,693	91,265
Added	15,509	31,887
Released	(12,152)	(9,638)
Used	(10,903)	(44,821)
Reclassification to held for sale, liabilities allocated to disposal groups	(3,630)	0
At 31 December	**57,517**	68,693

The other provisions represent provisions for guarantees and credit commitments of TEUR 22.229 (2014: TEUR 24,734), provisions for restructuring costs of TEUR 658 (2014: TEUR 2,297) and provisions for damages and uncertain obligations arising from compensation for damages of TEUR 23,042 (2014: TEUR 27,174), which could result from customer complaints or from pending legal proceedings.

(28) Tier 2 capital

€'000	2015	2014
Measured at amortized cost	*906,823*	*927,645*
Designated as at fair value through profit or loss	*48,727*	*48,711*
Total	**955,551**	976,356

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

This applies to Tier 2 capital that is measured in the same way as interest rate-based derivative financial instruments, i.e. using the fair value option. Of the total changes in the fair value of these liabilities, TEUR – 146 are related to changes in the default risk during 2015 (2014: TEUR 1,542). The comparable cumulative amount is TEUR 1,119 (2014: TEUR 4,034). The carrying amount of these liabilities is TEUR 6,588 (2014: TEUR 6,872) lower than the contractually agreed repayment amount. With the exception of the liabilities hedged against interest rate risks in a fair value hedge, the other liabilities accounted for under this position are measured at amortized cost.

Tier 2 capital comprises 30 bonds (of which 25 Tier 2 capital bonds as defined in Part 2 Section I Chapter 4 of the CRR) and seven promissory note loans that were issued in euros. The terms of the bonds range from eight to 20 years, and the terms of the promissory note loans from 10 to 20 years.

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

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

(29) Equity

€'000	2015	2014
Attributable to equity holders of the parent	***1,750,517***	***1,799,002***
Subscribed capital	214,520	214,520
Participation capital	76,500	76,500
Capital reserves	432,688	432,688
Retained earnings	961,414	1,348,243
Net profit for the year	65,394	(272,949)
Non-controlling interests	***0***	***0***
Total	**1,750,517**	**1,799,002**

A resolution passed by the Annual General Meeting on 3 May 2013 authorized the Managing Board, with the consent of the Supervisory Board, to increase share capital by up to TEUR 25,000 by 3 May 2018 through the issue of up to 250,000 new registered shares. In 2008, RLB NÖ-Wien issued 765,000 registered participation certificates pursuant to § 23 (3) no. 8. in connection with (4) and (5) of the Austrian Banking Act (in the version published in Federal Gazette BGBL I 2013/184). One participation certificate represents a nominal value of EUR 100.00. The participation capital was issued for the duration of the company and based on the waiver of ordinary and extraordinary cancellation rights. The distributions from the participation capital are profit-based. The terms of the participation capital meet the current CRR requirements for common equity Tier 1 instruments (Art. 28 in connection with Art. 29 CRR). Therefore, the participation capital represents a component of common equity Tier 1 capital. The resolution passed by the Annual General Meeting on 7 May 2010, which authorized the Managing Board to issue participation capital in accordance with § 23 (4) of the Austrian Banking Act (in the version published in Federal Gazette BGBL I 2013/184) within five years up to a total nominal amount of EUR 300 million, expired on 7 May 2015. The Annual General Meeting on 8 May 2015 authorized the Managing Board, contingent upon the approval of the Supervisory Board, to issue special dividend rights as defined in § 174 (3) of the Austrian Stock Corporation Act through the issue of CET1 instruments in accordance with Art. 28 CRR. This authorization is valid for five years beginning on the date the resolution was passed and covers a total volume of up to EUR 30 million in one or more tranches.

The Managing Board will make a recommendation to the Annual General Meeting, calling for the distribution of a dividend of EUR 22.75 per share from the net profit recorded by RLB NÖ-Wien for the 2015 financial year – for a total distribution of TEUR 48,803. In addition, the Managing Board will recommend that the Annual General Meeting approve the distribution of EUR 1.56 per participation certificate from the net profit recorded by RLB NÖ-Wien for the 2015 financial year – for a total distribution of TEUR 1,193.

The capital management of the RLB NÖ-Wien Group represents an important part of medium-term planning, which is regularly reviewed and updated. Its goal is to ensure compliance with all legal and regulatory requirements at all times in accordance with the development of business and the protection of an appropriate buffer. The definition of capital is based on the applicable regulatory requirements. In accordance with § 39a of the Austrian Banking Act, the legal due diligence obligations of financial institutions include maintaining a capital base that guarantees protection for all major banking transactions and banking risks (also see the comments on overall bank management – risk capacity in note (30) Risks arising from financial instruments (Risk Report)). The capital indicators of RBG NÖ-Wien were optimized by the IPS (Institutional Protection Scheme) in the sense of Art. 49 (3) and 113 (79) of the CRR. The legal minimum requirements for capital defined by the Austrian Banking Act were met by Raiffeisen-Holding NÖ-Wien at all times during the 2015 financial year at both the bank level and the credit institution group level of Raiffeisen-Holding NÖ-Wien.

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

Notes on Financial Instruments

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

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

Risk policy

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

Risk management at RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien is based on the Group's perspective and is guaranteed by joining the risk management lines in both institutions together to create a single integrated Group risk management framework.

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

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

This risk policy includes, among others, the following elements:

- Risk management, risk strategy and risk appetite principles
- Limits for all relevant risks
- Risk monitoring procedures.

Disclosure

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

Risk management

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

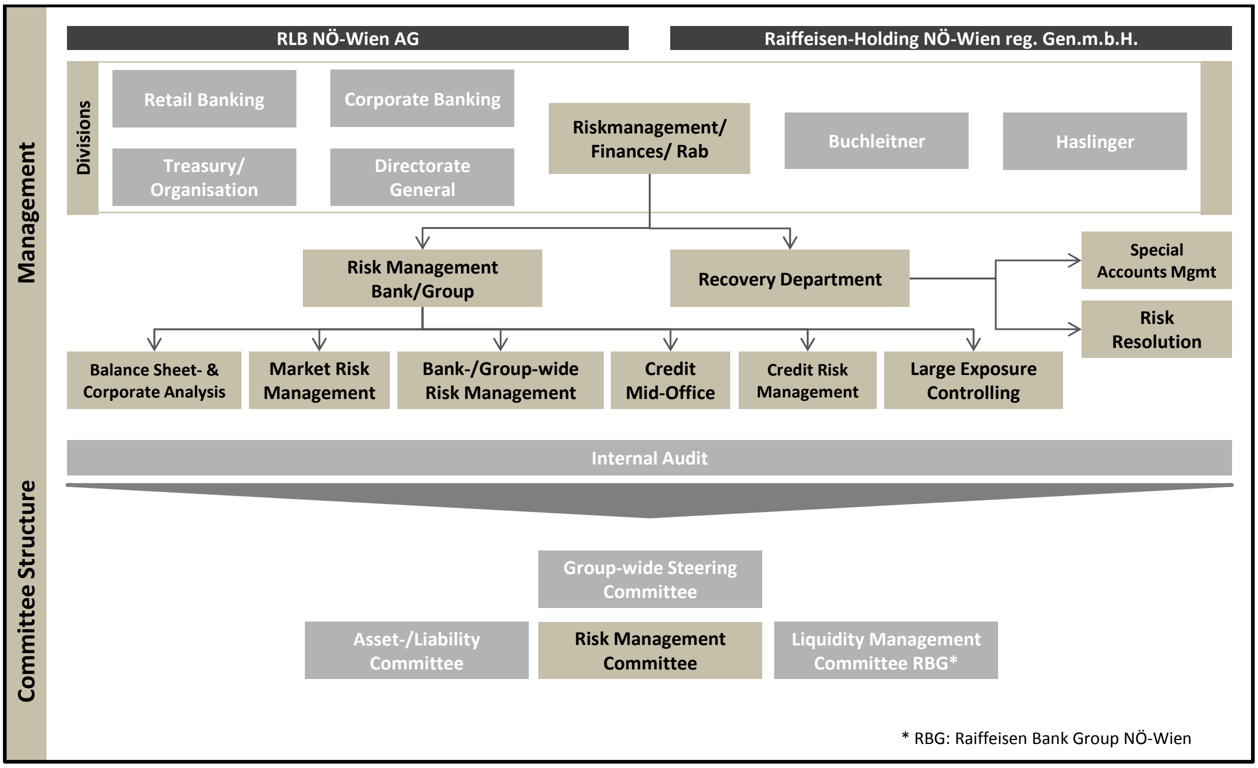
The goal of the Overall Bank Management Committee of the Raiffeisen-Holding financial institution group is to ensure the optimal management of the Group as well as RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien as individual institutions and RBG NÖ-Wien (with respect to liquidity). This goal is met through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

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

In accordance with the legal requirements of the Austrian Banking Act and CRR regulations as well as the Credit Institution Risk Management Directive issued by the Austrian Financial Market Authority ("Kreditinstitut-Risikomanagement Verordnung", KI-RMV), the financial institution group - and therefore also both institutions - have set a goal to safeguard the bank's profitability and security in the interest of its customers and owners through the use of efficient risk management and controlling methods.

Risk management in the Raiffeisen-Holding NÖ-Wien Group relies on the regular analysis of risk capacity as the basis for integrated management (in the sense of linking the management of earnings and risk in all business segments). All relevant risks are strategically optimized and quantified in line with capital and the use of appropriate limit systems. The financial institution group has oriented its organization and processes on the requirements of the Internal Capital Adequacy Assessment Process (ICAAP). RLB NÖ-Wien calculates its regulatory capital requirements based on the standard approach defined by Art. 111 CRR.

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



The Risk Management Overall Bank/Group Department and its supporting units (see the above graph) are integrated in the Risk Management/Finance Segment and report directly to the responsible member of the Managing Board. This structure ensures that the Risk Management Overall Bank/Group Department remains independent of the front office units.

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

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

The ICAAP Manual (Internal Capital Adequacy Assessment Process) of the Raiffeisen-Holding NÖ-Wien Group defines and describes the duties, organizational units, committees, reports, procedures and methods used for the identification, recording, quantification, monitoring and limitation of the relevant risks in the risk management process. This information is updated annually by the Overall Bank Risk/Overall Group Risk Department and approved by the Managing Board of RLB NÖ-Wien and the management of Raiffeisen-Holding NÖ-Wien. All risks to which the credit institution group is exposed are analyzed and assessed for their relevance as part of a risk assessment-process and transferred to a Group-wide risk map. The resulting risk map is part of the ICAAP Manual. This procedure guarantees a coordinated process for identifying, measuring, limiting, reporting and documenting risks and creates a uniform understanding of the risk situation in the Raiffeisen-Holding NÖ-Wien Group.

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

Management of overall bank risk – risk capacity

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

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

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

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

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

The central activities of overall risk management not only include risk capacity analyses, but also scenario analyses and capital planning and allocation. RLB NÖ-Wien also carries out the following analyses:

- Integrated overall bank stress test
- Credit risk stress test
- Market risk stress test and
- Reverse stress test.

The Austrian Act on the Reorganization and Resolution of Banks ("Bundesgesetz über die Sanierung und Abwicklung von Banken", BaSAG) requires financial institutions to prepare and regularly update a recovery plan. The Raiffeisen-Holding NÖ-Wien Group met this requirement by preparing a recovery plan in 2014 and substantially expanding it in 2015. The plan covers the Raiffeisen-Holding NÖ-Wien Group in total as well as RLB NÖ-Wien as the most important sub-institution.

In agreement with the EBA Guideline (EBA GL) 2014-06 on the range of scenarios to be used in recovery plans, the preparation of this plan also involved a macroeconomic stress test that covered the entire bank. This stress test evaluated the effectiveness and feasibility of the various restructuring options and the appropriateness of the early warning and recovery indicator sets. The Raiffeisen-Holding NÖ-Wien Group selected a set of six stress scenarios which cover two speeds and three forms (fast/slow and idiosyncratic/systemic/combined).

The early warning and recovery indicators included in the recovery plan are designed to identify a potential crisis at an early point in time and allow for the implementation of appropriate measures (see EBA GL 2015-02 Guidelines on the minimum list of qualitative and quantitative recovery plan indicators). The recovery plan developed by the financial institution group includes an extensive set of measures which would take effect to restore financial stability.

The monitoring of the early warning and recovery indicators is based on risk capacity analysis reports to the Group-wide Risk Committee.

Similar to the previous year, the Raiffeisen-Holding NÖ-Wien Group was also covered by the ECB's Supervisory Review and Evaluation Process (SREP) in 2015. The reporting year review included the first-time application of the method defined by the EBA GL 2014/13 for the euro zone. It involved the monitoring of key indicators and the analysis of the business model as well as an evaluation of internal governance, institutional controls and capital, liquidity and financial risks. An adjusted Common Equity Tier 1 (CET1) ratio was defined for the Raiffeisen-Holding NÖ-Wien Group in an official notice dated 20 November 2015. The total capital ratio defined in the previous year based on the Austrian National Bank methodology was retracted.

A new rating model for small and medium-sized companies (SME) was implemented and rolled out in 2015. This new rating model consists of an application and a performance component and thereby combined quantitative information (financials) with qualitative information (soft facts). It improves the quality of the rating (selectivity) and also helps to accelerate and simplify the lending process.

Credit risk

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

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

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

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

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

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

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

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

The counterparty default risks arising from derivative transactions are accounted for through a credit value adjustment (CVA) which represents the costs for hedging this risk on the market.

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

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

The rating systems classify customers in nine active credit classes (0.5 risk-free – 4.5 high risk of non-performance). The default probabilities for the individual customers are mapped onto the nine steps for each rating model. Consequently, the ratings of the various customer groups are not comparable with regard to their risk content. A project to develop a master scale is currently in progress. In addition to the nine rating classes for active customers, there are three default cases (5.0-5.2). The assignment to a particular class is based on the degree or severity of the default. Rating class 5.0 includes all default cases that are 90 days overdue; class 5.1 consists primarily of customer loans which have been adjusted through individual impairment charges; and class 5.2 represents insolvency cases. Customers may be reassigned from one default class to another. All customers are assigned to a default class starting with the first euro individual impairment charge. All loans and advances (with the exception of derivatives and positions measured at fair value) in the active credit classes are included in the portfolio impairment test as required by IAS 39. Both an individual impairment charge and a portfolio-based impairment charge were not recognized to the same receivable.

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

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

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

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

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

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

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

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

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

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

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

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

€´000 Balance sheet items	2015 Balance sheet items	2015 Credit exposure	2014 Balance sheet items	2014 Credit exposure
Cash and balances with the central bank	536,671	491,044	60,682	14,205
Loans and advances to other banks	7,583,415	7,583,415	7,937,345	7,937,345
Loans and advances to customers	11,948,052	11,948,052	12,417,567	12,417,567
Trading assets	777,090	777,090	608,763	608,763
Financial assets (securities)	4,384,192	4,358,324	5,301,201	5,233,695
Intangible assets	3,757	0	5,783	0
Other assets	962,632	865,826	1,634,182	1,463,121
Contingent liabilities	930,201	948,863	1,077,375	1,098,858
Credit commitments	4,862,788	4,866,355	5,426,669	5,430,679
Total	**31,988,796**	**31,838,967**	34,469,566	34,204,233

Off-balance sheet credit exposures are presented at their gross amount (i.e. before the deduction of provisions) in contrast to note (40) Contingent liabilities.

