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Balance Sheet Development 2014

Assets

The balance sheet total in 2014 comes to EUR 6,464.7 million, which is, as forecasted, by EUR 239.3 million or 3.6 percent lower than in the year before.

Receivables from banks fell by EUR 123.3 million compared to the previous year. The foreign currency component (mainly in CHF) amounts to EUR 1,389.2 million or 52 percent of loans (last year EUR 1,548 million or 58 percent). Receivables from Raiffeisen Banking Group Vorarlberg (RBGV) amount to EUR 1,675.0 million (last year EUR 1,722.5 million) and from the central institute of Raiffeisen Zentralbank Österreich AG or Raiffeisen Bank International AG EUR 628.2 million (last year EUR 701.8 million). The decline in receivables under this position results from a planned reduction of account receivables in foreign currency in favour of RBGV and, subsequently from the customers of Raiffeisen banks.

Receivables from customers could be increased by EUR 114.6 million to EUR 1,281.0 million mainly due to higher lending. The portion of receivables in foreign currency under this position amounts to 19 percent or EUR 237.3 million (last year 21 percent or EUR 249.8 million).

The portfolio of securities fell by EUR 249.1 million to EUR 2,347.3 million. 98 percent of the portfolio of securities, i.e. EUR 2,304.6 million, is debt certificates and other fixed-interest securities. 11 percent of the securities held have an AAA rating (by Standard & Poor's), 49 percent have an AA rating and 23 percent an A rating. The portfolio contained tenderable securities in an amount of EUR 2,293.4 million.

Liabilities

Liabilities to banks fell by EUR 209.7 million to EUR 3,577.3 million due to the lower need for refinancing on the assets side. Liabilities in foreign currency amount to 11 percent or EUR 396.7 million (last year 3 percent or EUR 129.0 million). 27.9 percent or EUR 997.4 million of the liabilities consist of liabilities due to RBGV, 16.8 percent or EUR 601.7 million thereof are due to Raiffeisen Zentralbank Österreich AG or Raiffeisen Bank International AG.

Liabilities to customers reduced by EUR 54.4 million to EUR 926.2 million. This item includes savings deposits of EUR 78.8 million (last year EUR 88.1 million), fixed-term deposits of EUR 605.0 million (last year EUR 670.9 million) and demand deposits. The decline in liabilities resulted mainly from the disposal of short-term deposits.

The company was able to increase *securitised liabilities* from EUR 1,563.8 million by EUR 32.5 million to EUR 1,596.3 million or 2.1 percent as a result of the increased issuing activity. This item includes issued own securities, such as bank bonds and registered bonds. The portion of covered emissions amounts to 25 percent or EUR 396 million.

Provisions fell by EUR 4.7 million compared to the previous year as a result of the reversal of provisions for contingent liabilities.

Equity as disclosed in the balance sheet amounts to EUR 289.6 million in the year 2014. That is an increase by EUR 6.6 million compared to the previous year which results from operating results.

Balance Sheet as at 31/12/2014

ASSETS		31/12/2014	31/12/2013
		€	in € 000
1. Cash in hand, accounts with central banks and postal giro accounts		8,997,679.18	6,267
2. Debt securities from public bodies and bills eligible for refinancing with the central bank		832,244,545.36	796,752
a) Debt securities from public bodies and similar securities	832,244,545.36		796,752
b) Bills eligible for refinancing with central banks	0.00		0
3. Receivables from banks		2,538,307,792.27	2,661,619
a) Payable daily	518,829,389.10		597,591
b) Other receivables	2,019,478,403.17		2,064,027
4. Receivables from customers		1,281,026,813.77	1,166,418
5. Debt certificates and other fixed-interest securities		1,472,376,454.19	1,768,129
a) From public issuers	0.00		0
b) From other issuers	1,472,376,454.19		1,768,129
Including:			
own debt certificates	0.00		0
6. Equities and other non-fixed-interest securities		42,719,507.57	31,536
7. Shareholdings		188,852,530.66	184,322
Including:			
in banks	29,392,603.69		29,392
8. Shares in associated undertakings		7,289,813.32	7,300
Including:			
in banks	0.00		0
9. Intangible fixed assets		257,741.86	406
10. Tangible fixed assets		30,627,425.48	31,488
Including:			
land and buildings used by the bank for its own activities	13,266,995.78		13,606
11. Own stocks or shares, as well as shares in a controlling or majority holding company		0.00	0
Including:			
nominal value	0.00		0
12. Other assets		60,309,519.07	40,970
13. Subscribed capital, called in but not yet paid up		0.00	0
14. Prepaid expenses		1,682,927.80	8,746
TOTAL ASSETS		6,464,692,750.53	6,703,958

