Raiffeisen-Landesbank Steiermark

2014 ANNUAL REPORT

TAKE STOCK – SET OUT – MOVE FORWARD

CONTENT

IMPORTANT FIGURES AT A GLANCE

Monetary values in TEUR	2014	2013	Change
Income statement			
Net interest income after impairment charge	26,512	83,156	-68.1 %
Net fee and commission income	36,890	35,875	2.8 %
Profit/loss from hedge accounting	10,024	-1,903	>100 %
Net trading income	-17,892	2,148	>100 %
Profit/loss from financial instruments – designated at fair value through profit or loss	66,553	-66,718	>100 %
Profit/loss from financial assets – available for sale	-17,102	-8,416	>100 %
General administrative expenses	-185,377	-171,094	8.3 %
Consolidated net profit/loss for the year before taxes	-7,795	-64,051	-87.8 %
Consolidated net profit/loss for the year	5,052	-38,898	>100 %
Consolidated comprehensive income	-81,549	-101,356	-19.5 %
Balance sheet			
Loans and receivables at amortised cost after impairment charge	8,076,337	8,208,704	-1.6 %
Trading assets	1,809,279	1,867,047	-3.1 %
Financial assets – designated at fair value through profit or loss	1,412,101	1,371,648	2.9 %
Financial assets – available for sale	1,768,951	1,676,629	5.5 %
Companies carried at equity	823,334	1,074,618	-23.4 %
Financial liabilities at amortised cost	7,636,812	7,219,817	5.8 %
Trading liabilities	527,047	393,718	33.9 %
Financial liabilities – designated at fair value through profit or loss	4,649,694	5,398,543	-13.9 %
Equity attributable to non-controlling interests	1,156,123	1,328,687	-13.0 %
Balance sheet total	14,213,701	14,557,743	-2.4 %
Regulatory information*			
Total own funds	951,941	1,028,525	-7.4 %
Total risk	6,686,350	6,589,288	1.5 %
Total own capital funds requirement	534,908	527,143	1.5 %
Tier 1 ratio (in relation to all risks)	13.22 %	14.16 %	-0.94 PP
Eligible Tier 1 capital (core capital)	883,662	933,007	-5.3 %
Own funds ratio (in relation to all risks)	14.24 %	15.6 %	-1.37 PP

* Raiffeisen-Landesbank Steiermark does not constitute a separate group of credit institutions as defined by the Austrian Banking Act (BWG). Therefore, it is not subject itself, as a group, to the supervisory regulations for banking groups because it is part of the CRR scope of consolidation of RLB-Stmk Verbund. Determination of Raiffeisen-Landesbank Steiermark's consolidated regulatory capital requirements and capital is based on the CRR scope of consolidation of RLB-Stmk Verbund eGen.

Monetary values in TEUR	2014	2013	Change
Ratios			
Return on equity	-	-	-
Cost/income ratio	122.9 %	62.4 %	60.5 PP
NPL ratio	8.7 %	8.6 %	0.1 PP
Ratios			
Average number of employees	974	983	-9
Banking outlets	23	24	-1

Rating	Short-term	Long-term	Outlook	Issuer rating	Change/ Confirmation
Moody's	A3	P-2	RUR (rating under review; possible downgrade)	A3	25.3.2015

01

2014 CONSOLIDATED MANAGEMENT REPORT

These consolidated financial statements have been prepared in accordance with internationally recognised accounting principles and comply with § 245a of the Austrian Business Enterprise Code (UGB) and § 59a of the Austrian Banking Act (BWG). The consolidated management report has been prepared in accordance with § 267 UGB.

I. REPORT ON BUSINESS PERFORMANCE AND ECONOMIC CONDITIONS

I.1. Economic environment and business performance

Overall, the global economy continued to show moderate growth in 2014, with large variations in the individual regions. Impetus for growth came predominantly from a few industrialised countries (primarily the United States), while the economic expansion in emerging countries slowed (from 4.7% to 4.4% according to IMF data). At year-end, the terms "deflation risk", "oil price drop" and "geopolitical tension" filled the headlines. This illustrates that the risks inherent in an already weak upturn have increased.

One of the surprising economic developments of 2014 was the massive slump in oil prices – down more than 50% in the second half of the year – which was primarily driven by global supply outpacing demand. While lower oil prices boosted global growth, they also negatively affected producing countries (primarily emerging countries), with Russia – amid rising geopolitical tensions – bearing the brunt of economic damage: growth prospects declined and the currency depreciated by around 40% over the course of 2014.

The Chinese economy, by contrast, only experienced a slow loss of momentum, which resulted in GDP growth of 7.4% in 2014 (IMF data) following on from 7.8% in 2013. Worries of a possible "hard landing" proved unfounded as China has embarked upon a path of gradual slowdown and stabilisation of its economic growth.

Among the largest industrialised countries, real value added developed very positively in the United States in 2014, with GDP growth of 2.5%. At year-end, the unemployment rate stood at 5.6%, which represents a reduction of 4 percentage points within four years. Consumer demand remains stable, while corporate investment activities have increased. In view of these facts, the Federal Reserve rolled back its quantitative easing programme, which constitutes the first step toward normalising monetary policy.