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

Credit portfolio – Corporates

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

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

€´000 Internal rating		2015	in %	Collateral	Item-by-item allowances for impairment	2014	in %	Collateral	Item-by-item allowances for impairment
0.5	Minimal Risk	0	0.0	0	0	0	0.0	0	0
1	Excellent credit standing	1,752,453	13.2	348,749	0	1,863,865	12.7	392,676	0
1.5	Very good credit standing	3,390,813	25.5	1,266,268	0	4,996,008	34.1	1,444,793	0
2	Good credit standing	4,314,440	32.5	1,425,292	0	3,721,227	25.4	1,591,081	0
2.5	Average credit standing	2,230,351	16.8	1,267,195	0	2,004,522	13.7	924,613	0
3	Mediocre credit standing	758,367	5.7	460,414	0	1,060,697	7.2	656,174	0
3.5	Weak credit standing	205,976	1.6	171,293	0	168,239	1.1	116,968	0
4	Very weak credit standing	155,204	1.2	143,340	0	165,094	1.1	157,138	0
4.5	Doubtful/high default risk	42,407	0.3	37,626	0	15,046	0.1	13,499	0
5	Default	4,010	0.0	3,884	0	27,905	0.2	27,462	0
5.1	Default	328,744	2.5	104,032	156,814	416,236	2.8	132,043	185,521
5.2	Default	66,941	0.5	8,816	56,960	92,233	0.6	35,196	60,996
	Unrated	37,938	0.3	29,064	0	105,746	0.7	48,345	0
	Total	**13,287,644**	**100.0**	**5,265,974**	**213,773**	14,636,816	100.0	5,539,986	246,517

The impairment allowances shown in the above table include only the individual impairment charges to non-performing exposures (NPE). In addition to the individual impairment allowances, a portfolio impairment allowance of TEUR 17,504 was also recognized to the performing corporate customer portfolio in 2015 (2014: TEUR 20,621). Therefore, nearly 88% of the credit exposure of the corporate customer group is in the investment grade range (credit rating: 0.5 – 2.5).

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

€´000 Branch	2015	in %	2014	in %
Real estate and housing	3,403,553	25.6	3,621,331	24.7
Manufacturing	1,986,683	15.0	2,336,177	16.0
Retail	1,262,593	9.5	1,493,593	10.2
Finance and insurance	1,191,139	9.0	1,235,771	8.4
Construction	1,122,851	8.5	890,845	6.1
Other business services	805,463	6.1	861,309	5.9
Energy supply	710,507	5.3	765,159	5.2
Public administration	548,108	4.1	542,098	3.7
Information and communication	381,980	2.9	416,989	2.8
Freelance professionals/techn. services	377,913	2.8	654,499	4.5
Water supply and waste disposal	272,314	2.0	287,802	2.0
Healthcare and social services	194,311	1.5	211,043	1.4
Transportation	194,017	1.5	262,913	1.8
Hotel trade and gastronomy	185,471	1.4	185,152	1.3
Employed persons	175,778	1.3	183,006	1.3
Other	474,962	3.6	689,129	4.7
Total	**13,287,644**	**100.0**	14,636,816	100.0

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

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

€´000 Country/Region	2015	in %	2014	in %
Austria	11,349,656	85.4	12,410,851	84.8
EU-remainder	1,657,256	12.5	1,787,769	12.2
Non-EU	280,732	2.1	438,196	3.0
Total	**13,287,644**	**100.0**	14,636,816	100.0

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

Credit portfolio – Retail

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

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

€´000 Internal rating		2015	in %	Collateral	Item-by-item allowances for impairment	2014	in %	Collateral	Item-by-item allowances for impairment
0.5	Minimal Risk	0	0.0	0	0	0	0.0	0	0
1	Excellent credit standing	181,671	8.9	98,306	0	187,541	9.6	104,440	0
1.5	Very good credit standing	316,200	15.5	178,671	0	374,226	19.1	211,025	0
2	Good credit standing	332,017	16.3	191,276	0	389,152	19.9	242,063	0
2.5	Average credit standing	463,384	22.8	264,697	0	459,929	23.5	282,258	0
3	Mediocre credit standing	369,865	18.2	214,829	0	262,850	13.4	148,657	0
3.5	Weak credit standing	178,742	8.8	103,714	0	114,005	5.8	63,453	0
4	Very weak credit standing	49,711	2.4	33,287	0	31,813	1.6	23,623	0
4.5	Doubtful/high default risk	15,762	0.8	9,813	0	6,852	0.3	4,485	0
5	Default	8,848	0.4	4,747	0	12,097	0.6	6,407	0
5.1	Default	70,009	3.4	19,112	46,676	74,796	3.8	21,768	50,653
5.2	Default	47,172	2.3	8,623	38,605	44,235	2.3	9,398	34,999
	Unrated	1,729	0.1	31	0	1,384	0.1	451	0
	Total	**2,035,109**	**100.0**	**1,127,107**	**85,281**	1,958,878	100.0	1,118,029	85,653

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

€´000 Segment	2015	in %	2014	in %
Personal banking customers	1,136,130	55.8	1,081,808	55.2
Small- and medium-sized businesses	898,979	44.2	877,070	44.8
Total	**2,035,109**	**100.0**	1,958,878	100.0

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

€´000 Currency	2015	in %	2014	in %
Euro	1,813,441	89.1	1,723,965	88.0
Swiss franc	211,608	10.4	222,269	11.3
Japanese yen	7,486	0.4	7,620	0.4
US dollar	1,309	0.1	3,246	0.2
Czech krone	892	0.0	1,007	0.1
Other currencies	373	0.0	772	0.0
Total	**2,035,109**	**100.0**	1,958,878	100.0

Foreign currency credits in Swiss francs declined by a further TEUR 10,661 in 2015. New foreign currency credits to consumers are generally not granted. RLB NÖ-Wien monitors the foreign exchange risk and the risk arising from repayment vehicles very closely.

Credit portfolio – Credit institutions

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

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

€´000 Internal rating		2015	in %	Collateral	Item-by-item allowances for impairment	2014	in %	Collateral	Item-by-item allowances for impairment
0.5	Minimal risk	249,282	2.3	131,672	0	289,941	2.4	136,602	0
1	Excellent credit standing	252,917	2.4	19,995	0	319,284	2.6	0	0
1.5	Very good credit standing	655,157	6.1	0	0	10,067,065	83.2	0	0
2	Good credit standing	9,277,729	86.5	0	0	796,167	6.6	0	0
2.5	Average credit standing	158,188	1.5	0	0	364,916	3.0	2,387	0
3	Mediocre credit standing	31,509	0.3	0	0	158,728	1.3	0	0
3.5	Weak credit standing	67,981	0.6	0	0	57,615	0.5	0	0
4	Very weak credit standing	818	0.0	0	0	44,136	0.4	142	0
4.5	Doubtful/high default risk	0	0.0	0	0	0	0.0	0	0
5	Default	0	0.0	0	0	0	0.0	0	0
5.1	Default	21,293	0.2	0	1,139	4,887	0.0	0	670
5.2	Default	109	0.0	0	100	108	0.0	0	100
	Unrated	8,111	0.1	0	0	1,265	0.0	0	0
	Total	**10,723,095**	**100.0**	**151,667**	**1,239**	12,104,112	100.0	139,131	770

The large concentration in credit rating class 2 is caused primarily by the three-level organization of the Raiffeisen sector and the related liquidity drawdown. This credit rating class consists primarily of RBI/RZB and loans to Raiffeisen banks in Lower Austria.

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

€´000 Top 5 countries financials	2015	in %	2014	in %
Austria	8,859,023	82.6	10,137,056	83.7
Great Britain	583,238	5.4	642,549	5.3
Germany	477,987	4.5	353,099	2.9
France	347,130	3.2	237,890	2.0
Poland	70,375	0.7	70,065	0.6
EU	250,702	2.3	485,574	4.0
Non-EU	134,639	1.3	177,879	1.5
Total	**10,723,095**	**100.0**	**12,104,112**	**100.0**

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

Credit portfolio – Public sector

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

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

€´000 Internal rating		2015	in %	Collateral	Item-by-item allowances for impairment	2014	in %	Collateral	Item-by-item allowances for impairment
0.5	Minimal Risk	3,976,724	68.6	0	0	4,056,124	73.7	0	0
1	Excellent credit standing	1,472,055	25.4	76,945	0	1,161,377	21.1	73,324	0
1.5	Very good credit standing	13	0.0	0	0	10,106	0.2	0	0
2	Good credit standing	39,668	0.7	0	0	43,354	0.8	0	0
2.5	Average credit standing	170,034	2.9	0	0	173,885	3.2	0	0
3	Mediocre credit standing	102,506	1.8	99,402	0	3,893	0.1	0	0
3.5	Weak credit standing	0	0.0	0	0	0	0.0	0	0
4	Very weak credit standing	0	0.0	0	0	67	0.0	35	0
4.5	Doubtful/high default risk	44	0.0	0	0	1,922	0.0	0	0
5	Default	0	0.0	0	0	670	0.0	0	0
5.1	Default	32,072	0.6	0	0	47,868	0.9	2,780	2,332
5.2	Default	0	0.0	0	0	5,160	0.1	0	1,110
	Unrated	3	0.0	0	0	0	0.0	0	0
	Total	**5,793,119**	**100.0**	**176,346**	**0**	5,504,427	100.0	76,140	3,442

The major part of the exposure arising from public institutions is held within a liquidity buffer in Austrian and German government bonds (rating: 0.5).

€´000 Top 5 countries sovereigns	2015	in %	2014	in %
Austria	3,808,618	65.7	3,528,561	64.1
Germany	499,315	8.6	564,550	10.3
Luxembourg	381,275	6.6	373,265	6.8
Finland	258,245	4.5	280,065	5.1
Italy	168,222	2.9	168,052	3.1
EU-remainder	550,363	9.5	586,043	10.6
Non-EU	127,080	2.2	3,891	0.1
Total	**5,793,119**	**100.0**	5,504,427	100.0

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

Problem loans

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

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

2015 €´000 Receivables categories	Not overdue	Overdue					Total
		Up to 31 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	
Financials	10,723,095	0	0	0	0	0	10,723,095
Corporates	12,824,067	344,283	25,986	10,326	4,687	78,294	13,287,644
Retail Customers	1,857,838	70,636	15,976	5,860	7,525	77,275	2,035,109
Sovereigns	5,439,132	322,654	0	0	0	31,332	5,793,119
Total	**30,844,132**	**737,574**	**41,962**	**16,186**	**12,212**	**186,901**	**31,838,967**

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

The following table shows the receivables that are overdue, but not impaired. According to the regulatory default criteria, receivables are classified as overdue beginning on the 91st day.

A total exposure of EUR 734 million is overdue up to and including 90 days and therefore not in default. A credit exposure of EUR 14.2 million is overdue more than 90 days, but has not been reduced through an impairment charge (2014: EUR 21.1 million).

€´000 Receivables categories	Up to 90 days 2015	2014	91 to 180 days 2015	2014	181 to 360 days 2015	2014	Over 360 days 2015	2014
Financials	0	0	0	0	0	0	0	0
Corporates	331,018	462,435	733	2,112	97	318	3,971	7,681
Retail Customers	80,739	102,099	1,798	3,533	1,172	1,730	6,506	5,739
Sovereigns	322,654	2,087	0	0	0	0	0	0
Total	**734,411**	566,621	**2,531**	5,645	**1,269**	2,048	**10,477**	13,420

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

€´000 Receivables categories	NPE 2015	2014	NPE Ratio in % 2015	2014	NPE Coverage Ratio I in % 2015	2014	NPE Coverage Ratio II in % 2015	2014
Financials	21,403	4,995	0.2	0.0	5.8	15.4	5.8	15.4
Corporates	452,779	560,519	3.4	3.8	47.3	44.0	80.7	82.1
Retail Customers	146,718	145,966	7.2	7.5	58.1	58.7	89.1	91.2
Sovereigns	32,072	53,698	0.6	1.0	0.0	6.4	0.0	11.6
Total	**652,973**	765,178	**2.1**	2.2	**46.0**	44.0	**76.2**	78.4

The non-performing exposure (NPE) ratio for the total credit exposure equalled 2.1% as of 31 December 2015 (2014: 2.2%). The standard NPL ratio based on the customer receivables reported on the balance sheet equalled 4.8% in 2015 (2014: 5.3%).

RLB NÖ-Wien has implemented processes to identify customers with payment problems at an early point in time and to restructure loans with a positive outlook. Restructured receivables are classified as "performing“ as long as the restructuring is not carried out because of the customer's credit standing. Contract amendments not related to the credit standing are not designated as forbearance. Borrowers are classified as non-performing if restructuring measures lead to a debt reduction or if an economic loss is expected. All restructuring measures recognized for solvency reasons are classified as such in the system. These receivables are marked with a forbearance flag and monitored constantly. The new EBA standard "On Supervisory reporting on forbearance and non-performing exposures under Article 99(4) of Regulation (EU) No. 575/2013“ was implemented in full during 2015.

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. Coverage Ratio I equalled 46.0% in 2015 (2014: 44.0%) and Coverage Ratio II equalled 76.2% (2014: 78.4%).

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

2015 €´000 Receivables categories	Total exposure	Performing			Non-performing			Total foreborne
		Exposure	Of which foreborne	Portfolio impairment allowance	Exposure	Of which foreborne	Item-by-item allowances for impairment	
Financials	10,723,095	10,701,692	0	1,264	21,403	0	1,239	0
Corporates	13,287,644	12,834,865	186,200	17,504	452,779	281,804	213,773	468,003
Retail Customers	2,035,109	1,888,391	22,121	5,112	146,718	43,662	85,281	65,783
Sovereigns	5,793,119	5,761,046	191	19	32,072	0	0	191
Total	**31,838,967**	**31,185,994**	**208,511**	**23,899**	**652,973**	**325,465**	**300,293**	**533,977**

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

Country risk

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

The following graph shows the distribution of exposure by internal country rating for the 2015 and 2014 financial years:

Exposure by Internal Country Rating in %

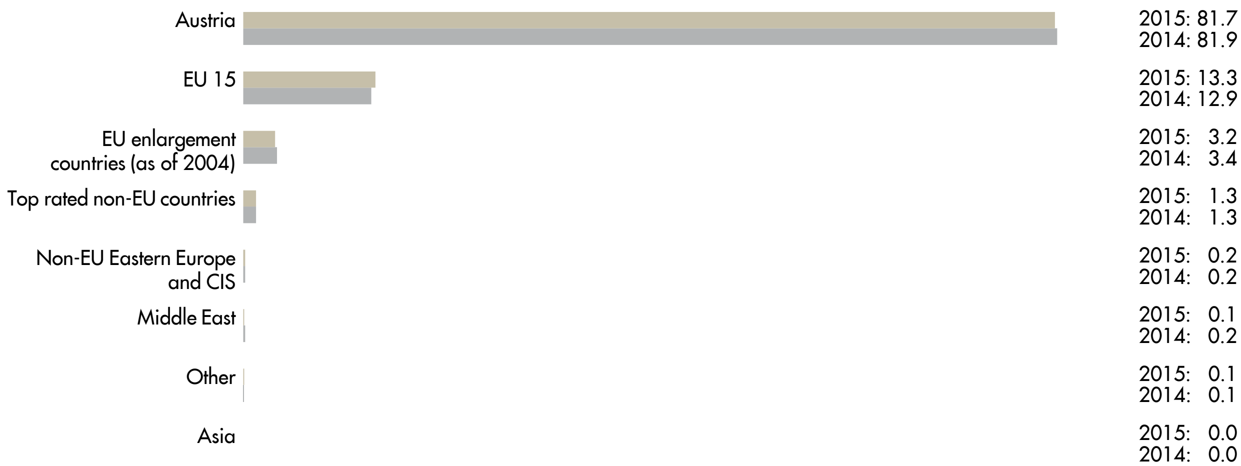
The risk concentration at RLB NÖ-Wien is also monitored in connection with country risk and controlled by separate country limits. At year-end 2015, 93.9% (2014: 94.2%) of the approved country limits were within the investment grade range and 81.9% (2014: 80.4%) within the three best rating classes of 0.5 to 1.5. The assignment of country limits by rating class remained generally stable in year-on-year comparison during 2015.

RLB NÖ-Wien reacted to the economic changes in Europe and specific countries on a timely basis with a massive reduction of the country limits and the complete suspension of individual lines hat die RLB NÖ-Wien. The granting of new loans to customers in Russia was virtually discontinued in mid-2014.

The credit exposure by region is analyzed below based on the following graph, which shows the distribution for 2015 and 2014. The position "Top rated non-EU countries" includes countries like the USA, Japan and Singapore.