LIABILITIES		31/12/2014	31/12/2013
		€	in € 000
1. Liabilities to banks		3,577,293,139.40	3,786,993
a) Payable daily	961,989,527.90		902,991
b) With agreed term or notice period	2,615,303,611.50		2,884,002
2. Liabilities to customers		926,221,841.27	980,623
a) Savings deposits	78,772,052.31		88,139
Including:			
aa) Payable daily	0.00		0
bb) With agreed term or notice period	78,772,052.31		88,139
b) Other liabilities	847,449,788.96		892,484
Including:			
aa) Payable daily	242,457,810.83		221,545
bb) With agreed term or notice period	604,991,978.13		670,938
3. Securitised liabilities		1,596,316,328.38	1,563,839
a) Negotiated debt certificates	745,300,000.00		741,700
b) Other securitised liabilities	851,016,328.38		822,139
4. Other liabilities		47,436,055.65	57,014
5. Deferred income		2,891,813.40	2,856
6. Provisions		24,963,705.46	29,660
a) Provisions for severance payments	4,893,085.00		4,641
b) Provisions for pensions	7,979,925.32		8,456
c) Provisions for tax	152,172.85		152
d) Other provisions	11,938,522.29		16,410
6. A fund for general banking risks		0.00	0
7. Tier 2 capital under part 2 title I chapter 4 of Regulation (EU) no. 575/2013		0.00	0
8. Additional Tier 1 capital under part 2 title I chapter 3 of Reg. (EU) no. 575/2013		0.00	0
8a. Compulsory convertible bond under Sec. 26 of the BWG [Banking Act]		0.00	0
8b. Non-voting instruments according to Sec. 26 a of the BWG		55,832,667.68	0
9. Subscribed capital		22,108,552.00	28,397
10. Capital reserves		19,383,078.32	68,926
a) Appropriated	19,383,078.32		68,926
b) Unappropriated	0.00		0
11. Revenue reserves		134,113,579.01	127,692
a) Legal reserve	0.00		0
b) Statutory reserves	5,004,550.24		5,004
c) Other reserves	129,109,028.77		122,688
12. Liability reserve under Section 23 (5) of the BWG		35,006,202.28	35,006
13. Balance sheet profit/balance sheet loss		16,674,584.18	16,418
14. Untaxed reserves		6,451,203.50	6,528
a) Valuation reserve due to special depreciations	6,451,203.50		6,528
b) Miscellaneous untaxed reserves	0.00		0
TOTAL LIABILITIES		6,464,692,750.53	6,703,958

Balance Sheet as at 31/12/2014

A S S E T S		31/12/2014	31/12/2013
Below the line memo items		€	in € 000
1.	Assets held abroad	1,545,392,011.70	1,497,081

LIABILITIES		31/12/2014	31/12/2013
Below the line memo items		€	in € 000
1. Contingency liabilities		154,514,458.84	134,261
Including:			
a) Accepted bills and endorsement liabilities from passed on bills	0.00		0
b) Guarantee liabilities and liability from furnishing collateral	154,475,357.86		134,222
2. Loan risks		353,647,568.66	294,372
Including: liabilities from repurchase agreements		0.00	0
3. Liabilities from trust transactions		0.00	0
4. Eligible own funds under part 2 of Regulation (EU) no. 575/2013		340,391,477.57	338,431
Including:			
Tier 2 capital under part 2 title I chapter 4 of Reg. (EU) no. 575/2013		69,739,288.17	0
5. Own funds requirements under Art. 92 of Reg. (EU) no. 575/2013 *)		2,157,414,057.22	n/a
Including:			
Own funds requirements under Art. 92 (1) items a to c of Reg. (EU) no. 575/2013			
a) Common Equity Tier 1 capital ratio in %	12,55		n/a
b) Tier 1 capital ratio in %	12,55		n/a
c) Total capital ratio in %	15,78		n/a
6. Foreign liabilities		2,305,763,974.74	1,901,885