Economic activity in the euro area started out on a positive note but lost momentum in summer 2014. The negative reports primarily related to the core countries, while the peripheral countries particularly affected by the crisis experienced a more favourable development. Real GDP hovered below 1%. As a result, at 11.5%, the unemployment rate (standardised) showed no positive tendencies. The low rate of inflation also gave rise to mounting deflation concerns, which the ECB sought to quash with further base rate reductions (to a historic record low of 0.05%) and other unconventional measures. Among other effects, these measures led to a devaluation of the euro, which in 2014 recorded a loss of 12% against the dollar, the biggest annual drop since 2005. However, the ECB policy of cheap money made barely any impact on the real economy and also harbours the risk that important reforms and the reduction of the debt burden will not be implemented with the necessary consistency. Toward the end of the year, political insecurities flared up once again in Greece, which are likely to continue in early 2015.

Most recently, fears mounted that developments in Europe might create Japanese conditions (deflation, stagnation, high level of debt). This makes monetary policy measures and fiscal reforms all the more important in order to avoid these scenarios.

In Austria, after vigorous growth toward the end of 2013, economic activity lost momentum in the second and third quarters of 2014 and subsequently entered a path of stagnation. This meant that real GDP did not grow any further and hovered around 0.4% (according to WIFO data) in 2014. Private household demand for consumer goods is stagnating and domestic exports have fallen considerably. The combination of a weak order situation, declines in domestic and foreign final demand and the bleak economic climate has caused investment sentiment to turn cautious. In view of these factors, the Austrian economy's real value creation declined in the second half of 2014, with the seasonally adjusted unemployment rate standing at 8.6% at year-end. Contrary to the euro area as a whole and despite falling energy prices, the rate of inflation in Austria has stabilised at around 1.5% in recent months (according to HICP data) due to the stronger uplift in service prices.

2014 set a large number of records in international financial markets. Yields in the euro area plunged to historical lows, and the key equity indexes (Dow Jones, S&P 500 and DAX) exceeded their previous record highs. The Austrian ATX was particularly burdened by index heavyweights that were most severely affected by the geopolitical crises and closed the year with a loss.

The Austrian banks were tasked with facing up to these challenging conditions. A major hurdle – the Asset Quality Review (AQR) and the ECB's stress test, which were implemented for the first time in 2014 to assess the health of the European banking system – was passed by Raiffeisen Zentralbank, RLB Niederösterreich-Wien and RLB Oberösterreich (the Raiffeisen banks that had to undergo the assessment) with flying colours.

In the year under review, Raiffeisen-Landesbank Steiermark, in cooperation with Landes-Hypothekenbank Steiermark (HYPO Steiermark) continued unabated on its course of pooling resources and competencies within the Group. As part of this quality programme, Raiffeisen-Landesbank Steiermark will emphasise its efforts on corporate and commercial customers, while the focus of Landes-Hypothekenbank Steiermark will concentrate on the areas of institutional banking, residential building schemes, project financing as well as physicians and the liberal professions. The retail banking segment will remain the purview of both banks, with the exception of private banking, which will be conducted via PREMIUM.PrivateBanking, a joint brand that belongs to both Raiffeisen-Landesbank and Landes-Hypothekenbank Steiermark.

At RLB Steiermark, initial deposits across all customer segments totalled EUR 1.894 billion while the lending volume stood at EUR 3.144 billion. At HYPO Steiermark, initial deposits reached EUR 1.624 billion and the lending volume came to EUR 2.886 billion. This corresponds to a year-on-year decrease for both RLB Steiermark and HYPO Steiermark, which is attributable to the general economic environment on the one hand, and to the banks' prudent lending policy on the other.

As the central institution of the Raiffeisen Banking Group in Styria, RLB Steiermark also plays a crucial role in sales strategy and direction. It is thus a cause for satisfaction that Raiffeisen holds an overall market share of 48% and a share in major accounts of 42% (basis: Financial Market Data Service 2014) in Styria and thus unequivocally ranks top out of all banks operating in that region. The Raiffeisen Banking Group in Styria also clearly scores above average in terms of image-related aspects (security, investment competence, advice, customer friendliness, etc.), which is demonstrated, among other factors, by its high level of recommendation (79%). HYPO Steiermark continued to place its emphasis on a particularly high quality of advisory services in 2014. In a study conducted by the Austrian Consumer Studies Association (ÖGVS) on Graz as a banking location, HYPO Steiermark performed outstandingly and took first place in the important category of "transparency".

RLB Steiermark also performs all the services of a central institute, as defined by the Austrian Banking Act (BWG), for the Styrian Raiffeisen banks. This extends far beyond the areas that are subject to statutory regulation (such as liquidity balancing) and includes, among other things, data centre services, processing payment transactions, product development, services in the areas of building savings schemes, insurance plans and bonds, as well as support and advice in matters relating to business management. In 2014, in its role as part of the Raiffeisen organisation, the strategic focus of RLB Steiermark was on the establishment of an equity and risk sharing scheme. To ensure that both the Raiffeisen Banking Group and each individual Raiffeisenbank meet future regulatory requirements, the so-called "equity association" was established, which comprises as set of incentive mechanisms aimed at managing and increasing core (Tier 1) capital in a targeted manner. Besides the rules for capital appropriation, Raiffeisen-Landesbank Steiermark placed particular emphasis on the development of opportunities for optimising capital requirements and generating new capital in collaboration with the Raiffeisen banks. Together with the institutional protection scheme (IPS), a voluntary mutual liability arrangement within the Raiffeisen sector, sophisticated early warning systems and mechanisms are being employed to protect the association members – and thus, by extension, also their customers – from financial risks. In addition, the Raiffeisen Banking Group in Styria has specified new "ground rules" within this joint liability scheme, thereby enhancing the Group's ability to identify any potential risks as early as possible and to minimise them to the greatest extent possible.