Exposure by Region

in %



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

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

Collateral management

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

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

€´000 Collateral category	2015	in %	2014	in %
Land register	4,078,902	60.7	4,202,012	61.1
Securities	293,158	4.4	319,968	4.7
Savings/current/deposit accounts	173,888	2.6	194,842	2.8
Insurance	153,363	2.3	154,117	2.2
Other rights and claims	729,656	10.9	776,741	11.3
Guarantees	1,292,127	19.2	1,225,605	17.8
Total	**6,721,094**	**100.0**	6,873,286	100.0

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

Market risk

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

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

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

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

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

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

€'000	VaR at 31/12/2015	Average-VaR	VaR at 31/12/2014
Currency risk	3,838	4,304	9,771
Interest rate risk	52,496	69,266	72,273
Price risk	11,699	12,358	6,761
Volatility risk	17,515	18,811	11,579
Total	**55,273**	**78,345**	69,721

The VaR analysis must include the following assumptions and limits:

- The VaR calculation uses historical data to simulate future changes in market conditions. Therefore, it cannot simulate events that are possible but were not observed during the designated period.
- The VaR allows for correlations between individual risk factors, but these risk factors can be negatively affected by difficult market conditions.
- The VaR does not provide any information on the possible amount of a loss over and above the applied confidence interval.
- The VaR is estimated for longer holding periods on the basis of daily observations. The underlying assumptions are that the composition of the portfolio will remain constant and there will be no autocorrelation in the risk factors.
- The VaR is calculated on the basis of positions at the end of the day and does not take any positions during the day into account.

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

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

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

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

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

The market risk for the individual portfolios and for the entire bank are limited as follows:

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

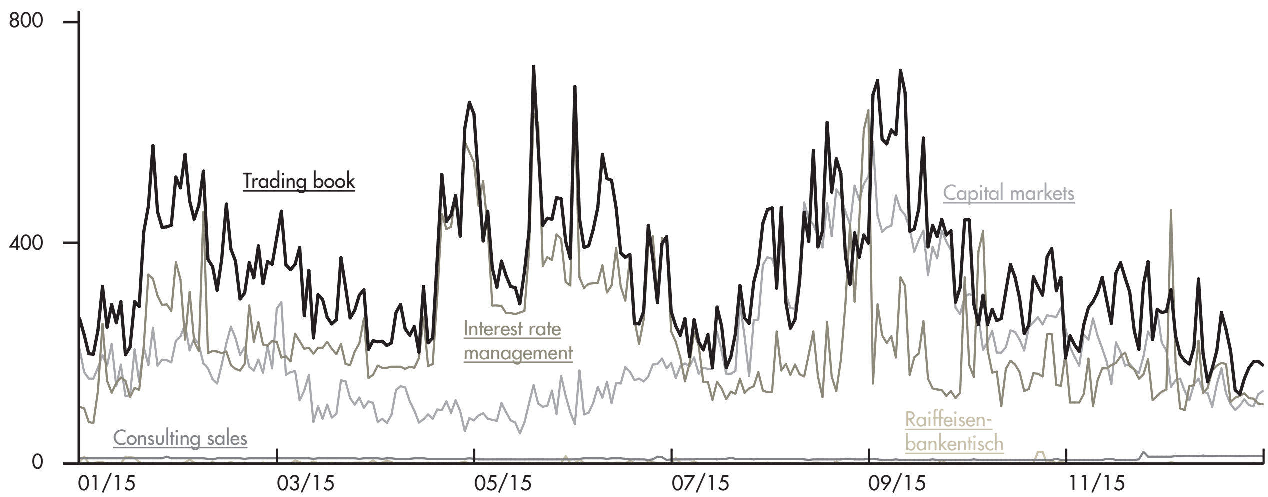
The market risk limit structure is recommended by the Risk Management Overall Bank Department and approved by the Managing Board.

In addition to the market risk limit structure, risks arising from treasury transactions are regulated by an extensive system of position, product and counterparty limits. Compliance with these limits is monitored by the Market Risk Management Department. This department is also responsible for the daily evaluation of the positions managed by the Kondor+ front office system, for analyses and reporting for the trading book and for the bank book portfolio managed by the Treasury Department.

Market risk in the trading book

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

Value at Risk in the Trading Book in 2015 €'000



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

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

As shown on the above graph, the VaR for the trading book remained within the EUR 2.0 million limit throughout the 2015 financial year. The average VaR utilization of the trading book limit remained low throughout the entire year with a maximum utilization of 36.6%. An analysis by quarter shows the maximum utilization at an average of 20.6% in the third quarter and the minimum utilization at an average of 14% in the fourth quarter.

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

€'000	VaR at 31/12/2015	Average-VaR	VaR at 31/12/2014
Currency risk	149	147	145
Interest rate risk	134	310	247
Price risk	90	149	100
Volatility risk	89	108	40
Total	**182**	**371**	267

Market risk in the banking book

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

The following table shows the interest rate gaps on the commitments held by RLB NÖ-Wien as of 31 December 2015 in TEUR:

Interest rate gap	> 6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
€	(31,785)	29,965	(572,700)	(266,889)
US$	(146,726)	(92,141)	132,832	1
¥	769	0	0	0
SFr	54,481	30,623	2,781	145
Other	(220)	(45)	154,022	0

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

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

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

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

€'000	VaR at 31/12/2015	Average-VaR	VaR at 31/12/2014
Currency risk	2,093	2,339	339
Interest rate risk	50,988	69,816	62,223
Price risk	11,191	10,172	5,751
Volatility risk	15,869	15,602	10,348
Total	**54,324**	**77,281**	**60,629**

The following table shows the change in the present value of the banking book of RLB NÖ-Wien in TEUR as of 31 December 2015 that would have resulted from a parallel increase of one basis point in the interest rate (a positive sign signifies a present value gain from the interest rate increase, while a negative sign represents the theoretical loss). This change in present value corresponds to the basis point value:

Interest rate gap	> 6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
€	4.32	2.25	194.86	172.73
US$	9.14	12.74	(56.74)	0.00
¥	(0.06)	0.00	0.00	0.00
SFr	(4.14)	(4.40)	(1.01)	2.83
Other	0.01	0.01	(50.92)	0.00

The change in the present value of the banking book of RLB NÖ-Wien in TEUR as of 31 December 2014 that would have resulted from a parallel increase of one basis point in the interest rate:

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

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

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

Credit spread risk

Credit spread risks can result from the credit standing as well as the risk premium. The part related to the customer's credit standing is reflected in credit risk through migration risk in the Conditional Value at Risk (CVaR) calculation. The component related to the risk premium has been determined by the Market Risk Management Department since January 2014.

In accordance with the requirements of the supplement to the ICAAP guideline, the risk modelling for securities in the banking book generally excludes the traditional lending business. The relevant risk factors for the calculation of the credit spread include the following:

- Rating
- Currency
- Issuer‘s sector des
- Guarantees
- Collateral
- Subordination level
- Remaining term of the product
- Issuer’s country.

The credit spread VaR calculation is based on a historical simulation with equally weighted time series and includes daily changes in value. The credit spread risk is calculated on a monthly basis according to a gone concern scenario for a holding period of one year. Most of the credit spread risk is related to investments in Austrian government bonds and bonds issued by European banks and other European governments. In line with the conservative approach, securities issued by RLB NÖ-Wien are not included in the credit spread risk calculation. The credit spread risk is calculated independent of other market risks, and correlation effects are therefore not taken into account.

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

Stress tests are also carried out as a supplement to the VaR model.

€'000	VaR at 31/12/2015	Average-VaR	VaR at 31/12/2014
Credit spread risk	**342,904**	**365,877**	**385,749**

Foreign currency risk

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

Liquidity risk

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

Liquidity risk comprises the following sub-risks:

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

Insolvency risk includes maturity risk (an unplanned extension of the capital commitment period for loans and advances) and withdrawal risk (the premature withdrawal of deposits, unexpected drawdowns on committed credit lines). Liquidity maturity transformation risk comprises market liquidity risk (assets cannot be sold at all or only on less favourable terms) and refinancing risk (follow-up funding is impossible or only possible on less favourable terms).

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

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

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

The Liquidity Management Committee (LIMA Committee) serves as the central management committee for RBG NÖ-Wien. RLB NÖ-Wien has taken over liquidity management for RBG NÖ-Wien (Raiffeisen-Holding NÖ-Wien, RLB NÖ-Wien and the Lower Austrian Raiffeisen banks) and prepares regular liquidity profiles. The measurement procedures for liquidity risk are based on the aggregated data for RBG NÖ-Wien, and the appropriate amounts are included in the risk capacity analysis for the Raiffeisen-Holding NÖ-Wien Group and RLB NÖ-Wien. RBG NÖ-Wien has concluded a liquidity management agreement that meets legal requirements and uses a liquidity risk model which reflects this agreement. The risk calculation meets the terms of the Capital Requirements Regulation and Directive (CRR/CRD IV), the Implementing Technical Standards of the EBA and the Credit Instituting Risk Management Directive, which implements the CRD IV in Austrian law. Accordingly, 2015 represented the end of the monitoring phase for the liquidity coverage ratio (LCR) and the gradual introduction of the minimum requirement of 60% as of 1 October 2015. The net stable funding ratio (NSFR) is still in the monitoring phase, and the asset encumbrance has been reported quarterly since the first report as of 31 December 2014.

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

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

Under the normal case, the capital maturity statement is presented within the current market environment (going concern approach). This presentation is changed in crisis cases through different assumption for the market environment and the resulting effects on the capital maturity statement (on- and off-balance sheet positions). The assumption under the reputation crises is that the Raiffeisen name would be damaged (e.g. negative media reporting). A system crisis represents a general crisis without the direct involvement of

Raiffeisen in a particular emergency situation. The combined crisis is a combination of the reputation and system crises. The underlying assumption for all scenarios is that no new business will be carried out due to the current situation.

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

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

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

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

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

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

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

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

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

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

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

As of 31 December 2015 the liquidity coverage ratio (LCR) of RLB NÖ-Wien equalled 100.3%. The legal minimum requirement defined by Article 460 of Regulation (EU) No. 575/2013 is 60% and was therefore met.

The following table shows the quantitative data as of 31 December 2015.

in EUR		Total unweighted amount	Total weighted amount
HIGH-QUALITY LIQUID ASSETS			
1	High-quality liquid assets (HQLA) total		5,963,964,320
CASH OUTFLOWS			
2	Personal banking customer deposits and small business deposits, of which:	4,376,544,081	344,198,576
3	Stable deposits	2,583,510,597	164,895,227
4	Less stable deposits	1,793,033,484	179,303,348
5	Unsecured wholesale funding, of which:	6,805,764,185	5,767,867,801
6	Operational deposits (all counterparties) and deposits in cooperative banking networks	2,005,747,422	2,005,747,422
7	Non-operational deposits (all counterparties)	4,637,131,560	3,599,235,176
8	Unsecured debt	162,885,203	162,885,203
9	Secured wholesale funding		
10	Additional requirements, of which:	4,417,157,374	1,852,020,924
11	Cash outflows related to derivative positions and other collateral requirements	1,333,126,374	1,333,126,374
12	Cash outflows related to the loss of funding on debt	0	0
13	Credit and liquidity facilities	3,084,031,000	518,894,550
14	***Other contractual funding liabilities***	**341,889,936**	**207,076,582**
15	***Other contingent funding liabilities***	**2,845,846,234**	**142,292,312**
16	**CASH OUTFLOWS (TOTAL)**		**8,313,456,194**
CASH INFLOWS			
17	Secured lending (e.g. reverse repo transactions)	0	0
18	Cash inflows from fully performing receivables	1,653,357,962	1,036,318,547
19	Other cash inflows	1,331,213,307	1,331,213,307
20	**CASH INFLOWS (TOTAL)**	**2,984,571,268**	**2,367,531,854**
			Total adjusted amount
21	**HQLA TOTAL**		**5,963,964,320**
22	**NET CASH OUTFLOWS (TOTAL)**		**5,945,924,340**
23	**MINIMUM LIQUIDITY RATIO (in %)**		**100.3%**

For comparative purposes, following are the quantitative data as of 31 December 2014:

in EUR		Total unweighted amount	Total weighted amount
HIGH-QUALITY LIQUID ASSETS			
1	High-quality liquid assets (HQLA) total		5,211,263,738
CASH OUTFLOWS			
2	Personal banking customer deposits and small business deposits, of which:	4,353,562,264	334,861,789
3	Stable deposits	2,640,152,971	163,520,860
4	Less stable deposits	1,713,409,294	171,340,929
5	Unsecured wholesale funding, of which:	7,312,939,609	6,151,367,479
6	Operational deposits (all counterparties) and deposits in cooperative banking networks	1,887,658,263	1,887,658,263
7	Non-operational deposits (all counterparties)	5,277,889,349	4,116,317,220
8	Unsecured debt	147,391,996	147,391,996
9	Secured wholesale funding		
10	Additional requirements, of which:	5,434,448,000	911,079,952
11	Cash outflows related to derivative positions and other collateral requirements	0	0
12	Cash outflows related to the loss of funding on debt	0	0
13	Credit and liquidity facilities	5,434,448,000	911,079,952
14	Other contractual funding liabilities	220,959,401	59,160,475
15	Other contingent funding liabilities	1,102,640,151	55,132,008
16	**CASH OUTFLOWS (TOTAL)**		**7,511,601,703**
CASH INFLOWS			
17	Secured lending (e.g. reverse repo transactions)	0	0
18	Cash inflows from fully performing receivables	2,193,628,175	1,483,300,052
19	Other cash inflows	890,028	890,028
20	**CASH INFLOWS (TOTAL)**	**2,194,518,203**	**1,484,190,080**
			Total adjusted amount
21	**HQLA TOTAL**		**5,211,263,738**
22	**NET CASH OUTFLOWS (TOTAL)**		**6,027,411,623**
23	**MINIMUM LIQUIDITY RATIO (in %)**		**86.5%**

The following table shows the structural liquidity of RLB NÖ-Wien as of 31 December 2015:

€'000 Maturity band	Gap (absolute)	GoA	GoA limit	Accumulated from behind	S-LFT	S-LFT limit
18 months	466,837	1.8%	(10.0)%	(3,441,288)	125.2%	> 80%
2 years	(518,605)	(2.0)%	(10.0)%	(3,908,125)		
3 years	614,849	2.4%	(10.0)%	(3,389,520)	128.5%	> 70%
5 years	(197,138)	(0.8)%	(10.0)%	(4,004,369)	147.0%	> 60%
7 years	(1,230,623)	(4.8)%	(10.0)%	(3,807,231)		
10 years	(2,294,817)	-	-	(2,576,608)		
15 years	170,271	-	-	(281,791)		
20 years	(112,503)	-	-	(452,061)	157.6%	> 50%
30 years	314,153	-	-	(339,558)		
> 30 years	(653,711)	-	-	(653,711)		

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

€'000 Maturity band	Gap (absolute)	GoA	GoA limit	Accumulated from behind	S-LFT	S-LFT limit
18 months	(246,820)	(0.9)%	(10.0)%	(3,150,458)		
2 years	(389,489)	(1.5)%	(10.0)%	(2,903,638)	123.7%	> 80%
3 years	(211,886)	(0.8)%	(10.0)%	(2,514,148)	121.7%	> 70%
5 years	1,168,885	4.5%	(10.0)%	(2,302,262)		
7 years	(1,488,024)	(5.7)%	(10.0)%	(3,471,147)	123.0%	> 60%
10 years	(2,111,056)	-	-	(1,983,123)		
15 years	233,973	-	-	127,933		
20 years	27,558	-	-	(106,040)		
30 years	53,133	-	-	(133,598)		
>30 years	(186,731)	-	-	(186,731)	145.0%	> 50%

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

The following table shows the undiscounted cash flows from the derivatives held by RLB NÖ-Wien as of 31 December 2015:

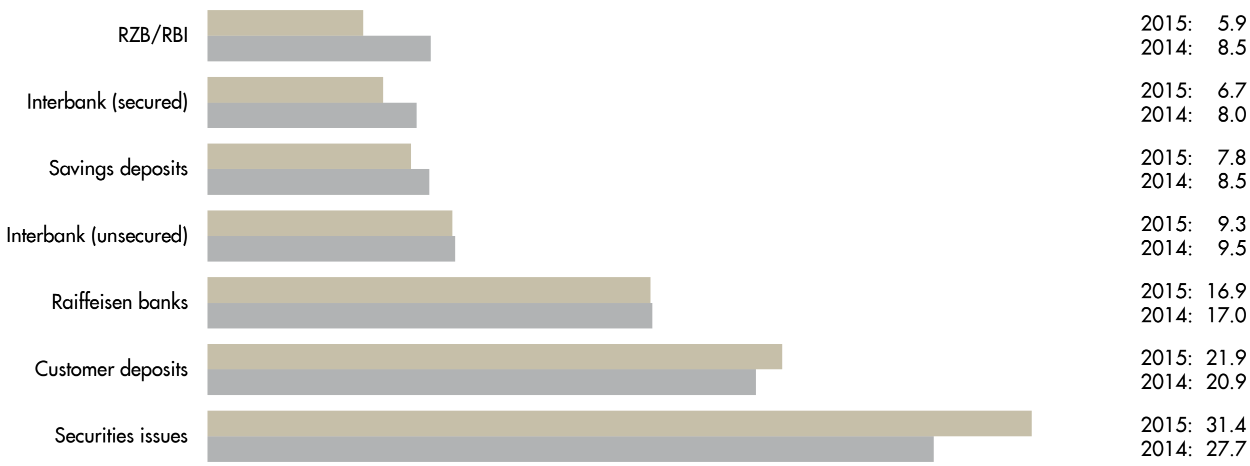
€'000	Carrying amount	Contractual cash flows	< 3 months	3 to 12 months	1 to 5 years	> 5 years
Derivative liabilities	***1,464,161***	***1,581,060***	***77,767***	***245,184***	***806,868***	***451,241***
Derivatives in the trading book	570,512	607,472	31,472	110,417	328,852	136,731
Derivatives designated in hedge relationships	440,267	488,026	17,025	37,752	211,995	221,254
Other derivatives	453,382	485,562	29,270	97,015	266,021	93,256

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

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

The following graph shows the refinancing by RLB NÖ-Wien in 2015 in comparison with 2014, classified by the source of the funds:

Refinancing by Source in %



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

Equity investment risk

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

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

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

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

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

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

The risk potential and risk coverage assets for the equity investments are calculated each quarter based on expert estimates – for an extreme scenario (99.0%) and a liquidation scenario (99.9%) – and included in the regular risk capacity analysis prepared at the overall bank level.

The following table shows the carrying amounts of the equity investments held by RLB NÖ-Wien together with the weighted and cumulative rating as of 31 December 2015 and 31 December 2014:

€ '000	Carrying amount 31/12/2015	Percentage held	Rating	Carrying amount 31/12/2014	Percentage held	Rating
Investments in other banks	1,853,572	99.4%	2.0	1,904,116	98.3%	1.5
Investments in banking-related fields	11,130	0.6%	2.0	33,739	1.7%	2.0
Total equity investments	**1,864,702**	**100.0%**	**2.0**	1,937,855	100.0%	1.5

The equity investments of RLB NÖ-Wien, in particular RZB/RBI, were faced with a difficult market environment during the 2015 financial year.

Operational risks

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

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

This definition also includes legal risks.

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

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

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

Risk self-assessments and loss events are classified according to internationally accepted methods.

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

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

Internal control system (ICS)

RLB NÖ-Wien has implemented an internal control system (ICS) which includes a detailed description of ICS procedures as the basis for the ongoing documentation of the bank's risk-relevant processes and the resulting control measures. Responsibilities and roles in the ICS and the related control activities are clearly defined. The risks considered relevant for the ICS are regularly evaluated and updated. Regular reports are issued on the design and development of the ICS in the Raiffeisen-Holding NÖ-Wien Group. Details on the ICS for the accounting process are provided in the next section.

Macroeconomic risks

RLB NÖ-Wien includes macroeconomic risk in the analysis of credit risk. The development of a statistical, model-based approach to quantify macroeconomic risk, including a first estimate of this type of risk, was completed in 2015.

Risks arising from the macroeconomic environment are incorporated quarterly during the risk capacity analysis through the use of a buffer. The macroeconomic effects related to equity investments are evaluated together with quantification of the other investment risks.

Other risks

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

Institutional protection scheme

In accordance with the requirements of Art. 49 (3) and 113 (7) of the CRR, RLB NÖ-Wien concluded a contract for the development of an institutional protection scheme (IPS) at the federal level with RZB, the other Raiffeisen regional banks, Raiffeisen-Holding NÖ-Wien and several other RBG institutions in 2013. A similar contract was concluded by RLB NÖ-Wien together with Raiffeisen-Holding NÖ-Wien and the now 60 Lower Austrian Raiffeisen banks.

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

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

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

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

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

European resolution fund

The guideline for the reorganization and resolution of banks is intended to ensure that – in the event of a crisis – the involved bank's owners and creditors are capable of carrying the costs of reorganization or resolution. This is intended to prevent the use of tax revenues for bank rescue operations in the future.

Credit institutions are required to prepare reorganization and resolution plans. The regulatory authority can exercise its intervention rights at an early point in time if an institution is in difficulty. The resolution authority which was established on 1 January 2015 is also entitled to introduce concrete resolution measures if it believes a credit institution is no longer viable.

A resolution fund was established at the European level to prevent the use of public revenues for expenses, whereby all banks are required to make risk-weighted, ex ante contributions.

The fund will be built up starting on 1 January 2016, and the target is to reach a level of EUR 55.0 billion in 2024.

RLB NÖ-Wien contributed EUR 6.6 million in 2015 in accordance with § 125 (1) of the Austrian Act on the Reorganization and Resolution of Banks ("Bundesgesetz über die Sanierung und Abwicklung von Banken", BaSAG). This amount will be deducted from future assessments by the European resolution fund.

Customer deposit protection association for the Raiffeisen sector

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

Solidarity association of Raiffeisen-Bankengruppe NÖ-Wien

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

Statutory deposit protection schemes

The enactment of the Austrian Deposit Protection and Investor Compensation Act ("Einlagesicherungs- und Anlegerentschädigungsgesetz", ESAEG) on 14 August 2015 implemented EU Regulation 2014/49/EU concerning deposit protection schemes. The goal remains unchanged and is intended to provide protection for customer deposits.

This protection covers all deposits and credit balances, including interest, on accounts and savings books with credit institutions licensed in Austria (e.g. current accounts, salary and pension accounts, fixed-term deposit accounts and savings books up to a maximum of TEUR 100 per financial institution and depositor, with the exception of financial institutions and government agencies). The coverage applies to natural persons as well as legal entities (e.g. limited liability companies, apartment oweners' associations).

The Austrian deposit protection scheme does not cover deposits and credit balances with branch offices of credit institutions which are located in Austria but licensed in other countries. However, these deposits are protected by the respective schemes in the branch office's home country due to the harmonization of deposit protection at the European level.

The most important changes require credit institutions to provide increased information to their depositors and also include a gradual reduction of the payout periods in the event of insolvency over the coming years.

The deposit protection scheme system will be rearranged as of 1 January 2019 to meet the substantial increase in the demands on the management of these schemes and the designation of the Austrian Financial Market Authority as the responsible regulatory body. In order to ensure sufficient funds in the event of an insolvency case, a fund will be created for the deposit protection schemes. The credit institutions are required to make contributions to this fund beginning in 2015.

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

(31) Derivative financial instruments

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

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

2015 €'000	Nominal amounts				Fair values	
	Term to maturity					
	Up to 1 year	**From 1 to 5 years**	**Over 5 years**	**Total**	**Positive**	**Negative**
Total	***7,121,645***	***9,183,114***	***7,150,741***	***23,455,500***	***866,359***	***(905,464)***
a) Interest rate contracts	***5,682,509***	***8,659,477***	***6,807,056***	***21,149,042***	***857,104***	***(904,127)***
(exchange-traded contracts)						
Interest rate futures	53,500	0	0	53,500	29	0
(OTC products)						
Interest rate swaps	5,629,009	8,520,724	6,799,498	20,949,231	857,064	(897,719)
Interest rate options – calls	0	21,698	7,558	29,256	11	0
Interest rate options – puts	0	117,055	0	117,055	0	(6,408)
b) Exchange rate contracts	***1,404,220***	***512,387***	***0***	***1,916,607***	***8,752***	***(1,337)***
(OTC products)						
Currency forwards	81,610	3,590	0	85,200	163	(245)
Cross currency and cross currency interest rate swaps	1,322,610	508,797	0	1,831,407	8,589	(1,092)
c) Securities contracts	***34,916***	***11,250***	***343,685***	***389,851***	***503***	***0***
(OTC products)						
Equity and index options – calls	0	0	165,635	165,635	0	0
Equity and index options – puts	0	0	178,050	178,050	0	0
Other securities contracts	34,916	11,250	0	46,166	503	0

2014 €'000	Nominal amounts				Fair values	
	Term to maturity					
	Up to 1 year	From 1 to 5 years	Over 5 years	Total	Positive	Negative
Total	*9,753,966*	*15,421,842*	*8,561,100*	*33,736,908*	*1,466,789*	*(1,565,108)*
a) Interest rate contracts	*8,370,772*	*14,703,541*	*8,215,314*	*31,289,627*	*1,448,393*	*(1,548,755)*
(exchange-traded contracts)						
Interest rate futures	85,400	0	0	85,400	0	(771)
(OTC products)						
Interest rate swaps	8,189,994	13,503,567	7,830,482	29,524,043	1,437,577	(1,529,180)
Interest rate options – calls	48,015	553,343	196,552	797,910	10,816	0
Interest rate options – puts	47,363	646,631	188,280	882,274	0	(18,804)
b) Exchange rate contracts	*1,358,216*	*672,135*	*0*	*2,030,351*	*15,885*	*(16,330)*
(OTC products)						
Currency forwards	153,485	0	0	153,485	281	(559)
Cross currency and cross currency interest rate swaps	1,204,731	672,135	0	1,876,866	15,604	(15,771)
c) Securities contracts	*24,978*	*46,166*	*345,786*	*416,930*	*2,511*	*(23)*
(OTC products)						
Equity and index options – calls	0	0	166,811	166,811	3	0
Equity and index options – puts	0	0	178,975	178,975	0	(1)
Other securities contracts	24,978	46,166	0	71,144	2,508	(22)

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

2015 €'000				Nominal amounts		Fair values
		Term to maturity				
	Up to 1 year	From 1 to 5 years	Over 5 years	Total	Positive	Negative
Total	*2,260,205*	*5,873,098*	*7,077,647*	*15,210,950*	*577,259*	*(578,640)*
a) Interest rate contracts	***1,201,426***	***5,733,198***	***7,077,647***	***14,012,271***	***549,503***	***(552,003)***
(exchange-traded contracts)						
Interest rate futures	25,000	0	0	25,000	7	(30)
Interest rate options (futures options) - calls	73,890	0	0	73,890	229	0
Interest rate options (futures options) - puts	64,704	0	0	64,704	0	(73)
(OTC products)						
Interest rate swaps	724,387	4,719,582	6,414,948	11,858,917	537,804	(540,607)
Interest rate options – calls	194,667	498,469	324,412	1,017,548	11,463	0
Interest rate options – puts	118,778	515,147	338,287	972,212	0	(11,293)
b) Exchange rate contracts	***1,052,304***	***139,900***	***0***	***1,192,204***	***27,742***	***(26,637)***
(OTC products)						
Currency options – calls	539,319	69,950	0	609,269	27,742	0
Currency options – puts	512,985	69,950	0	582,935	0	(26,637)
c) Securities contracts	***6,475***	***0***	***0***	***6,475***	***14***	***0***
(OTC products and exchange-traded contracts)						
Equity and index options – calls	6,475	0	0	6,475	14	0

2014 €'000		Term to maturity		Nominal amounts		Fair values*
	Up to 1 year	From 1 to 5 years	Over 5 years	Total	Positive	Negative
Total	*1,602,210*	*3,179,136*	*4,078,359*	*8,859,705*	*440,228*	*(428,656)*
a) Interest rate contracts	*603,619*	*3,124,997*	*4,078,359*	*7,806,975*	*410,311*	*(400,073)*
(exchange-traded contracts)						
Interest rate futures	33,400	0	0	33,400	0	(191)
(OTC products)						
Interest rate swaps*	448,899	2,993,570	3,739,202	7,181,671	400,902	(390,931)
Interest rate options – calls	64,400	51,137	162,626	278,163	9,409	0
Interest rate options – puts	56,920	80,290	176,531	313,741	0	(8,951)
b) Exchange rate contracts	*998,591*	*54,139*	*0*	*1,052,730*	*29,917*	*(28,583)*
(OTC products)						
Currency options – calls	500,861	25,987	0	526,848	29,917	0
Currency options – puts	497,730	28,152	0	525,882	0	(28,583)

* The prior year values were adjusted to reflect a change in the technical procedure used to determine the dirty price (clean price and accrued interest) starting in 2015.

The nominal and fair values are derived from the (not offset) totals of all calls and puts. Fair values are stated here at dirty prices (fair value including accrued interest).

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

(32) Fair values of financial instruments

Financial instruments recognized at fair value

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

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

RLB NÖ-Wien uses generally accepted, well-known valuation models to measure derivatives. OTC derivatives such as interest rate swaps, cross currency swaps and forward rate agreements are measured using the discounted cash flow model (DCF), which is generally applied to these products. OTC options such as foreign exchange options or interest rate are measured on the basis of standard market valuation models, e.g. the Garman-Kohlhagen model and Black '76. All parameter that flow into the valuation (e.g. interest rates, volatilities) are regularly evaluated and developed by independent market data information systems.

The counterparty risk on OTC derivatives 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), the counterparty's probability of default (PD) and the loss given default (LGD). The EPE is determined by simulation, while the LGD and PD are based on market data. 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.

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

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

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

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

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

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

The calculation method for the dirty price (fair value including accrued interest) was changed in 2015 to equal the clean price as defined by the front office system plus recognised accrued interest according to the settlement system, after the deduction of the counterparty risk.

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

2015 €'000 *Assets*	From Level I to Level II	From Level II to Level I
Securities and equity investments classified at fair value through profit and loss	2,077	7,136

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

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

The reclassifications from Level I to Level II involve securities with a decline in the number of market quotations.

The reclassifications from Level II to Level I involve securities with a substantial increase in the number of market quotations

Reconciliation of the financial instruments classified under Level III:

2015 €'000	Trading assets	Securities and equity investments	Supplementary 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
Reclassification from Level III	0	(43,324)	0
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)

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

There were no reclassifications to Level III after the last reporting period. The reclassifications of securities and equity investments from Level III to Level II represent shares in companies that were intended for sale in the near future.

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

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 to 10
Bonds and other fixed-interest securities	Fixed-interest bonds	53.7	DCF method	Credit margin	15 to 50
Bonds and other fixed-interest securities	Credit-linked notes	7.9	External valuation	Credit margin	15 to 20
Shares and other variable-yield securities	Non-fixed-interest bonds	0.1	DCF method	Credit margin	0 to 2
Financial liabilities					
Subordinated debt	Index-linked notes	38.2	External valuation	Credit margin	5 to 15
Subordinated debt	Fixed-interest bonds	10.5	DCF method	Credit margin	5 to 15

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

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

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

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

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

A range of alternative parameters is available for selection and application in cases where the value of a financial instrument is dependent on non-observable data. A shift in the parameters at the ends of these ranges would lead to an increase of EUR 1.2 million or a decrease of EUR 26.8 million in the fair value of assets as of 31 December 2015. The fair value of liabilities would increase by EUR 6.9 million or decrease by EUR 5.0 million. These estimates reflect the corresponding market conditions and internal valuation guidelines.

The probability of a simultaneous shift in all non-observable parameters to the ends of the ranges is extremely low. Consequently, these results do not support any conclusions concerning actual future changes in market values.