*) This balance sheet item is not comparable to the one in the previous year.
This item 5 is referred to in Annex 2 of Sec. 43 of the BWG as published in the
BGBl [Federal Gazette no.] I 184/2013 as follows:

Previous year in € 000

Required own funds under Sec. 22 (1)	170,796
Including:	
Required own funds under Sec. 22 (1) line 1 and 4	170,796

Profit and Loss Account 2014

ANNUAL ACCOUNTS		2014	2013
		€	in € 000
1. Interest and similar income		102,766,688.98	105,020
Including:			
from fixed-interest securities	60,185,764.71		71,953
2. Interest and similar expenditure		-72,392,095.24	-80,602
I. Net interest income		30,374,593.74	24,417
3. Income from securities and shareholdings		16,187,081.49	14,621
a) Income from stocks, other participating rights and non-fixed-interest securities		1,476,582.00	1,391
b) Income from shareholdings		12,810,499.49	13,113
c) Income from shares in associated undertakings		1,900,000.00	115
4. Commission income		20,731,626.40	21,342
5. Commission expenditure		-10,534,924.83	-11,024
6. Income/expenditure from financial transaction		1,055,918.02	836
7. Other operating income		11,373,364.09	13,099
II. Operating income		69,187,658.91	63,292
8. General administrative expenditure		-35,011,377.90	-34,191
a) Personnel expenditure		-23,743,740.59	-24,365
Including:			
aa) Wages and salaries	-17,555,843.45		-17,402
bb) Expenditure on social security contributions as well as taxes and mandatory contributions dependent upon wages and salaries	-4,471,455.44		-4,390
cc) Other social security expenditure	-329,255.64		-313
dd) Expenditure on pensions and other benefits	-1,218,030.04		-1,312
ee) Allocation of pension provisions	476,557.87		-189
ff) Expenditure on severance payments and payments to the company's employee provision fund	-645,713.89		-757
b) Other administrative expenditure (operating expenditure)		-11,267,637.31	-9,826
9. Valuation adjustment to the assets entered under asset items 9 and 10		-1,615,155.52	-1,801
10. Other operating expenditure		-3,520,042.88	-844
III. Operating expenditure		-40,146,576.30	-36,837
IV. Operating result		29,041,082.61	26,454

ANNUAL ACCOUNTS		2014	2013
		€	in € 000
IV. Operating result – amount carried forward		29,041,082.61	26,454
11./12. Balance from valuation adjustments to receivables and additions to provisions for contingent liabilities and allocations for loan risks as well as income from the reversal of valuation adjustments to receivables and provisions for contingent liabilities and loan risks		-12,456,917.60	-6,142
13./14. Balance from valuation adjustments to securities that are valued like financial investments as well as to shareholdings and income from valuation adjustments to securities that are valued like financial investments as well as to shareholdings		6,879,077.55	13,138
V. Result from ordinary business activity		23,463,242.56	33,450
15. Extraordinary income		124,773.80	38,178
Including:			
Withdrawals from the fund for general banking risks		0.00	0
16. Extraordinary expenditure		0.00	0
Including:			
Allocations to the fund for general banking risks		0.00	0
17. Extraordinary result (Subtotal of items 15 and 16)		124,773.80	38,178
18. Taxes on income		0.00	-6,207
19. Other taxes, insofar as not to be allocated to item 18		-5,628,886.11	-3,208
VI. Net profit/loss for the year		17,959,130.25	62,212
20. Reserve variations		-6,343,913.38	-45,794
Including:			
Allocation of liability		0.00	0
Cancellation of liability reserve		0.00	0
VII. Annual profit/annual loss		11,615,216.87	16,418
21. Retained profits brought forward/accumulated losses brought forward		5,059,367.31	0
VIII. Balance sheet profit/balance sheet loss		16,674,584.18	16,418