I.2. Notes on the Group's profit, assets and liabilities and financial position

In this management report, the current and prior-year figures have been rounded to thousands of euros (TEUR) or millions of euros (EUR million). This may result in minor rounding differences to totals.

At the outset, we would like to refer to the information provided in the notes to the consolidated financial statements and to point out that in the following we will limit ourselves to explaining only the most significant changes in the consolidated financial statements.

Against the backdrop of a persistently challenging economic and financial environment, the RLB Steiermark Group achieved a consolidated net profit/loss for the year (after taxes) of EUR 5.1 million in the year under review. In addition to markedly lower provisions for impairment losses, remeasurement gains from financial instruments – designated at fair value through profit or loss also had a strong positive impact on the 2014 consolidated net profit/loss. The negative profit contribution from investments in companies carried at equity, as well as a decline in the remeasurement gains from financial instruments – held for trading and lower gains from disposals of financial instruments – available for sale caused an adverse effect. Although the increase in administrative expenses resulting from the expanded scope of consolidation was more than offset by the other operating income attributable to the companies added to the consolidation scope, the noticeably higher banking levy also had a negative impact on the 2014 consolidated net profit/loss.

Income statement

Interest and similar income shrunk by EUR 16.4 million to EUR 348.5 million in the 2014 financial year. The decline in interest income was essentially due to a decrease in interest income from derivative financial instruments (non-trading) in the amount of EUR 16.6 million, a EUR -2.4 million drop in interest income from fixed-income securities and a reduction in interest income from loans and advances to credit institutions totalling EUR -3.9 million. Interest income from loans and advances to other banks developed in the opposite direction with an increase of EUR +4.6 million. Current income from variable-yield securities and investments rose by EUR 1.4 million.

The EUR 113.9 million decline in profit from companies carried at equity is the result of a reduction in the proportionate earnings attributable to the equity investment in Raiffeisen Zentralbank Österreich AG (RZB). Recognition of an impairment loss in excess of the proportionate share of the loss for the period was not required.

In the year under review, interest and similar expenses amounted to EUR 239.7 million, compared to EUR 256.1 million in the previous year. This corresponds to a year-on-year decrease of EUR 16.4 million or 6.4%. This decline is essentially attributable to a decrease in interest expenses from liabilities evidenced by certificates in the amount of EUR 7.3 million, a EUR 6.4 million drop in liabilities to other banks and a reduction in liabilities to customers totalling EUR 3.4 million.

For 2014, this resulted in a net interest income of EUR 59.3 million, an amount that is EUR 113.9 million less than the figure for the previous year. Considering interest income and interest expenses as shown in net trading income, the net interest income amounts to EUR 78.4 million (2013: EUR 190.6 million). Not including current income from securities and equity interests as recognised in net interest income and income from companies carried at equity, the net interest income for 2014 came to EUR 119.0 million compared to EUR 118.8 million in the previous year.

Loan loss provisions (impairment charges) decreased significantly in 2014. Accordingly, the resultant net effect on profit or loss after direct write-offs and recoveries of loans and advances previously written off is EUR -32.8 million (2013: EUR -90.0 million). Net provisions for specific impairment allowances (including direct write-offs and recoveries of loans and advances previously written off) posted a particularly substantial decrease of EUR 67.6 million in the year under review. Portfolio-based impairment allowances were reversed through profit or loss at EUR 3.5 million (2013: EUR 7.4 million). The risk provisions for off-balance sheet transactions increased in comparison with the year-end figure for 2013 and were recognised as expenses at a net amount totalling EUR 16.1 million in the year under review.

Driven primarily by higher income from payment services and securities operations, net fee and commission income posted a slight increase to EUR 36.9 million at year-end 2014 (2013: EUR 35.9 million).

The effects of fair value hedge accounting as defined by IAS 39 are shown in the line item "Profit/loss from hedge accounting". By reporting fair value hedges on the balance sheet in this manner, one-sided effects associated with economically hedged risks can be avoided. The net result from the valuation of hedged items and hedging instruments shown in this item amounts to EUR 10.0 million as at 31.12.2014 (2013: EUR -1.9 million).

At EUR -17.9 million, net trading income is EUR -20.0 million below the comparable figure for the previous year. That development is primarily attributable to increased losses from the remeasurement of derivatives (EUR -22.7 million). The net interest income from the transactions shown under this item took the opposite course and posted a EUR 1.6 million gain.