2015 €m	Type	Impairment due to change in parameter	Increase due to change in parameter
Financial assets			
Shares and other variable-yield securities	Shares and funds	(2.1)	0
Bonds and other fixed-interest securities	Fixed-interest bonds	(22.9)	1
Bonds and other fixed-interest securities	Credit-linked notes	(1.8)	0.1
Shares and other variable-yield securities	Non-fixed-interest bonds	(0.06)	0
Financial liabilities			
Subordinated debt	Index-linked notes	(3.8)	4.4
Subordinated debt	Fixed-interest bonds	(1.2)	2.5

2014 €m	Type	Impairment due to change in parameter	Increase due to change in parameter
Financial assets			
Shares and other variable-yield securities	Shares and funds	(2.8)	0
Bonds and other fixed-interest securities	Fixed-interest bonds	(21.7)	0.8
Bonds and other fixed-interest securities	Credit-linked notes	(0.1)	0.1
Shares and other variable-yield securities	Non-fixed-interest bonds	(0.05)	0
Other equity investments	GmbH-shares	(1.2)	1.3
Financial liabilities			
Subordinated debt	Index-linked notes	(1.9)	7
Subordinated debt	Fixed-interest bonds	(1.4)	2.8

Fair value of financial instruments not carried at fair value

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

2015 €'000	**Fair value**	**Carrying amount**	**Difference**
Assets			
Loans and advances to other banks	7,639,667	7,582,176	57,491
Loans and advances to customers	11,322,072	11,665,030	(342,958)
Securities classified as held to maturity	342,831	347,779	(4,949)
Liabilities			
Deposits from other banks	9,634,641	9,453,310	181,331
Deposits from customers	7,572,802	7,621,724	(48,922)
Securitized liabilities classified at amortised cost	6,306,256	6,220,900	85,357
Subordinated debt capital classified at amortised cost	890,253	906,823	(16,570)

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

2015 €'000	Fair Value Level I	Fair Value Level II	Fair Value Level III
Assets			
Loans and advances to other banks	0	107,493	7,532,174
Loans and advances to customers	0	0	11,322,072
Securities classified as held to maturity	251,788	59,770	31,273
Liabilities			
Deposits from other banks	0	9,634,641	0
Deposits from customers	0	7,572,802	0
Securitized liabilities classified at amortised cost	0	6,230,692	75,564
Subordinated debt capital classified at amortised cost	0	0	890,253

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

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 25,868 (2014: TEUR 23,055). RLB NÖ-Wien has no plans to sell these financial instruments. In 2015, available-for-sale financial instruments measured at cost with a carrying amount of TEUR 1117 (2014: TEUR 1) and proceeds on sale of TEUR 574 (2014: TEUR 1) were derecognized.

Additional Information

(33) Classification of remaining terms to maturity

Classification of remaining terms to maturity as of 31 December 2015:

2015 €'000	On demand or of unspecified maturity	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Loans and advances to other banks	2,916,993	981,727	557,387	2,637,301	490,007	7,583,415
Loans and advances to customers	314,931	2,270,216	1,267,826	4,345,832	3,749,246	11,948,052
Trading assets	0	577,049	4,484	175,655	19,901	777,090
Securities and equity investments	0	370,250	224,879	1,465,394	2,323,668	4,384,192
Deposits from other banks	3,163,080	2,252,161	265,251	2,901,758	871,060	9,453,310
Deposits from customers	5,039,510	386,885	664,644	225,324	1,305,360	7,621,724
Securitized liabilities	0	1,061,501	428,020	2,039,266	2,705,614	6,234,402
Trading liabilities	0	9,318	20,777	170,102	378,406	578,604
Tier 2 capital	0	56,258	5,000	304,250	590,043	955,551

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

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

(34) Related party disclosures

€'000	2015	2014*
Loans and advances to other banks		
Parent	1,569,478	1,650,813
Associates	3,730,224	4,077,296
Loans and advances to customers		
Entities related via the parent	332,484	337,885
Unconsolidated subsidiaries	15,249	18,743
Associates	674,414	633,023
Entities accounted for using the equity method via the parent	153,407	212,667
Joint ventures	111,316	104,961
Impairment allowance balance		
Unconsolidated subsidiaries	(2,094)	(2,081)
Associates	(4,101)	(3,906)
Joint ventures	(9,397)	(8,411)
Trading assets		
Parent	74,131	0
Associates	81,235	41,796
Entities accounted for using the equity method via the parent	1,643	0
Securities and equity investments		
Associates	92,251	71,570
Entities accounted for using the equity method via the parent	0	7,464
Joint ventures	3,004	0
Other assets		
Parent	97,540	198,673
Entities related via the parent	6	449
Associates	73,922	99,754
Entities accounted for using the equity method via the parent	0	2,023

* The prior year amounts were adjusted.

€'000	2015	2014*
Deposits from other banks		
Parent	251,549	248,610
Associates	2,106,542	2,757,829
Deposits from customers		
Entities related via the parent	156,130	220,861
Unconsolidated subsidiaries	16,838	14,553
Associates	56,070	67,176
Entities accounted for using the equity method via the parent	34,442	28,766
Joint ventures	211,282	11,014
Securitized liabilities		
Parent	1,877	2,885
Unconsolidated subsidiaries	89	565
Associates	29,284	21,640
Entities related via the parent	40	41
Trading liabilities		
Associates	5	6
Other liabilities		
Parent	14,192	0
Associates	50,952	67,737
Provisions		
Unconsolidated subsidiaries	0	134

* The prior year amounts were adjusted.

€'000	2015	2014*
Contingent liabilities		
Parent	7,134	7,166
Entities related via the parent	6,476	9,392
Unconsolidated subsidiaries	1,174	1,055
Associates	285,768	314,463
Entities accounted for using the equity method via the parent	16,580	21,402
Joint ventures	29,676	42,493

* The prior year amounts were adjusted.

The following legal and business relations existed with related companies in 2015 and 2014:

2015 €'000	Purchased services and merchandise	Services provided and sale of merchandise and fixed assets
Parent	19,307	1,509
Entities related via the parent	92	76
Unconsolidated subsidiaries	1,687	1,395
Associates	31,633	344
Entities accounted for using the equity method via the parent	1,550	9
Joint ventures	5,073	204

2014* €m	Purchased services and merchandise	Services provided and sale of merchandise and fixed assets
Parent	19,867	1,586
Entities related via the parent	226	150
Unconsolidated subsidiaries	13,658	1,222
Associates	21,237	593
Entities accounted for using the equity method via the parent	3,371	25
Joint ventures	9,904	0
Other related companies	1	0

* The prior year amounts were adjusted.

The following legal and business relations exist with related companies:

- The parent company of RLB NÖ-Wien is Raiffeisen-Holding NÖ-Wien. The business relationships between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien consist primarily of refinancing for Raiffeisen-Holding NÖ-Wien and transactions with derivative financial instruments.
- Raiffeisenlandesbank Niederösterreich-Wien reg. Gen.m.b.H. transferred its banking-related business operations and banking-related equity investments to RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (formerly PRAELUSIO Beteiligungs AG) as a contribution in kind retroactively as of 31 December 2000 in accordance with § 92 of the Austrian Banking Act and Art. III of the Austrian Reorganization Tax Act ("Umgründungssteuergesetz"). The transferring company changed its name to RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H. The concessions and authorizations for the banking-related business operations were transferred from Raiffeisen-Holding NÖ-Wien to RLB NÖ-Wien in accordance with § 92 (6) of the Austrian Banking Act. The banking-related business operations were accepted by RLB NÖ-Wien as the universal legal successor in accordance with § 92 (4) of the Austrian Banking Act. In accordance with § 92 (9) of the Austrian Banking Act, Raiffeisen-Holding NÖ-Wien is liable with its entire assets for all current and future liabilities of RLB NÖ-Wien in the event this latter institution should become insolvent.

- RLB NÖ-Wien has been a member of a corporate tax group created in accordance with § 9 of the Austrian Corporate Income Tax Act since the 2005 assessment year. The head of the tax group is Raiffeisen-Holding NÖ-Wien, with which RLB NÖ-Wien has concluded a tax contribution agreement.
- In the 2015 assessment year, the corporate tax group with Raiffeisen-Holding NÖ-Wien as its head included RLB NÖ-Wien as well as 57 (2014: 54) other members. The tax base for the entire group equals the total income of the head of the group plus the allocated taxable income of the group members after the maximum allowable deduction of the tax loss carryforwards held by the head of the group. RLB NÖ-Wien is charged a proportional share of group corporate income tax, which is assessed at the level of the head of the group, Raiffeisen-Holding NÖ-Wien. A tax charge based on the contractually agreed rate is payable to the head of the group, Raiffeisen-Holding NÖ-Wien, on the untaxed portion of the taxable income recorded by RLB NÖ-Wien. A loss recorded by RLB NÖ-Wien for the year results in a negative tax contribution.
- The liquidity management agreement concluded between RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien regulates the relationship between these two parties with respect to liquidity provision, measurement and monitoring as well as the related measures. This agreement was concluded for an indefinite period of time and can be cancelled by both parties.
- RLB NÖ-Wien and Raiffeisen-Holding NÖ-Wien have concluded a management service agreement that regulates the details of mutually provided services in order to reduce redundancy and improve cost efficiency.
- RLB NÖ-Wien and „AKTUELL“ Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H concluded contracts for the transfer of profit and loss in connection with the inter-company relationships established under Austrian corporate tax law. The inter-company relationships remained in effect up to the 2004 assessment year, but the contracts for the transfer of profit and loss are still valid.

- RLB NÖ-Wien and the following companies have established tax groups for VAT purposes:
  - Raiffeisen-Holding NÖ-Wien
  - „AKTUELL“ Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H.
  - MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH
  - Raiffeisen Beratung direkt GmbH
  - RBE Raiffeisen Beratungs- und Entwicklungs GmbH
  - Raiffeisen Versicherungs- und Bauspar-Agentur GmbH
  - Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H.
  - Raiffeisen Analytik GmbH

- RLB NÖ-Wien has arranged for Directors and Officers (D&O) insurance and fidelity insurance to cover its corporate bodies and key managers as well as the corporate bodies and key managers of its subsidiaries and carries the cost for this insurance.
- The following companies have concluded an agreement (federal IPS agreement) for the establishment of an institutional protection scheme: RLB NÖ-Wien, Raiffeisen-Holding NÖ-Wien, RZB, all other Raiffeisen regional banks, ZVEZA Bank, Raiffeisen Bausparkasse GmbH, Raiffeisen Wohnbaubank AG and Österreichische Raiffeisen-Einlagensicherung eGen (ÖRE). This federal IPS agreement establishes an institution-based protection scheme (federal IPS) under which the contract parties assume the rights and obligations defined in the respective legal provisions of the IPS framework agreement and consent to their implementation as regulated by the federal IPS agreement. The parties to the federal IPS agreement have also concluded a trust agreement under which ÖRE serves as the trustee for payments made in connection with the federal IPS.
- The following companies have concluded an agreement (regional IPS agreement) for the establishment of an institutional protection scheme: RLB NÖ-Wien, Raiffeisen-Holding NÖ-Wien, the solidarity association of Raiffeisen-Bankengruppe NÖ-Wien, 60 (2014: 61) Lower Austrian Raiffeisen banks (the IPS agreement was originally signed by 63 Lower Austrian Raiffeisen banks; the number declines to 60 as of 31 December 2015 due to mergers between the Lower Austrian Raiffeisen banks) and Raiffeisen-Einlagensicherung NÖ-Wien reg.Gen.m.b.H. (LASE). This

regional IPS agreement establishes an institution-based protection scheme (regional IPS) under which the contract parties assume the rights and obligations defined in the respective legal provisions of the IPS framework agreement and consent to their implementation as regulated by the regional IPS agreement. The parties to the regional IPS agreement have also concluded a trust agreement under which LASE serves as the trustee for payments made in connection with the regional IPS.

In 2015 shares in an associate were sold for EUR 45.2 million. No such transactions took place during the previous year.

A group of roughly 80 employees was outsourced to a joint venture in the first quarter of 2016 as part of the shared services project. In this connection, liabilities of TEUR 6,396, which are classified as held for sale, were reported under other liabilities.

An associate and one of its subsidiaries have concluded a limited settlement agreement to offset the loans and advances to and deposits from other banks.

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

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

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

€'000	2015	2014
Sight deposits	2,325	2,740
Bonds	30	10
Savings deposits	562	586
Other receivables	138	156
Total	**3,055**	3,492
Current accounts	6	8
Loans	1,546	1,372
Other liabilities	109	127
Total	**1,661**	1,507

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

€'000	2015	2014
Sight deposits	274	195
Bonds	0	8
Savings deposits	206	89
Other receivables	2	2
Total	**482**	294
Current accounts	0	0
Loans	58	55
Other liabilities	0	1
Total	**58**	56

(35) Remuneration of the Managing and Supervisory Boards

The following expenses were recognized for the members of the Managing Board of RLB NÖ-Wien:

€'000	2015	2014
Expenditure on		
Short-term benefits	2,164	1,951
Post-employment benefits	738	2,290
Other long-term benefits	17	6

The members of the Supervisory Board received remuneration totalling TEUR 111 in 2015 (2014: TEUR 101).

The payments made to former managing directors and their surviving dependents (of the former Raiffeisenlandesbank Niederösterreich-Wien reg. Gen.m.b.H.) and former members of the Managing Board of RLB NÖ-Wien amounted to TEUR 1,219 (2014: TEUR 1,434).

(36) Disclosure of loans and advances to members of the Managing and Supervisory Board pursuant to § 266 No. 5 of the Austrian Commercial Code

As of the balance sheet date on 31 December 2015, loans and advances outstanding to the members of the Managing Board and Supervisory Board totalled TEUR 1,261 (2014: TEUR 766) and TEUR 130 (2014: TEUR 121), respectively. No guarantees were issued on behalf of these persons. The loans and advances to the members of the Supervisory Board consist solely of loans and advances to the employees appointed to this corporate body by the Staff Council and carry standard bank terms and interest rates. Repayments during the reporting year amounted to TEUR 157 (2014: TEUR 89) by the Managing Board members and TEUR 18 (2014: TEUR 2) by the Supervisory Board members.

(37) Foreign currency balances

The consolidated financial statements include the following foreign currency asset and liability balances:

€'000	**2015**	**2014**
Assets	1,548,399	1,858,685
Liabilities	381,847	566,290

(38) Assets and liabilities outside Austria

The asset and liabilities with contract partners outside Austria are as follows:

€'000	**2015**	**2014**
Assets	4,516,347	5,336,618
Liabilities	6,262,639	5,874,629

(39) Subordinated assets

Assets include the following subordinated items:

€'000	2015	2014
Loans and advances to other banks	11,541	11,541
Loans and advances to customers	0	289
Trading assets	49	10,423
Securities and equity investments	52,893	96,811
Total	**64,483**	**119,064**

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

RLB NÖ-Wien held the following off-balance sheet obligations at year-end:

€'000	2015	2014
Contingent liabilities	***930,201***	***1,077,375***
Of which arising from other guarantees	900,109	1,048,177
Of which arising from letters of credit	29,979	29,085
Of which other contingent liabilities	112	112
Commitments	***4,862,788***	***5,426,669***
Of which arising from revocable loan commitments	3,187,703	3,051,732
Of which arising from irrevocable loan commitments	1,675,085	2,374,937
Up to 1 year	252,613	456,475
More than 1 year	1,422,472	1,918,462

The additional guarantees for cooperatives totalled TEUR 1,987 (2014: TEUR 112) and include TEUR 41 (2014: TEUR 41) related to subsidiaries. Additional funding commitments total TEUR 841 (2014: TEUR 34,041), whereby TEUR 150 (2014: TEUR 150) are related to subsidiaries. Outstanding deposits remained unchanged in comparison with the previous year at TEUR 21 (2014: TEUR 21). Of this total, TEUR 18 (2014: 18) are related to subsidiaries.