Notes on Balance Sheet and Profit and Loss Account 2014

Earnings situation 2014

Net interest income rose by EUR 6.0 million or 24.6 percent to EUR 30.4 million. This additional yield results mainly from an improvement of the margin in interbank transactions. In 2014, the share of RLB Vorarlberg's own customer business in the total net interest income amounts to 42 percent. This share has continuously been rising over the past years and reflects the successful implementation of our strategy in the fields of institutional and private clients.

The item *Income from securities and shareholdings* includes income from funds and participation certificates amounting to EUR 1.5 million and dividend income from associated companies and from shareholdings held by RLBV in the amount of EUR 14.7 million. The largest shareholding of Raiffeisenlandesbank is Raiffeisen Zentralbank AG which made a distribution of EUR 10.9 million in 2014. Another EUR 3.8 million could be generated from the remaining shareholdings.

The *commissions result* amounts to EUR 10.2 million in 2014, which means a decline of 0.1 million or 1.0 percent compared to the previous year. This slight decrease results mainly from a declining development in the securities business. The development in the insurance business is, however, pleasing, as commissions in 2014 rose by 12.3 percent to EUR 1.2 million.

Other operating income fell by EUR 1.7 million to EUR 11.4 million. Main reason for this decline was a reversal of provisions of EUR 2.7 million which had been part of the result in 2013. All other income disclosed under this position such as service income from servicing, supporting and consulting of Raiffeisenlandesbank, cost reimbursements from the Raiffeisen sector in Austria as well as income from shareholdings from renting and leasing of real estate could all be increased compared to the year before.

In total, *operating income* rose by EUR 5.9 million or 9.3 percent to EUR 69.2 million.

Personnel expenditure fell compared to the previous year by EUR 0.7 million or 2.9 percent. One essential influential factor of this decrease is an extraordinary partial reversal of pension provisions which has been increased in the year 2014. That was opposed by an increase in costs resulting from the annual salary adjustments under the collective agreements. The average number of personnel (weighted according to employment level) remains almost stable compared to the year before.

Administrative expenditure, valuation adjustment requirements for tangible fixed assets and other operating expenses increased by 32.3 percent or EUR 4.0 million compared to the year before. This increase mainly resulted from higher IT expenses as well as higher expenses for legal and consulting fees. IT costs rose by EUR 0.6 million due to an IT project

performed on a national level and due to changing legal and market-specific conditions compared to the year before. *Other operating expenditure* includes in 2014 the creation of provisions in the amount of EUR 3.4 million.

Operating expenditure disclose an increase of EUR 3.3 million or 9.0 percent.

The operating result increased by EUR 2.5 million or 9.4 percent to EUR 29.0 million.

The valuation and sales result from loans, securities and shareholdings amounted to EUR -5.6 million in 2014. In the year before, the result from securities (fixed assets) and shareholdings had been characterised mainly by special factors like the sale of shares in companies active in the same industry under the "Zukunft Plus" project and an increase of the

existing silent reserves. So, the elimination of these special effects is the main reason for the decline of this result in the amount of EUR 6.4 million in this area in 2014.

With regard to the provision for losses on loans, the actually identifiable risk items of Raiffeisenlandesbank Vorarlberg were valued and allocated. In 2014, the provision for loan risks totalled EUR 12.0 million. This figure contains – again, as a precautionary measure – a voluntary flat rate provision for future, special risks of the loan business pursuant to Section 57/1 of the BWG, amounting to EUR 2.0 million.

The result from ordinary business activity was EUR 23.5 million due to the increases in the operating result and the developments in the valuation result already outlined, it thus means a decrease of EUR 10.0 million compared to the year before.