Profit/loss from financial instruments – designated at fair value through profit or loss experienced a strong upsurge in the year under review and came to EUR 66.6 million at year-end 2014 (2013: EUR -66.7 million). During the current period, the remeasurement losses from derivative financial instruments were more than offset against the remeasurement gains from liabilities measured at fair value, which resulted in remeasurement gains of EUR 64.0 million at the 2014 reporting date (2013: EUR -69.8 million). At EUR 2.5 million, the profit/loss from the disposal of designated securities and liabilities also shown in this item remained broadly flat on the previous year (EUR 3.0 million).

The change in profit/loss from financial assets – available for sale from EUR -8.4 million to EUR -17.1 million in the 2014 financial year is primarily the result of a reduction in gains/losses from equity instruments (EUR -6.0 million) and debt instruments (EUR -2.2 million), translating into a year-on-year decline totalling EUR 8.2 million. The impairment charges for those financial instruments, which are also shown under this item, totalled EUR -18.1 million at year-end 2014. This slight increase is mainly attributable to the impairment of ownership interests.

General administrative expenses rose by EUR 14.3 million (8.3%) to EUR 185.4 million in the year under review. For the most part, that increase resulted from the EUR 8.9 million (12.8%) rise in non-staff costs, which in turn was caused by higher rental and leasing expenses and maintenance costs. The increase in depreciation of property and equipment (EUR +4.1 million) is largely (EUR 3.4 million) due to the expanded scope of consolidation. Depreciation of tangible assets developed in the opposite direction and posted a year-on-year decrease of EUR 1.2 million.

Other operating profit/loss increased from EUR 62.9 million to EUR 72.6 million (15.4%) compared to the previous reporting period. This increase is partly (EUR 7.0 million) due to the expanded scope of consolidation, and partly due to a rise in non-banking income. Among other components, other operating profit/loss also includes the stability fee imposed on financial institutions as a means to ensure fiscal sustainability, which was noticeably increased by the 2014 Austrian Tax Amendment Act (Federal Law Gazette I No. 13/2014). The banking levy totalled EUR 14.0 million in the year under review, which represents a year-on-year increase of 54%.

Summing up the combined effects of the foregoing, the RLB Steiermark Group was able to significantly improve its result for the 2014 financial year but still posted a slightly negative consolidated net profit/loss before taxes of EUR -7.8 million (2013: EUR -64.1 million).).

The item “Income taxes” amounting to EUR 12.8 million (2013: EUR 25.2 million) primarily relates to deferred income tax assets of EUR 12.4 million. At the end of 2013, this item included deferred income tax assets totalling EUR 24.4 million.

Of the Group’s consolidated profit/loss for the year in the amount of EUR 5.1 million, EUR 5.2 million are attributable to the shareholders of RLB Steiermark and EUR -0.1 million to non-controlling interests. The Group’s consolidated annual loss for the previous period totalled EUR -38.9 million, of which EUR -39.8 million were attributable to the shareholders of RLB Steiermark and EUR 0.9 million to non-controlling interests.

The Group’s comprehensive income totals EUR -81.5 million (2013: EUR -101.4 million) and was significantly impacted by its share in the other comprehensive income of companies carried at equity of EUR -112.5 million (2013: EUR -68.8 million). In addition to the consolidated profit/loss for the year, the comprehensive income of the Group also includes changes in the valuation of financial assets available for sale (AFS) including deferred taxes in the amount of EUR 33.7 million (2013: EUR 9.2 million), actuarial gains and losses from defined benefit plans (including deferred taxes) of EUR -7.9 million (2013: EUR -2.8 million) and the foreign currency reserve totalling TEUR 7. Of that amount, a net result of EUR -81.1 million is attributable to the shareholders of RLB Steiermark, and EUR -0.4 million to the non-controlling interests.

Balance sheet

The Group’s total assets came to EUR 14,213.7 million at 31 December 2014. Compared to the end of 2013, this represents a decrease of EUR 344.0 million or -2.4%.

Loans and receivables at amortised cost declined by EUR 148.1 million or -1.7% over the 2013 year-end figure and were recognised at EUR 8,471.3 million as at 31.12.2014. Of that amount, loans and advances to other banks (after impairment charge) increased by EUR 105.0 million to EUR 2,748.9 million. The loans and advances to customers (after impairment charge), which are also shown in this item, totalled EUR 237.3 million less than at year-end 2013.

For the impairment charge on loans and advances netted against the assets side, a total of EUR -395.0 million (2013: EUR -410.7 million) was entered in the balance sheet, of which a share of EUR -371.9 million is attributable to specific impairment allowances and EUR -23.1 million to portfolio-based impairment allowances. After deduction of impairment allowances, loans and receivables at amortised cost totalled EUR 8,076.3 million at year-end 2014 (2013: EUR 8,208.7 million).

Trading assets stood at EUR 1,809.3 million on the reporting date – a decrease of EUR 57.8 million over the prior-year figure. In addition to time deposits in the trading portfolio in the sum of EUR 746.4 million (2013: EUR 1,317.8 million) and securities in the amount of EUR 117.2 million (2013: EUR 0.0 million), trading assets also include the positive fair values (dirty price) of all derivative financial instruments at a total of EUR 945.8 million (2013: EUR 549.3 million). That item includes the positive fair values of derivatives held for trading, as well as hedging instruments qualified for hedge accounting as defined by IAS 39 and the positive fair values of derivatives reported under the fair value option to avoid accounting mismatches ("economic hedges").