Moreover, there are obligations arising from the mandatory membership in the protection facility to be maintained by the Raiffeisen bank organization (§§ 8 (1) and 45 (1) in connection with § 59 of the Austrian Deposit Protection and Investor Compensation Act).

RLB NÖ-Wien is required to make an annual ex ante contribution (§ 21 of the Austrian Deposit Protection and Investor Compensation Act) to finance the statutory deposit insurance through the creation of a fund. The contribution for 2015 equalled TEUR 1,085 and is reported under other operating expenses. The protection facility can also collect special contributions each calendar year up to a maximum of 0.5% of the covered deposits in member institutions (the Financial Market Authority can, in individual cases, approve a higher amount). The amount of the special contributions is based on the ratio of the last annual contribution payable by RLB NÖ-Wien to the total amount of the last annual contribution payable by all members to the protection facility (§ 22 of the Austrian Deposit Protection and Investor Compensation Act).

In the event compensation payments are made for insured securities services (investor compensation), the annual contribution for each individual institution will equal up to 1.5% of the assessment base as defined by Art. 92 (3) letter a of the CRR plus 12.5-times the capital requirements for position risk as defined in Part 3 Title IV Chapter 2 of the CRR, i.e. TEUR 161,638 (2014: TEUR 184,023) for RLB NÖ-Wien.

RLB NÖ-Wien is a member of Raiffeisen Kundengarantiegemeinschaft NÖ-Wien, the Raiffeisen customer deposit protection association for Lower Austria and Vienna. In accordance with the provisions of the association's statutes, the joint responsibility for the fulfilment of obligations to customers (customer deposits as defined under Pos. 2., Liabilities) and deposits from other banks (as defined in Pos. 1., Liabilities) and the securities issued by every insolvent association member are guaranteed up to a limit that equals the total individual capacities of the other association members. The individual capacity of an association member is based on free cash reserves as calculated in accordance with the relevant provisions of the Austrian Banking Act.

Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien, in turn, is a member of the Raiffeisen Kundengarantie-gemeinschaft Österreich, whose members are RZB, Raiffeisen Bank International AG (RBI) and other Raiffeisen regional customer guarantee collectives. The objective of the association is the same as Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien based on RZB, RBI and the members of the Raiffeisen regional customer deposit protection association (also see note (30) Risk report).

The disclosure requirement for guarantee obligations is met by a noted item of EUR 1.00 below the balance sheet because it is not possible to determine the amount of the potential liability of RLB NÖ-Wien arising from the reciprocal guarantee system.

In accordance with § 125 (1) of the Austrian Act on the Reorganization and Resolution of Banks (“Bundesgesetz über die Sanierung und Abwicklung von Banken“, BaSAG), institutions are required to make contributions and the Financial Market Authority is required to ensure that the funds available through the resolution financing mechanism equal at least 0.1% of the insured deposits of all institutions licensed in Austria by 31 December 2015. The goal is to reach 1% of the insured deposits by 2023. The contribution by RLB NÖ-Wien equalled TEUR 6,616 in 2015 and is reported under other operating income. In addition, § 127 of the Austrian Act on the Reorganization and Resolution of Banks authorizes the resolution authority to call for extraordinary subsequent contributions if required. The calculation of these contributions is based on the rules for ordinary contributions as defined in § 126 of the Austrian Act on the Reorganization and Resolution of Banks, whereby they may not exceed three-times the annual ordinary contributions.

In the sense of Art. 49 (3) and 113 (7) of the CRR, RLB NÖ-Wien has concluded a contract for the establishment of an institutional protection scheme (federal IPS) at the federal level with the following companies: RZB, the other Raiffeisen regional banks, Raiffeisen-Holding NÖ-Wien and a number of other institutions in the Raiffeisen-Banking Group. RLB NÖ-Wien also concluded a similar agreement with Raiffeisen-Holding NÖ-Wien and 60 Lower Austrian Raiffeisen banks (regional IPS).

In addition, a trust agreement was concluded between the parties to the federal and regional IPS agreements under which ÖRE or LASE, respectively, is designated to serve as the trustee for payments made within the scope of the federal or regional institutional protection scheme.

These agreements are intended to ensure sufficient liquidity and solvency in order to prevent the bankruptcy of the contract parties. The guarantee agreements make it possible for the institutions not to deduct the other contract parties' holdings in equity instruments from their own capital (Art. 49 (3) of the CRR). Moreover, the institutions are permitted to exclude risk positions against the other contract parties from the calculation of their own risk-weighted positions (Art. 113 (7) of the CRR).

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

For the federal IPS, an ex-ante special fund for possible support actions must be accumulated within an appropriate period, but no later than 31 December 2022. The contribution by RLB NÖ-Wien equalled EUR 8.5 million in 2015 (2014: EUR 3.1 million) and is reported as a reserve. In 2015 EUR 2.3 million of the reserve created in the previous year was used for support payments.

An ex-ante special fund for possible support actions must also be accumulated for the regional IPS by 31 December 2022. RLB NÖ-Wien made its first contribution in 2015 (TEUR 2,331; 2014: 0), which is reported as a reserve.

(41) Repurchase agreements, securities lending and offsetting agreements

As of 31 December, the repurchase and resale obligations arising from repo agreements are as follows:

€'000	2015	2014
Genuine repurchase agreements as the pension provider		
Deposits from other banks	89,986	92,540
Total	**89,986**	92,540

The carrying amount of the securities sold under a sale and repurchase agreement totalled TEUR 104,819 in 2015 (2014: TEUR 109,984). No securities were purchased under a sale and repurchase agreement.

Securities lending transactions covered a volume of TEUR 176,622 (2014: TEUR 76,039), while securities totalling TEUR 0 (2014: TEUR 65,000) were borrowed. In connection with securities lending transactions, no cash was received as collateral.

The following financial assets and liabilities were offset for presentation on the balance sheet in 2015 in agreement with IAS 32 or are subject to an enforceable master netting agreement or similar arrangement:

Assets	Gross amounts	Offset on the balance sheet	Net amounts reported on the balance sheet	Related amounts not offset on the balance sheet		Net amount
2015 €'000				Financial instruments	Cash collateral received	
Loans and advances to other banks	3,405,272	0	3,405,272	(1,453,068)	0	1,952,204
Derivatives	1,180,108	0	1,180,108	(1,062,532)	(116,140)	1,437
Total	**4,585,380**	**0**	**4,585,380**	**(2,515,600)**	**(116,140)**	**1,953,641**

Liabilities 2015 €'000	Gross amounts	Offset on the balance sheet	Net amounts reported on the balance sheet	Related amounts not offset on the balance sheet		Net amount
				Financial instruments	Cash collateral provided	
Deposits from other banks	1,453,068	0	1,453,068	(1,453,068)	0	0
Derivatives	1,481,703	0	1,481,703	(1,062,532)	(430,893)	(11,722)
Repurchase agreements issued	89,986	0	89,986	(89,986)	0	0
Total	**3,024,757**	**0**	**3,024,757**	**(2,605,586)**	**(430,893)**	**(11,722)**

The following financial assets and liabilities were offset for presentation on the balance sheet in 2014 in agreement with IAS 32 or are subject to an enforceable master netting agreement or similar arrangement:

Assets 2014 €'000	Gross amounts	Offset on the balance sheet	Net amounts reported on the balance sheet	Related amounts not offset on the balance sheet		Net amount
				Financial instruments	Cash collateral received	
Loans and advances to other banks	3,664,013	0	3,664,013	(2,210,443)	0	1,453,570
Derivatives	1,552,888	0	1,552,888	(1,410,567)	(135,790)	6,531
Total	5,216,900	0	5,216,900	(3,621,010)	(135,790)	1,460,101

Liabilities 2014 €'000	Gross amounts	Offset on the balance sheet	Net amounts reported on the balance sheet	Related amounts not offset on the balance sheet		Net amount
				Financial instruments	Cash collateral provided	
Deposits from other banks	2,210,443	0	2,210,443	(2,210,443)	0	0
Derivatives	1,975,514	0	1,975,514	(1,410,567)	(566,903)	(1,956)
Repurchase agreements issued	92,540	0	92,540	(92,540)	0	0
Total	4,278,497	0	4,278,497	(3,713,550)	(566,903)	(1,956)

In order to determine capital requirements, RLB NÖ-Wien offsets the corresponding receivables from derivatives (positive and negative fair values) resulting from individual transactions executed under a framework agreement (for financial forwards and futures) or an ISDA master agreement with the respective counterparty. Raiffeisenlandesbank NÖ-Wien AG has concluded these types of netting agreements with numerous banks and other financial institutions. An agreement was also concluded with an associate and one of its subsidiaries to offset receivables and liabilities. The agreements described are conditional and only permit netting in the event of payment default or insolvency.

(42) Assets pledged as collateral

The following assets recognized on the balance sheet were pledged as collateral for the liabilities listed below:

€'000	**2015**	2014
Receivables in the mortgage cover pool	1,467,896	1,240,589
Receivables used as collateral for bonds issued by the bank	786,162	499,925
Collateral for derivative contracts	431,899	567,631
Receivables assigned to OeKB	268,282	357,498
Receivables assigned to the EIB	284,240	212,757
Receivables assigned to OeNB (credit claims)	2,132,193	0
Cover pool for issued covered partial debentures	54,861	239,473
Bonds deposited with OeKB in connection with EIB loans	79,791	81,908
Receivables in the RZB cover pool	71,618	73,638
Receivables assigned to KfW	24,988	43,174
Cover pool for fiduciary savings deposit balances	12,783	8,338
Collateral for securities transactions with OeKB (securities)	4,000	5,000
Other receivables assigned	5,903	6,903
Securities deposited in connection with ECB tenders	3,232,431	651,639
Total	**8,857,046**	3,988,473

In accordance with an Austrian law governing covered bonds that was enacted on 27 December 1905 ("§ 1 (6) Fundierte Bankschuldverschreibungsgesetz", Austrian Federal Gazette BGBl 1905/213 in the current version), loans and advances to other banks of EUR 30.2 million (2014: TEUR 0) and mortgage-backed receivables due from other banks of EUR 1,268.6 million (2014: TEUR 915) were also included in the mortgage coverage pool of RLB NÖ-Wien to secure obligations under the covered bonds.

Assets recognized on the balance sheet serve as collateral for the following liabilities:

€'000	2015	2014
Deposits from other banks	2,104,094	542,172
Deposits from customers	7,596	8,338
Securitized liabilities	1,527,396	1,472,989
Other liabilities	431,899	567,631
Total	**4,070,985**	2,591,130

(43) Fiduciary transactions

RLB NÖ-Wien held the following balances of fiduciary assets and liabilities on the balance sheet date:

€'000	2015	2014
Loans and advances to customers	14,850	15,675
Fiduciary assets	*14,850*	*15,675*
Deposits from customers	14,850	15,675
Fiduciary liabilities	*14,850*	*15,675*

(44) Disclosure of bonds, other fixed-interest securities and issued bonds pursuant to § 64 (1) 1 No. 7 of the Austrian Banking Act

The following bonds, other fixed-interest securities and issued bonds are due and payable in the year following the balance sheet date:

€'000		2015	2014
a)	Receivables arising from bonds and other fixed-interest securities	221,680	156,856
b)	Payables arising from bonds issued by the Group	1,218,183	1,175,491

(45) Disclosure of securities admitted for exchange trading pursuant to § 64 (1) No. 10 of the Austrian Banking Act

€'000	2015	2014 Listed	2015	2014 Unlisted*
Bonds and other fixed-interest securities	2,084,017	2,230,260	0	0
Shares and other variable-yield securities	36,359	59,237	0	0

* Bonds and other fixed-interest securities admitted for trading include EUR 400 (2014: TEUR 400) of securities that are not listed.

(46) Disclosure of financial assets pursuant to § 64 (1) No. 11 of the Austrian Banking Act

Classification of the securities reported under "bonds and other fixed-interest securities" and "shares and other variable-yield securities" that were admitted for trading on an exchange and classified as non-current assets:

€'000		2015	2014
a)	Bonds and other fixed-interest securities	1,706,526	1,415,479
b)	Shares and other variable-yield securities	25,750	39,241

The classification as non-current or current financial assets - in accordance with legal requirements - was based on the investment strategy determined by the Managing Board or a committee delegated by the Managing Board.

(47) (Nominal)volume of the securities trading book

€'000	2015	2014
Fixed-interest securities, nominal values	148,823	112,501
Other financial instruments (derivatives, face values)	15,210,950	8,859,705

(48) Regulatory capital

RLB NÖ-Wien is part of the Raiffeisen-Holding NÖ-Wien financial institution group and is therefore not subject to the regulations governing financial institution groups or requirements on a consolidated basis. Raiffeisen-Holding NÖ-Wien, the parent company, is responsible for compliance with these regulatory requirements at the financial institution group level. Accordingly, the regulatory capital requirements for the financial institution group are reported below and in the consolidated financial statements of Raiffeisen-Holding NÖ-Wien. Since 1 January 2014, the calculation of capital and capital requirements has been defined by the provisions of Basel III in accordance with CRR requirements and the provisions of the Capital Requirements Directive (CRD) IV that were included in the Austrian Banking Act.

€'000	**2015**	**2014**
Paid-in capital	549,262	558,140
Retained earnings	1,392,669	1,400,944
Accumulated other comprehensive income and other equity	(40,673)	(96,442)
Common equity Tier 1 before deductions	***1,901,258***	***1,862,642***
Intangible assets incl. goodwill	(3,542)	(1,203)
Corrections in respect of cash flow hedge reserves	70,964	95,935
Corrections for credit standing related changes in values of own liabilities	61	5,310
Corrections for credit standing related changes in values of derivatives	(4,165)	(2,371)
Value adjustment due to the prudent valuation requirement	(4,162)	(3,296)
Common equity Tier 1 capital after deductions (CET1)	***1,960,413***	***1,957,016***
Receivables assigned to OeNB (credit claims)	177,345	265,043
Deductions from additional core capital	(5,312)	(4,813)
Additional core capital after deductions	***172,032***	***260,229***
Tier 1 capital after deductions (T1)	***2,132,445***	***2,217,246***
Eligible supplementary capital	761,788	948,651
Ancillary own funds after deductions	***761,788***	***948,651***
Total eligible own funds	***2,894,234***	***3,165,896***
Total capital requirement	**1,140,514**	1,283,250
Common equity Tier 1 ratio (CET1 ratio), %	13.75	12.20
Tier 1 ratio (T1 ratio), %	14.96	13.82
Own funds ratio (total capital ratio), %	20.30	19.74
Surplus capital ratio in %	153.77	146.71

Under a fully loaded analysis, the Common Equity Tier 1 Ratio equalled 12.69% and the Total Capital Ratio 15.52%.

Total capital requirements comprise the following:

€'000	2015	2014
Own funds requirement		
Own funds requirement for credit risk	1,030,974	1,158,839
Capital requirements for position risk in debt instruments and assets	30,472	26,085
Own funds requirement for the CVA	13,711	16,227
Own funds requirement for operational risk	65,356	82,100
Total own funds requirement (total risk)	**1,140,514**	1,283,250
Basis of assessment (credit risk)	12,887,180	14,485,483
Total basis of assessment (total risk)	14,256,421	16,040,626

The information required by Art. 431 to 455 of the CRR (Disclosure) is reported by the parent company, Raiffeisen-Holding NÖ-Wien, on the website www.rhnoew.at.

(49) Disclosure of the total return on capital pursuant to § 64 (1) No. 19 of the Austrian Banking Act

(50) The total return on capital as defined in § 64 (1) No. 19 of the Austrian Banking Act equalled 0.24% as of 31 December 2015.

(50) Average number of employees

The average workforce (full-time equivalents) employed during the 2015 and 2014 financial years is as follows:

	2015	2014
Salaried employees	1,185	1,201
Wage employees	0	0
Total	**1,185**	1,201

(51) Events after the balance sheet date and approval of the consolidated financial statements

In connection with the shared services project, a group of roughly 80 employees were transferred to RSC Raiffeisen Service Center GmbH, an associate that is jointly managed by companies in the Raiffeisen sector, during the first quarter of 2016. The goal of the shared services project is to centralize standard settlement activities and thereby optimize back office processes.