Extraordinary income amounts to EUR 0.1 million in the year 2014 and relates to the merger of a shareholding related to RLB with RLBV. In the previous year, this position also contained mergers of shareholdings related to RLB in the amount of EUR 38.2 million. These mergers are one-time effects.

The *net profit for the year* of EUR 18.0 million already includes the bank levy amounting to EUR 5.6 million.

A total of EUR 6.3 million of the achieved net profit for the year will be added to the equity. The balance sheet profit disclosed which will be appropriated amounts to EUR 16.7 million, including the profit carried forward from the year before.

Notes on Balance Sheet and Profit and Loss Account 2014

Proposed profit distribution

The Board of Directors proposes to the Supervisory Board and the General Meeting that the balance sheet profit for 2014 that amounts to EUR 16,674,584.18 should be used as follows:

EUR 8,644,443.83	for distribution of a profit share of 39.1 percent of the shares paid up as at 31/12/2014 amounting to EUR 22,108,552.00.
EUR 2,459,089.71	for distribution of a profit share of 39.1 percent of the participation certificates paid up as at 31/12/2014 amounting to EUR 6,289,232.00.
EUR 5,571,050.64	Balance carried forward to the new account The Board of Directors is authorised to use this profit carried forward to increase equity funding by transfer to free reserves.

Financial performance indicators

The *eligible own funds* pursuant to part 2 of the Regulation (EU) (CRR) no. 575/2013 of RLB amount to EUR 340.4 million in the annual accounts of 2014. This compares with a supervisory own funds requirement of EUR 172.6 million in accordance with Art. 92 of the Regulation (EU) no. 575/2013, so that the company has a surplus of EUR 167.8 million on the reporting date. The ratios pursuant to part 2 of Regulation (EU) no. 575/2013 show a very positive development. The “*Common Equity Tier 1 capital ratio*” and the “*Tier 1 capital ratio*” amount to 12.5 percent. Raiffeisenlandesbank Vorarlberg is, in view of the disclosed Tier 1 capital ratio, ideally positioned for the challenges that lie ahead. The company significantly exceeds the minimum ratio of Tier 1 capital legally required in CRR 575/2013 of 5.5 percent. The same holds true for the total capital

Supervisory equity in EUR million

	2014 Basel III	2013 Basel II	+ / –	in %
Common Equity Tier 1 capital under part 2 of CRR 575/2013	270.7	257.0	13.7	5.3
Tier 1 capital under part 2 of CRR 575/2013	270.7	257.0	13.7	5.3
Total capital under part 2 of CRR 575/2013	340.4	338.4	2.0	0.6
Tier 1 capital ratio	12.5%	12.0%	0.5 PP	4.2
Total capital ratio	15.8%	15.9%	-0.1 PP	-0.6
Risk-weighted assets (credit risk)	1,788.1	2,024.2	-236.1	-11.7
Total risk amount	2,157.4	2,135.0	22.4	1.0
Leverage ratio	3.9%			

ratio of 15.8 percent. The company is also able to significantly exceed the *total capital requirement* of 8.0 percent.

The *cost/income ratio* – that is, the operating expenditure in relation to the operating income – was 58.0 percent in the financial year 2014. The *return on equity* before tax – the return on equity with regard to the balance sheet equity provided on 01/01/2014 - amounts to 9.1 percent.

Performance indicators in EUR million

	2014	2013	+ / –
Cost income ratio (CIR)	58.0%	58.2%	-0.2 PP
Return on equity (ROE) before tax	9.1 %	15.3%	-7.2 PP

Eigentümer, Herausgeber und Verleger

Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband
registrierte Genossenschaft mit beschränkter Haftung

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Gemäß § 281 (2) HGB weisen wir darauf hin, dass es sich bei diesem Geschäftsbericht um einen Auszug aus dem in gesetzlicher Form erstellten Jahresabschluss handelt, der geprüft und bestätigt wurde. Die Veröffentlichung des Jahresabschlusses in der Raiffeisenzeitung wird noch erfolgen.

Projektleitung

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