Financial assets – designated at fair value through profit or loss increased by 2.9% to EUR 1,412.1 million at year-end 2014, mainly as a result of remeasurement gains in bonds and other fixed-income securities.

Financial assets – available for sale rose by EUR 92.3 million or 5.5% year-on-year, to EUR 1,769.0 million at 31.12.2014. Here, too, bonds and other fixed-income securities experienced the greatest increase totalling EUR +97.5 million.

The balance sheet value of companies carried at equity shrunk by EUR 251.3 million compared to the previous year and came to a total of EUR 823.3 million as at 31.12.2014, which is exclusively attributable to the investment in RZB. This decrease is the result of the proportionate negative profit contributions realised in 2014 and of the dilution effect which was caused by the disproportionately low participation of RZB in the capital increase of Raiffeisen Bank International AG (RBI) carried out in Q1 of 2014.

Intangible assets and property and equipment came to a total of EUR 172.1 million (2013: EUR 181.3 million) as at 31.12.2014, which represents a reduction of EUR 9.2 million or 5.1%.

At EUR 20.7 million, current and deferred income tax assets saw an increase of EUR 3.9 million compared to the previous year's figure, which is primarily accounted for by the EUR 15.2 million rise in deferred income tax assets compared to year-end 2013.

Other assets went up by EUR 7.5 million to EUR 89.8 million as at 31.12.2014. This item is primarily comprised of receivables resulting from supplies of goods and services, tax assets and accruals and deferred items.

On the liabilities side, liabilities at amortised cost totalled EUR 7,636.8 million on the reporting date after EUR 7,219.8 million in 2013, which corresponds to an increase of 5.8%. The change is essentially due to a rise in liabilities evidenced by certificates of EUR 236.7 million and an increase in liabilities to other banks of EUR 169.8 million. Subordinated liabilities developed in the opposite direction and posted a reduction of EUR 16.1 million.

At 31.12.2014, trading liabilities totalled EUR 527.0 million – EUR 133.3 million above the previous year's figure. In addition to liabilities to other banks in the amount of EUR 235.9 million (2013: EUR 157.4 million), trading liabilities also include the negative fair values (dirty price) of all derivative financial instruments at a total of EUR 291.2 million (2013: EUR 187.4 million). That item includes the negative fair values of derivatives held for trading, as well as hedging instruments qualified for hedge accounting as defined by IAS 39 and the negative fair values of derivatives reported under the fair value option to avoid accounting mismatches ("economic hedges").

Financial liabilities – designated at fair value through profit or loss amounted to EUR 4,649.7 million as of 31.12.2014 (2013: EUR 5,398.5 million). This corresponds to a decrease of EUR 748.8 million or 13.9%. The most significant factor in that development was a EUR 750.0 million decline in liabilities evidenced by certificates, which was heavily impacted by the scheduled repayment of the EUR 500 million benchmark bond, which was not replaced.

Provisions came to a balance sheet value of EUR 119.9 million at the reporting date and thus were up EUR 28.1 million or 30.6% compared to the previous year's figure. This development resulted primarily from a year-on-year increase in provisions for severance payments and pensions by EUR +9.9 million, which was largely driven by the reduction of the discount rate, and from a rise in provisions for off-balance sheet transactions amounting to EUR 15.0 million. Of note, the RLB Steiermark Group made a risk provision of EUR 15.5 million in response to the payment moratorium placed on HETA ASSET RESOLUTION AG ("HETA") by the Austrian Financial Market Authority (FMA) on 1 March 2015 (see also note 24 "Provisions" in the consolidated financial statements).

Current income tax liabilities and deferred income tax liabilities decreased by EUR 1.8 million in the year under review and totalled EUR 9.2 million as at 31.12.2014.

At EUR 114.9 million, other liabilities remained nearly unchanged in comparison with the previous year (EUR 114.1 million).

Compared to the prior-year value, equity capital decreased by EUR 172.6 million to EUR 1,156.1 million as at 31.12.2014. Of that amount, EUR 1,101.3 million are attributable to equity holders of the parent and EUR 54.8 million to non-controlling interests. In the 2014 financial year, RLB Steiermark decided to increase the 2014 share capital by implementing a conditional capital increase through conversion of participation capital pursuant to § 26b in conjunction with § 103q (14) of the Austrian Banking Act (BWG), Federal Law Gazette No. 1993/532 as amended by Federal Law Gazette I No.

2014/59, subject to application of the provisions stipulated by the Austrian Capital Adjustment Act (KBerG), Federal Law Gazette No. 1967/171 as amended by Federal Law Gazette No. 2011/53, on the basis of the 2013 annual financial statements. In the context of that conditional capital increase, the share capital will be increased from EUR 120,000,000.00 by up to EUR 22,721,217.89 to up to EUR 142,721,217.89.

Detailed information regarding this development can be found in the statement of changes in equity in the consolidated financial statements.