RLB NÖ-Wien holds bonds with a nominal value of EUR 25.0 million in HETA. In January 2016 the Carynthian settlement fund ("Kärntner Ausgleichs-Zahlungsfond", K-AF) announced a repurchase offer which required the approval of creditors representing at least two-thirds of the total amount. This offer covered a pro-rata payment of 75% for senior debt instruments and 30% for subordinated debt instruments. Acceptance of the offer would have allowed the investors to use the proceeds for the purchase of a zero-coupon, 18-year government bond at 75% of the nominal value. On 14 March 2016 K-AF announced the following: the repurchase offer was not accepted by the majority of creditors holding debt instruments covered by the offer as required by § 2a (4) of the Austrian Financial Market Stability Act ("Finanzmarktstabilitätsgesetz", FinStaG); the terms defined by the offer as preconditions for the purchase of the debt instruments covered by the offer were therefore not met; and K-AF would therefore not purchase any of the debt instruments covered by the offer. Further actions by the FMA remain outstanding. The Managing Board of RLB NÖ-Wien has recognised an appropriate provision for these bonds.

On 1 March 2016 Raiffeisen Bank International AG (RBI) indicated that the sale of the direct bank ZUNO BANK AG to the Alfa Banking Group, which was initially announced in September 2015, would not be finalized. The effect of the transaction on RBI's regulatory capital ratios would have been negligible. RBI is evaluating further internal and external steps, primarily the total sale of Zuno but also the full integration in other RBI units or a partial sale.

On 15 January 2016 the Polish president signed a law passed by the parliament, which implements a bank levy for Polish banks. The bank levy equals 0.44% of the balance sheet total each year and has been collected in monthly instalments since February 2016. A base amount of PLN 4 billion (=approx. EUR 1 billion) as well as investments in Polish government bonds and equity are exempt from the levy.

The two above events have no direct influence on the business activities of RLB NÖ-Wien. However, they are connected with risks and uncertainties for the valuation and future development of RZB.

The consolidated financial statements were finalized by the Managing Board at its meeting on 24 March 2016 and released to the Supervisory Board for further examination. The consolidated financial statements were presented to the Supervisory Board for approval during its meeting on 5 April 2016.

Overview of Equity Investments (pursuant to § 265 (2) of the Austrian Commercial Code)

The following tables show the equity investments held by the RLB NÖ-Wien Group:

(52) Subsidiaries included in the consolidated financial statements

Entity, Registered office	Subscribed capital	Currency	2015 Share in %	2014 Share in %	Type
RLB NÖ-Wien Holding GmbH, Vienna	70,000	EUR	100	100	FI
RLB NÖ-Wien Sektorbeteiligungs GmbH, Vienna	35,000	EUR	100	100	FI

(53) Companies included in the consolidated financial statements at equity

Entity, Registered office	Subscribed capital	Currency	2015 Share in %	2014 Share in %	Type
Raiffeisen Informatik GmbH, Vienna	1,460,000	EUR	47.35	47.35	OT
Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna	492,466,423	EUR	34.74	34.74	BA

The following associates of the RLB NÖ-Wien Group were designated as material by management:

Associates	Raiffeisen Zentralbank Österreich AG 2015	2014
Registered office of the associate	Vienna	Vienna
Share in the associate	34.74%	34.74%

RLB NÖ-Wien holds 34.74% of the shares in RZB and is therefore its primary owner. Significant parts of the operating business previously carried out directly by RZB – above all the corporate customer business, product areas and investment banking – were spun off to RBI, a subsidiary, in 2010. RZB remains the leading institution in the Austrian Raiffeisen banking group and continues to provide services for its members. It also holds and coordinates the individual member institution's minimum reserve and statutory liquidity reserve and provides supports for liquidity management.

The following table shows the financial information for the material associates; it is based on the respective IFRS consolidated financial statements:

Associates €'000	Raiffeisen Zentralbank Österreich AG 2015	 2014*
Interest income	5,338,577	6,032,498
Net profit	465,354	(556,403)
Other comprehensive income	(141,980)	(1,223,478)
Total comprehensive income	***323,373***	***(1,779,881)***
Attributable to equity holders of the parent	126,883	(1,133,196)
Attributable to non-controlling interest	196,490	(646,686)
Net assets	***9,296,126***	***9,207,490***
Attributable to equity holders of the parent	5,387,966	5,252,062
Attributable to non-controlling interest	3,908,160	3,955,426
Proportional share of net assets held by RLB NÖ-Wien	1,872,008	1,824,789
Reconciliation	(73,429)	25,872
Carrying amount on the consolidated balance sheet as of 31.12	**1,798,579**	**1,850,661**
Carrying amount on the consolidated balance sheet as of 31.12	1,850,661	2,487,731
Proportional share of other changes in equity	3,134	(117,790)
Consolidated comprehensive income	44,084	(393,742)
Impairment	(99,300)	(40,775)
Dividends received	0	(84,763)
Carrying amount on the consolidated balance sheet as of 31.12	**1,798,579**	**1,850,661**

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

In addition to the material associates, RLB NÖ-Wien holds an investment in the following company. This company is considered immaterial and is accounted for at equity:

- Raiffeisen Informatik GmbH

The following table shows the aggregated carrying amount, share of profit or loss and share of other comprehensive income for this company, which is considered immaterial for the consolidated financial statements of RLB NÖ-Wien:

€'000	2015	2014
Share of profit/(loss) after tax	17,692	(5,659)
Share of other comprehensive income	570	(3,531)
Share of total comprehensive income	18,262	(9,190)
Carrying amount on the consolidated balance sheet as of 31.12	**40,255**	26,027

(54) Subsidiaries not included through full consolidation

Entity, Registered office (country)	Subscribed capital	Currency	2015 Share in %	2014 Share in %	Type
"AKTUELL" Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H., Vienna (A)	73,000	EUR	100.00%	100.00%	SU
"ARSIS" Beteiligungs GmbH, Vienna (A)	140,000	EUR	100.00%	100.00%	SU
"BARIBAL" Holding GmbH, Vienna (A)	105,000	EUR	100.00%	100.00%	SU
"PRUBOS" Beteiligungs GmbH, Vienna (A)	35,000	EUR	100.00%	100.00%	SU
"RUFUS" Beteiligungs GmbH, Vienna (A)	146,000	EUR	100.00%	100.00%	SU
"TOJON" Beteiligungs GmbH, Vienna (A)	70,000	EUR	100.00%	100.00%	SU
Baureo Projektentwicklungs GmbH, Vienna (A)	35,000	EUR	100.00%	100.00%	SU
MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH, Vienna (A)	400,000	EUR	75.00%	75.00%	SU
MUSTUM Holding GmbH, Vienna (A)	70,000	EUR	100.00%	-	SU
NAWARO ENERGIE Betrieb GmbH, Zwettl (A)	36,000	EUR	100.00%	100.00%	SU
NÖ Raiffeisen Kommunalservice Holding GmbH, Vienna (A)	35,000	EUR	100.00%	100.00%	FI
Purator CEE Kft, Budapest (H)	108,280,000	HUF	100.00%	100.00%	SU
Purator Hungaria Kft., Budapest (H)	117,500,000	HUF	100.00%	100.00%	SU
PURATOR International GmbH in Liqu. (formerly: PURATOR International GmbH), Wiener Neudorf (A)	84,680	EUR	100.00%	100.00%	SU
Raiffeisen Analytik GmbH, Vienna (A)	100,000	EUR	99.60%	99.60%	SU
Raiffeisen Beratung direkt GmbH, Vienna (A)	37,000	EUR	100.00%	100.00%	NDL
RAIFFEISEN IMMOBILIEN VERMITTLUNG GES.M.B.H., Vienna (A)	622,000	EUR	98.75%	98.85%	SU
Raiffeisen Liegenschafts- und Projektentwicklungs GmbH, Vienna (A)	35,000	EUR	100.00%	100.00%	SU
Raiffeisen Netzwerk GmbH, Vienna (A)	35,000	EUR	100.00%	100.00%	SU
Raiffeisen NÖ-W Einkaufs- und Beschaffungs GmbH, Vienna (A)	70,000	EUR	100.00%	100.00%	SU
Raiffeisen Versicherungs- und Bauspar-Agentur GmbH, Vienna (A)	70,000	EUR	100.00%	100.00%	SU
Raiffeisen Vorsorgewohnungserrichtungs GmbH, Vienna (A)	100,000	EUR	100.00%	100.00%	SU
Raiffeisen-Einlagensicherung Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna (A)	41,832	EUR	98.70%	98.64%	SU
RBE Raiffeisen Beratungs- und Entwicklungs GmbH (formerly: KREBEG Finanzierungsberatungs GmbH), Vienna (A)	35,000	EUR	95.00%	95.00%	SU
RLB Businessconsulting GmbH, Vienna (A)	35,000	EUR	100.00%	100.00%	SU
RLB NÖ-Wien Leasingbeteiligungs GmbH, Vienna (A)	35,000	EUR	100.00%	100.00%	FI
SILVULA Holding GmbH, Vienna (A)	70,000	EUR	100.00%	-	SU

Entity, Registered office (country)	Subscribed capital	Currency	2015 Share in %	2014 Share in %	Type
TIONE Altbau-Entwicklung GmbH, Vienna (A)	37,000	EUR	100.00%	100.00%	SU
Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H., Graz (A)	50,000	EUR	100.00%	100.00%	SU
VINARIA Holding GmbH, Vienna (A)	70,000	EUR	100.00%	-	SU
VOLTURNO Holding GmbH, Vienna (A)	70,000	EUR	100.00%	-	SU
Waldviertel Immobilien-Vermittlung GmbH, Zwettl (A)	35,000	EUR	100.00%	100.00%	SU

(55) Other equity investments

Associates not accounted for at equity because of their secondary importance:

Entity, Registered office	Subscribed capital	Currency	2015 Share in %	2014 Share in %	Type
Central Danube Region Marketing & Development GmbH, (subgroup RLB AG), Vienna (A)	200,000	EUR	50.00%	50.00%	SU
Die Niederösterreichische Leasing Gesellschaft m.b.H., (subgroup RLB AG), Vienna (A)	36,400	EUR	40.00%	40.00%	FI
Die Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG, (subgroup RLB AG), Vienna (A)*	---	---	---	---	FI
ecoplus International GmbH, (subgroup RLB AG), Vienna (A)	35,000	EUR	30.00%	30.00%	SU
NÖ Bürgschaften und Beteiligungen GmbH, (subgroup RLB AG), Vienna (A)	5,316,414	EUR	20.14%	20.14%	FI
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., (subgroup RLB AG), Vienna (A)	50,000	EUR	74.00%	74.00%	FI
Raiffeisen Software GmbH (formerly: Raiffeisen Software Solution und Service GmbH), (subgroup RLB AG), Vienna (A)	150,000	EUR	25.50%	37.83%	SU
Raiffeisen-Leasing Managment GmbH, (subgroup RLB AG), Vienna (A)	300,000	EUR	21.56%	21.56%	FI
Raiffeisen-Leasing Österreich GmbH, (subgroup RLB AG), Vienna (A)	100,000	EUR	32.34%	32.34%	FI
RSC Raiffeisen Service Center GmbH, (subgroup RLB AG), Vienna (A)	2,000,000	EUR	29.70%	25.01%	SU

* Shareholder with unlimited liability

Key:
Type of company
- FI Financial institution
- NDL Ancillary service provider
- OT Other

The following companies were identified as joint ventures in accordance with IFRS 11 – Joint Arrangements – because they are under common mangement: Die Niederösterreichische Leasing Gesellschaft m.b.H., Die Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG, NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H. and RSC Raiffeisen Service Center GmbH.

(56) Companies related through the parent Raiffeisen-Holding NÖ-Wien

Companies included in the scope of consolidation of Raiffeisen-Holding NÖ-Wien through full consolidation:

"ALMARA" Holding GmbH, Vienna (A)
"BASCO" Beteiligungs GmbH, Vienna (A)
"GULBIS" Beteiligungs GmbH, Vienna (A)
"HELANE" Beteiligungs GmbH, Vienna (A)
"LAREDO" Beteiligungs GmbH, Vienna (A)
"LOMBA" Beteiligungs GmbH, Vienna (A)
"PINUS" Liegenschaftsverwaltungs GmbH, Vienna (A)
"RASKIA" Beteiligungs GmbH, Vienna (A)
"RUMOR" Holding GmbH, Vienna (A)
"SEPTO" Beteiligungs GmbH, Vienna (A)
"TALIS" Holding GmbH, Vienna (A)
"URUBU" Holding GmbH, Vienna (A)
AURORA MÜHLE HAMBURG GmbH, (subgroup LLI), Hamburg (D)
AURORA MÜHLEN GMBH, (subgroup LLI), Hamburg (D)
BLR-Baubeteiligungs GmbH., Vienna (A)
Botrus Beteiligungs GmbH, Vienna (A)
cafe+co Delikomat Sp. z o.o., (subgroup LLI), Bielsko-Biala (PL)
cafe+co Deutschland GmbH, (subgroup LLI), Regensburg (D)
cafe+co International Holding GmbH, (subgroup LLI), Vienna (A)
cafe+co ltal - és Ételautomata Kft., (subgroup LLI), Alsónémedi (H)
café+co Österreich Automaten-Catering und Betriebsverpflegung Ges.m.b.H., (subgroup LLI), Vienna (A)
DELIKOMAT d.o.o., (subgroup LLI), Čačak, (SRB)
DELIKOMAT d.o.o., (subgroup LLI), Marburg (SLO)
Delikomat s.r.o., (subgroup LLI), Brünn (CZ)
Diamant International Malom Kft., (subgroup LLI), Baja (H)
DZR Immobilien und Beteiligungs GmbH, Vienna (A)
Estezet Beteiligungsgesellschaft m.b.H., Vienna (A)
FIDEVENTURA Beteiligungs GmbH, Vienna (A)
Frischlogistik und Handel GmbH, (subgroup NÖM), Baden bei Wien (A)
GoodMills Bulgaria EOOD (formerly: GoodMills Bulgaria EAD), (subgroup LLI), Sofia (BG)
GoodMills Česko s.r.o. (formerly: GoodMills Česko a.s., (subgroup LLI), Prague (CZ)
GoodMills Deutschland GmbH, (subgroup LLI), Hamburg (D)
GoodMills Group GmbH, (subgroup LLI), Vienna (A)
GoodMills Innovation GmbH (formerly: KAMPFFMEYER Food Innovation GmbH), (subgroup LLI), Hamburg (D)
GoodMills Magyarország Kft. (formerly: GoodMills Magyarország Zrt.), (subgroup LLI), Komárom (H)
GoodMills Österreich GmbH, (subgroup LLI), Schwechat (A)
GoodMills Polska Grodzisk Wielkopolski Sp. z o.o., (subgroup LLI), Grodzisk Wielkopolski (PL)
GoodMills Polska Kutno Sp. z o.o., (subgroup LLI), Kutno (PL)
GoodMills Polska Sp. z o.o., (subgroup LLI), Poznań (PL)
GoodMills Romania S.A. (formerly: TITAN S.A.), (subgroup LLI), Pantelimon (RO)