I.3. Report on branches and offices

As at 31 December 2014, Raiffeisen-Landesbank Steiermark AG operates eleven bank branches, ten of which are in Graz and one in Frohnleiten. Apart from the company headquarters in Kaiserfeldgasse in Graz, the largest office of Raiffeisen-Landesbank Steiermark AG is located in Raaba. The expansion of the Raiffeisen-Landesbank Steiermark site in Raaba, which commenced in 2011, was completed successfully at the end of 2013. The move-in took place over the course of 2014. At present, more than 800 employees work at this location, which encompasses a comprehensive range of competencies within RLB Steiermark and the Raiffeisen Banking Group in Styria and thus contributes to the generation of synergy effects.

In addition to its main branch in Radetzkystraße, Landes-Hypothekenbank Steiermark, headquartered in the state capital of Graz, maintains three more branches in the Graz urban area and another location dedicated to PREMIUM.PrivateBanking. To accommodate the needs of regional customers, thereby reflecting its role as a regional bank, seven more branches are operated throughout Styria: in Bruck an der Mur, Deutschlandsberg, Feldbach, Fürstenfeld, Judenburg, Schladming and Leibnitz.

I.4. Financial performance indicators

Performance

As at 31.12.2014, the cost/income ratio came to 122.85%, compared to 62.42% in 2013. Much of this year-on-year increase was caused by a decline in operating income, while increased administrative expenses were also a contributory factor. As far as operating income is concerned, the cost/income ratio was predominantly impacted by the decrease in net trading income and the noticeably lower profit/loss from investments in companies carried at equity.

Due to the negative consolidated result, by definition, no return on equity (ROE), defined as net profit/loss for the year before taxes relative to average equity, is shown for the 2014 financial year.

Regulatory own funds

Raiffeisen-Landesbank Steiermark does not constitute a separate group of credit institutions as defined by the Austrian Banking Act (BWG). Therefore, it is not subject itself, as a group, to the supervisory regulations for banking groups because it is part of the CRR scope of consolidation of RLB-Stmk Verbund.

With effect from 1 January 2014, determination of Raiffeisen-Landesbank Steiermark's consolidated regulatory capital and consolidated regulatory capital requirements is based on the CRR scope of consolidation of RLB-Stmk Verbund eGen pursuant to Basel III. At the previous year's reporting date (31.12.2013) Basel II regulations were still in effect.

The total own capital funds of the companies included in the CRR scope of consolidation of RLB-Stmk Verbund eGen reached a volume of EUR 951.9 million as at 31.12.2014. This compared with a regulatory own funds requirement of EUR 534.9 million, resulting in a surplus of own funds of EUR 417.0 million on the reporting date. In the reporting period, the Tier 1 ratio decreased to 13.22% (2013: 14.16%); the own funds ratio came to 14.24% and was also below the prior-year figure of 15.61%.

I.5. Non-financial performance indicators

As at 31.12.2014, the workforce of RLB Steiermark Group stood at 1,116 active employees, with an average period of employment to the tune of 17 years. The percentage distribution between female and male employees is well balanced at 48% to 52%. In human resource management, we are focussing on management training, particularly for young managers, and on fostering talent for medium-term succession planning. The average number of training days totals 2.65 days per employee.

Since a wide variety of services are rendered both for RLB Steiermark and for HYPO Steiermark in joint Group units, the majority of employees work in the new RLB office building in Raaba, which has been designed with more space for team-oriented activities and communication in line with modern work practices.

In terms of remuneration we take a multidimensional approach, which, in addition to fixed and variable financial remuneration components, also offers fringe benefits such as a pension scheme,

healthcare management, promotion of a performance-driven culture and personal development opportunities. The corporate healthcare management and flexible working hours are also factors encouraging our employees' commitment.

A detailed "evaluation of work-related psychological stress", as stipulated in §§ 4 and 7 of the Austrian Labour Protection Act (ASchG), was recently carried out in relation to the work environment and satisfaction of RLB Steiermark's employees, based on a salutogenic analysis model. The net response rate of 78% and the survey results, which show significantly better marks for most criteria than representative comparison figures, prove that our employees are highly satisfied with their work environment.

This in turn fosters the retention of value – an objective that is embodied in our mission statement, an extract of which reads as follows: "Our conduct follows high ethical standards and is based on personal integrity. Building on these principles, we strive to work conscientiously and diligently. We ensure that our actions match our words and treat each other with respect and appreciation. Our managers, in particular, are responsible for setting an example and facilitating open communication that crosses hierarchical and departmental boundaries. Courtesy and friendliness are our maxims when dealing with customers and in our daily bank operations. In this respect, personal commitment, accountability and constructive criticism are just as important as are professional qualifications and responsible, entrepreneurial mindsets and actions."

RLB Steiermark and Landes-Hypothekenbank Steiermark operate on the market as separate banks. Both institutions are actively involved in society and their activities cover a wide range of different areas such as social affairs, culture, energy, education, and sport.

As sponsors, it is up to our partners to decide how they want to implement the projects for and with people. The individual projects are intentionally not always communicated to the public, especially considering that it has been shown that individual support is often the most effective, particularly for the numerous charitable initiatives in this field.

Sponsoring is based on the common purpose of those involved to be more successful together and to promote broad public awareness. RLB Steiermark and Landes-Hypothekenbank Steiermark specifically lend their logos to individual persons, associations, and institutions that through their ideas and achievements are trendsetters and driving forces of our federal state.

In their role as initiators, RLB Steiermark and Landes-Hypothekenbank Steiermark take up certain topics themselves, generate lively and substantive discussions, and offer solutions to problems. This means, for instance, that customer events are organised, discussion workshops are held, or interactive methods are used on Facebook for young people.

This would not be possible without the great dedication of our employees – their annual average came to 975 in 2014 – who are indispensable to our continued development. Education and training play a major role in helping employees continue to develop further within the Group.

I.6. Events of particular significance after the reporting date

In March 2015, the Austrian federal government decided to wind down HETA Asset Resolution AG (HETA) – the wind-down company for HYPO Alpe Adria International set up in March 2014 – in accordance with the new European bank resolution regime. This decision was prompted by new data from the most recent asset review, which had revealed a capital shortfall. The authority charged with the HETA wind-down is the Austrian Financial Market Authority (FMA). As an emergency measure, the FMA placed a payment moratorium on HETA until the end of May 2016.

Raiffeisen-Landesbank Steiermark AG does not hold any HYPO Alpe Adria/HETA bonds and is therefore not directly affected by the suspension of payments on HETA's liabilities. Holders of bonds for which the federal state of Carinthia acts as a guarantor are particularly affected by this moratorium. As at the beginning of March 2015, the FMA is unable to predict how creditors will ultimately be affected by this wind-down. Raiffeisen-Landesbank Steiermark AG is not directly involved in any guarantee schemes.

No affiliation under corporate law exists between HYPO Steiermark and HETA. Likewise, there are no direct exposures to HETA, such as lines of credit or bonds. An indirect link exists through the Austrian "Pfandbriefstelle", since the Pfandbriefstelle is the collective issuing body of Austria's state mortgage banks, the "Landes-Hypothekenbanken". Up to 2006, Pfandbriefstelle issued debt securities on behalf of HETA which are secured by guarantees provided by the federal state of Carinthia. These guarantees are still in effect and will be called upon.

A joint liability obligation (i.e. of all federal states excluding Vienna) of all other state mortgage banks would only materialise if the state of Carinthia were to fail to honour its payment obligations. Landes-Hypothekenbank Steiermark AG has sufficient liquidity reserves at its disposal to provide liquidity advances to Pfandbriefstelle. In addition, payments in respect of the securities issued by HYPO Steiermark AG will of course be made properly and timely, as has been the case in the past.

In the first half of 2015, as part of its overall branch strategy, the structure of Raiffeisen-Landesbank Steiermark AG's banking outlets

will undergo three optimisation measures aimed at addressing the requirements imposed by demographic change and customer expectations. Accordingly, the Moserhofgasse branch will move to the newly established Styria Media Centre on Gadollaplatz 1 in Conrad-von-Hötzendorfstraße, one of the most frequented streets in Graz. Accordingly, this move will open up access to new customers in one of the city's newly developing districts. In addition, operations of the Tummelplatz branch will be transferred to the branch in Kaiserfeldgasse, thereby placing the focus of Raiffeisen-Landesbank Steiermark AG on the core area of the city with centrally located branches in Kaiserfeldgasse and on Jakominiplatz. The Ragnitz branch will be managed as a second location of the Leonhard branch, which will in turn focus on its role as an advisory centre with an expanded number of staff.

A change will also occur in Raiffeisen-Landesbank Steiermark AG's equity investments. With effect from 31 December 2015, Raiffeisen-Landesbank Steiermark AG's shareholding in Steirisches Raiffeisen-Reisebüro (51%) will be taken over by the Styrian travel agency and tour operator GRUBER-Reisen, which will thereby become the sole owner of Steirisches Raiffeisen-Reisebüro. GRUBER-Reisen already had a shareholding of 49% in the company and significantly contributed to its strategic direction and operative management. This step will enable Raiffeisen-Landesbank Steiermark AG to place a stronger focus on its core business. At the same time, GRUBER-Reisen, with its strategy of fostering sustainability in the travel business, will add its expertise and resources to the company's existing operations.

Beyond that, to the present date, no other business transactions or events took place that would be of particular public interest or would materially affect the 2014 consolidated financial statements.

II. REPORT ON THE EXPECTED DEVELOPMENT AND RISKS OF THE COMPANY (OUTLOOK)

II.1. Expected development of the company

Of the industrialised countries, continued strong economic growth can be expected primarily in the United States, which will, as in recent years, contribute significantly to global economic growth. Domestic consumption will be supported by low oil prices and a less restrictive fiscal and monetary policy. Growth expectations for 2015 are generally above 3%. During the course of the year, the Federal Reserve is expected to move cautiously in raising interest rates.

The euro area remains susceptible to crises, facing risks not only at the political level (keyword: Greece) but also in the form of continuing structural problems at the core of the euro area and high levels of debt, which have a hampering effect on economic growth. While the decline in crude oil prices and weakening of the euro exchange rate experienced in 2014 will strengthen economic activity somewhat, a lack of demand and disinflation will prevail in the medium term. The forecasts for 2015 estimate GDP growth of just over 1% in the euro area, with a drop in unemployment levels being considered unlikely. Accordingly, the ECB will be forced to continue its ultra-loose monetary policy.