Haas Lebensmittel GmbH (formerly: Adolf Haas Gesellschaft m.b.H.), (subgroup NÖM), Baden bei Wien (A)
Kampffmeyer Mühlen GmbH, (subgroup LLI), Hamburg (D)
KURIER Beteiligungs-Aktiengesellschaft, (subgroup Medicur), Vienna (A)
Latteria NÖM s.r.l., (subgroup NÖM), Mailand (I)
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (A)
Liegenschaftsbesitz Obere Donaustraße 91-95 GmbH (formerly: Obere Donaustraße Liegenschaftsbesitz GmbH), Vienna (A)
Marchfelder Zuckerfabriken Gesellschaft m.b.H., (subgroup LLI), Vienna (A)
MAZ Beteiligungs GmbH, (subgroup LLI), Vienna (A)
Mecklenburger Elde-Mühlen GmbH, (subgroup LLI), Hamburg (D)
Medicur - Holding Gesellschaft m.b.H., Vienna (A)
Medicur Sendeanlagen GmbH, (subgroup Medicur), Vienna (A)
Müller's Mühle GmbH, (subgroup LLI), Gelsenkirchen (D)
Niederösterreichische Milch Holding GmbH, Vienna (A)
NÖM AG, (subgroup NÖM), Baden bei Wien (A)
Nordland Mühlen GmbH, (subgroup LLI), Jarmen (D)
Printmedien Beteiligungsgesellschaft m.b.H., (subgroup Medicur), Vienna (A)
Raiffeisen Agrar Holding GmbH, (subgroup LLI), Vienna (A)
Raiffeisen Agrar Invest GmbH, (subgroup LLI), Vienna (A)
RAIFFEISEN-HOLDING NÖ-Wien Beteiligungs GmbH, Vienna (A)
RH Finanzberatung und Treuhandverwaltung Gesellschaft m.b.H., Vienna (A)
RH Finanzbeteiligungs GmbH, Vienna (A)
RHG Holding GmbH, Vienna (A)
Rossauer Lände 3 Immobilienprojektentwicklung GmbH, Vienna (A)
St. Leopold Liegenschaftsverwaltungs- und Beteiligungsgesellschaft m.b.H., Vienna (A)
TOP-CUP Office-Coffee-Service Vertriebsgesellschaft m.b.H., (subgroup LLI), Klagenfurt (A)
TOV Regionprodukt, (subgroup NÖM), Gnidin (UA)
VK Grundbesitz GmbH, (subgroup LLI), Hamburg (D)
WALDSANATORIUM PERCHTOLDSDORF GmbH, Salzburg (A)
Zucker Invest GmbH, Vienna (A)
Zucker Vermögensverwaltungs GmbH, Vienna (A)
Zucker-Beteiligungsgesellschaft m.b.H., Vienna (A)
Zuckermarkt - Studiengesellschaft m.b.H., Vienna (A)

Unconsolidated companies included in the Raiffeisen-Holding NÖ-Wien Group:

"ARANJA" Beteiligungs GmbH, Vienna (A)
"BANUS" Beteiligungs GmbH, (subgroup LLI), Vienna (A)
"BENEFICIO" Holding GmbH, Vienna (A)
"CLEMENTIA" Holding GmbH, (subgroup Medicur), Vienna (A)
"CREMBS" GmbH, Vienna (A)
"ELIGIUS" Holding GmbH, Vienna (A)
"MAURA" Immobilien GmbH, Vienna (A)
"SERET" Beteiligungs GmbH, Vienna (A)
"SEVERUS" Beteiligungs GmbH, Vienna (A)
BENIGNITAS GmbH, Vienna (A)
Beteiligungsgesellschaft Diamant Mühle Hamburg GmbH, (subgroup LLI), Hamburg (D)
Biogasanlage Dorf Mecklenburg UG (haftungsbeschränkt) & Co. KG, Leipzig (D)*
Biogasanlage Dorf Mecklenburg Verwaltungs-UG (haftungsbeschränkt), Leipzig (D)
C - Holding s.r.o., (subgroup LLI), Modrice (CZ)
cafe+co Cafe GmbH, (subgroup LLI), Vienna (A)
Café+Co Rus, ZAO, (subgroup LLI), Moscow (RU)
CAFE+CO Timisoara S.R.L., (subgroup LLI), Timisoara (RO)
DELIKOMAT d.o.o., (subgroup LLI), Tomislavgrad (BIH)
DELIKOMAT d.o.o., (subgroup LLI), Zagreb (HR)
Delikomat Slovensko spol. s r.o., (subgroup LLI), Bratislava (SK)
Diana Slovakia spol. s r.o., Bratislava (SK)
Farina Marketing d.o.o., (subgroup LLI), Laibach (SLO)
Gesundheitspark St. Pölten Errichtungs- und Betriebs GmbH, Vienna (A)
Naber Kaffee Manufaktur GmbH(vormals GSKM Kaffee GmbH), (subgroup LLI), Vienna (A)
Holz- und Energiepark Vitis GmbH, Vienna (A)
Kampffmeyer Food Innovation Polska Sp. z o.o., (subgroup LLI), Poznan (PL)
Kasernen Immobilienerrichtungsgesellschaft mbH, Vienna (A)
KASERNEN Projektentwicklungs- und Beteiligungs GmbH, Vienna (A)
KDM Biogasanlagen Holding GmbH, Bremen (D)
La Cultura del Caffe Gesellschaft m.b.H., (subgroup LLI), Krems a. d. Donau (A)
Müfa Mehl und Backbedarf Handelsgesellschaft mbH, (subgroup LLI), Hamburg (D)
Neuß & Wilke GmbH, (subgroup LLI), Gelsenkirchen (D)
PBS Immobilienprojektentwicklungs GmbH, Vienna (A)
Raiffeisen-Reisebüro Gesellschaft m.b.H., Vienna (A)
RENERGIE-ÖKOENERGIE Projektentwicklungs GmbH, Vienna (A)
RHU Beteiligungsverwaltung GmbH & Co OG, Vienna (A)*
ROLLEGG Liegenschaftsverwaltungs GmbH, Vienna (A)
Rosenmühle GmbH, (subgroup LLI AG), Hamburg (D)
Schilling GmbH, (subgroup Medicur), Mannheim (D)
TECHBASE Science Park Vienna GmbH, Vienna (A)
Techno-Park Tulln GmbH, Wiener Neudorf (A)

THE AUTHENTIC ETHNIC FOOD COMPANY GmbH, (subgroup LLI), Gelsenkirchen (D)
Theranda Entwicklungsgenossenschaft für den Kosovo registrierte Genossenschaft mit beschränkter Haftung, Vienna (A)
ZEG Immobilien- und Beteiligungs registrierte Genossenschaft mit beschränkter Haftung, Vienna (A)

* Shareholder with unlimited liability

Boards and Officers

Managing Board:

Chairman:
Klaus BUCHLEITNER

Deputy Chairman:
Georg KRAFT-KINZ

Members:
Andreas FLEISCHMANN
Reinhard KARL
Michael RAB

Supervisory Board:

Chairman:
Erwin HAMESEDER

Deputy Chairman:
Johann VIEGHOFER

Members:
Anton BODENSTEIN
Reinhard KERBL
Veronika MICKEL-GÖTTFERT
Alfons NEUMAYER
Gerhard PREISS
Christian RESCH
Brigitte SOMMERBAUER

Delegated by the Staff Council:
Johann AMON
Anita BUCHGRABER
Wolfgang EINSPIELER
Anton HECHTL
Michael HOFER

State commissioners:
Tomas BLAZEK (since 01.03.2015)
Alfred LEJSEK
Bernhard MAZEGGER (up to 28.02.2015)

The Managing Board of RLB NÖ-Wien issued these consolidated financial statements on 24 March 2016. They were prepared in accordance with the provisions of International Financial Reporting Standards, as adopted by the European Union, as well as the supplementary provisions of Austrian corporate law as defined in § 245a of the Austrian Commercial Code in conjunction with § 59a of the Austrian Banking Act. The Group management report was prepared in accordance with the provisions of Austrian corporate law and is consistent with the consolidated financial statements.

The Managing Board

Klaus BUCHLEITNER
Chairman

Georg KRAFT-KINZ
Deputy Chairman

Andreas FLEISCHMANN
Member

Reinhard KARL
Member

Michael RAB
Member

The Managing Board released the consolidated financial statements on 24 March 2016 for distribution to the Supervisory Board.

Statement by the Managing Board

"We confirm to the best of our knowledge that the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group as required by the applicable accounting standards; that the Group management report provides a true and fair view of the development and performance of the business and the position of the Group so as to present a true and fair view of the assets, liabilities, financial position and profit or loss; and that the Group management report describes the principal risks and uncertainties to which the Group is exposed. We note that IFRS accounting - for systemic reasons - is becoming increasingly future-oriented. Accordingly, IFRS financial statements include a growing number of planning elements and uncertainty factors."

The Managing Board

Klaus BUCHLEITNER
Chairman
responsible for the
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

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG,
Vienna, Austria,

for the fiscal year from 1 January 2015 to 31 December 2015. These consolidated financial statements comprise the consolidated statement of financial position as of 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year 2015 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to § 245a UGB (Austrian Commercial Code) and 59a BWG (Austrian Banking Act) respectively, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and other legal or regulatory requirements.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a paragraph 2 UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a paragraph 2 UGB (Austrian Commercial Code) are appropriate.

Vienna, 24 March 2016

As the Auditors appointed by Österreichischer Raiffeisenverband

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Andreas Gilly
Wirtschaftsprüfer
(Austrian Chartered Accountant)

Mag. Bernhard Mechtler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

The financial statements together with our auditor's opinion may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

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

Glossary

Backtesting – The ex post comparison of calculated values at risk (VaR) with actual results to evaluate the quality of a model.

Bank book – All risk-bearing positions on a bank's balance sheet, both on- and off-balance sheet, which are not allocated to the trading book.

Basel II – The compendium of capital regulations issued in recent years by the Basel Committee, an international forum to improve bank supervision. In accordance with EU Directives 2006/48/EC and 2006/49/EC, these rules must be applied by all financial institutions and financial service institutions in the member states of the EU since 1 January 2007. Similar to Basel I, the goals of Basel II are to ensure the capital adequacy of credit institutions and create common basic standards for competition in both lending and credit trading. The main objective of the changes from Basel I to Basel II is to strengthen the connection between legislative capital requirements and actual risk and thereby move closer to the capital requirements determined internally by the institutions.

Basel III – The Basel II guidelines were expanded based on the experience gained from the financial and economic crisis. The goal was to better match the assumed risks with the risk capacity of a bank (as derived from the amount and quality of capital). The new Basel III capital framework was introduced in the EU through the CRR and CRD IV and published on 27 June 2013.

Capital acc. to CRR – Common equity Tier 1 capital plus Tier 2 capital.

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

CDS (Credit Default Swap) – A financial instrument that hedges the credit risks related to loans or securities (also see credit derivative).

Common equity Tier 1 capital – Comprises common equity Tier 1 capital as defined in Art. 50 CRR and additional Tier 1 capital as defined in Art. 61 CRR.

Companies accounted for at equity – Companies over which the investor has significant influence with respect to business and financial policies.

Credit derivatives – Instruments that transfer the credit risks associated with loans, bonds or other risk assets or market positions to another person (also see CDS).

Credit exposure – Comprises all loans, advances and debt securities recorded on the balance sheet as well as off-balance sheet guarantees and credit lines.

CRR/CRD IV – The Capital Requirements Regulation (CRR) and Capital Requirements Directive IV (CRD IV) were adopted by the EU on 27 June 2013. They form the new supervisory framework for the capital, debt and liquidity ratios. The new capital requirements call for mandatory application starting on 1 January 2014. The rules for the liquidity and debt ratios must be applied starting in 2015, resp. 2018. The implementation of these requirements is supplemented by further technical standards issued by the European Banking Authority (EBA).

Currency risk – The risk that the value of a financial instrument could change because of fluctuations in exchange rates.

DBO – (Defined Benefit Obligation) The present value of a defined benefit obligation represents the present value of expected future payments, before the deduction of plan assets, which are required to meet the entitlements earned by employees during the current period or an earlier period.

Default risk – The danger that a contract partner may not meet the obligations arising from a transaction in a financial instrument and thereby cause a financial loss for the other partner.

Deferred tax assets – Deferred tax assets are reported under other assets and are recognised for future tax effects arising from temporary differences between the tax base of assets and liabilities and their value for tax purposes or from unused tax loss carryforwards and tax credits.

Derivative – Derivatives are financial instruments whose value increases or decreases based on the change in an underlying base item, e.g. interest rate, financial instrument price, raw material price, foreign exchange rate, index of prices or rates, credit rating or credit index or another similar variable; which require no or only a minimal initial net investment; and which are settled at a future date. The most important derivatives are swaps, options and futures.

Discount – Negative difference between the purchase price and the nominal value.

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

Futures – Standardised, listed contracts that require the buyer to purchase or sell a specific commodity traded on the money market, capital market, precious metals market or currency market at a predetermined price and time.

Group cost/income ratio – An indicator that shows the cost efficiency of a company by comparing expenses and income. It is calculated by dividing administrative expenses (consisting of personnel and operating expenses, depreciation and amortisation) by operating income (net interest income, net fee and commission income, net trading income, profit or loss from investments accounted for at equity and other operating profit or loss).

Hedge accounting – An accounting procedure that is designed to minimise the influence on the income statement of contrary developments in the value of a hedge and the underlying transaction.

ICAAP – Internal Capital Adequacy Assessment Process: an internal bank procedure to ensure adequate capital coverage for all major types of risk.

IFRIC, SIC – International Financial Reporting Interpretation Committee (IFRIC) – the body responsible for issuing interpretations of International Financial Reporting Standards (IFRS), formerly called the Standing Interpretations Committee (SIC).

IFRS, IAS – International Financial Reporting Standards resp. International Accounting Standards are accounting regulations issued by the International Accounting Standards Board (IASB). They are intended to create the basis for transparent and comparable accounting on an international basis.

Individual valuation allowance – In connection with the credit risks associated with loans and advances to customers and banks, provisions are recognised to account for expected default. A loan or advance is considered to be in danger of default when the expected discounted principal and interest payments – after the deduction of collateral – are lower than the carrying amount of the respective receivable.

Interest rate risk – The risk that the value of a financial instrument could change because of fluctuations in the market interest rate.

Liquidity risk – The risk that the bank would be unable to meet its current and/or future payment obligations in full and on time and that transactions could not be concluded at all or only at unfavourable conditions in the event of insufficient market liquidity.

Market risk – The risk that the value of a financial instrument could change due to fluctuations in market prices. These fluctuations can be based on factors characteristic to an individual security or issuer as well as factors that affect all securities traded on the market.

Monte Carlo simulation – A numerical method used to solve mathematical problems by modelling probabilities.

NPE (non-performing exposure) – Problem commitments; loans and advances with delayed or defaulted payments.

Operational risk – The risk of losses arising from errors in systems or processes, actions by employees or external factors.

OTC products – Financial instruments that are not standardised or listed, but traded directly between market participants (over-the-counter).

Overall risk – Risk-weighted exposure as defined in Art. 92 (3) CRR.

Portfolio valuation allowance – Valuation allowances as defined in IAS 39 for receivables not affected by an identifiable loss event.

Premium – Positive difference between the purchase price and the nominal value.

Rating, external – Standardised assessment of the credit standing of an issuer and its debt instruments by a specialised agency.

Rating, internal – Detailed risk assessment of a debtor by the bank.

Repo transactions, repurchase agreements – Under these agreements a company sells an asset to a contract partner and, at the same time, commits to repurchasing the asset on an agreed date and price. Under "pseudo" repo transactions, the seller is required to repurchase the asset, but does not have the right to demand its return. The buyer has the sole right to decide over the return transfer of the asset.

Return on Equity – An indicator calculated by dividing pre-tax or after-tax profit or loss for the year by average equity (including non-controlling interests).

Risk/Earnings Ratio – Risk allowances in relation to net interest income.

Risk-weighted positions (credit risk) – The total asset positions and off-balance sheet positions weighted by business and partner risk, calculated in accordance with the CRR definitions.

SREP – Supervisory Review and Evaluation Process: Internal bank procedures and methods for the regulatory review and evaluation process defined by the EBA (European Banking Authority).

Stress test – An instrument used for risk management in the financial sector. A differentiation is made between micro-stress tests carried out by the financial institution itself and micro-prudential supervision (e.g. OeNB or ECB).

Trading book – A bank supervisory term for positions held by a financial institution for sale over the short-term to utilise fluctuations in prices and/or interest rates. Items not assigned to the trading book are administered in the banking book.

VaR (Value at Risk) – The maximum risk of loss on a specific portfolio during an assumed retention period based on an assumed probability and confidence level (e.g. 95%, 99% or 99.9%).

Publication Details

Information in the Internet:

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

An electronic version of the German 2015 Annual Report is also available in the Internet at www.raiffeisenbank.at.

Publication Details

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