For Austria, although there is still no drastic economic improvement on the horizon, there are also no signs pointing to recessionary tendencies. Whether the Austrian economy will expand more strongly again in the course of 2015 depends on national restructuring efforts and tax reforms, and also on the development of the international environment. In 2015, growth should turn out to be only marginally more pronounced than in 2014, at around 0.5% (according to WIFO data). This means that the protracted economic weakness, which has persisted since 2012, will enter its fourth year.

For the emerging countries, a general stabilisation of growth rates can be expected. However, development is anticipated to progress differently among regions and will raise two questions: What will be the magnitude of the GDP decline in Russia?, and Will China manage a “soft landing”?

After the turbulences experienced by the Russian rouble (RUB) at the end of 2014, the Ukrainian hryvnia (UAH) and the Belarusian rouble (BYR) devalued at the start of 2015, which is predicted to impact the quality of the RZB Group’s lending portfolio (but will only marginally effect its equity situation) during the 2015 financial year.

According to its ad-hoc announcement of 9 February 2015, Raiffeisen Bank International (RBI) has already adapted its strategy in these markets accordingly. RBI has adopted a number of measures to increase its capital buffer, which are intended to facilitate an improvement in the CET 1 ratio (fully loaded) to 12% by the end of 2017.

The planned steps will particularly affect those business areas within the RBI Group that generate low profit levels, have a high capital requirement or are of minor strategic importance. The range of measures includes, inter alia, the sale of entities in Poland and Slovenia and the sale of the Zuno direct bank. A reduction of risk-weighted assets to around 20% in Russia and around 30% in Ukraine is also planned. Operations in Asia and the United States will be significantly cut back or discontinued by the end of 2016. This reduction will be offset in part by growth in other business areas. According to the ad-hoc announcement of 25.3.2015, RBI’s full year 2015 consolidated result may still turn out negative, primarily due to restructuring costs anticipated to take effect.

The political crisis in Russia and Ukraine has no direct influence on the business operations of the RLB Steiermark Group. However, the

events in these countries continue to pose risks and uncertainties for the evaluation and further development of RZB, which holds a stake of 60.7% in RBI.

2015 is certain to be shaped by surprises, as has already been evidenced by the Swiss Central Bank's discontinuation of the minimum EUR/CHF rate of 1.20 in mid-January. In an environment characterised by very moderate growth rates coupled with risks, there is no doubt that the central banks will have to continue their supportive role.

Against the backdrop of historically low interest rates and the associated small margins, high regulatory requirements and expenditure and ongoing changes in customer behaviour, structural and productivity optimisations will continue to be at the forefront of banks' strategies and business models. The pooling of business areas within RLB Steiermark Group is showing a positive impact and therefore, as things stand, no changes to this strategy are planned. In the areas of work environment and employee satisfaction, the results of the recent "evaluation of work-related psychological stress", as stipulated in §§ 4 and 7 of the Austrian Labour Protection Act (ASchG), will be used as a basis for further optimisation measures aimed at maintaining the already highly satisfactory level in anticipation of increasing future requirements.

II.2. Risk report

The information that accords with IFRS 7 regarding the types of risk associated with financial instruments is shown in the "Risk report" of the consolidated financial statements. For details regarding the risks arising from defined benefit plans (severance payments and pensions), we refer to the information contained in note 24 "Provisions".

III. REPORT ON RESEARCH AND DEVELOPMENT

Raiffeisen-Landesbank Steiermark maintains contacts with renowned experts and innovators from around the country, which are shared with Landes-Hypothekenbank Steiermark. This is reflected in cooperation agreements with universities and universities of applied sciences as well as joint projects with innovation centres like evolaris next level GmbH. The annual economic discussion forum held by Raiffeisen-Landesbank Steiermark AG on the basis of the expert reports and forecasts of the Wirtschaftsforschungsinstitut (WIFO, Austrian Economic Research Institute) and the Industriellenvereinigung (IV, Federation of Austrian Industries) regarding the country's future economic development has long since been a central focal point for leading figures from the fields of economics, politics, academia and the media.

The presentations and discussion points given by employees to share their expertise with public bodies, higher education establishments, partner companies and schools have also become important stimuli for the transfer and expansion of knowledge. In turn, students join Raiffeisen-Landesbank Steiermark AG as interns seeking to put their knowledge into practice in the context of concrete projects.

Due to the nature of the industry in which Raiffeisen-Landesbank Steiermark AG operates, there is no further relevant information about research and development activities.

IV. NOTES ON THE KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM WITH REGARD TO THE FINANCIAL REPORTING PROCESS

1. Legal background

Pursuant to § 267 (3b) in conjunction with § 243a (2) of the Austrian Business Enterprise Code (UGB) as set forth in the Company Law Amendment Act 2008 (URÄG 2008), the key features of the Group's internal control and risk management system with regard to the financial reporting process must be described for financial years beginning after 31 December 2008 in the (consolidated) management report of companies whose shares or other securities issued are admitted for trading on a regulated market pursuant to § 1 (2) of the Austrian Stock Exchange Act (BörseG).

2. Subject of the report

In accordance with the disclosure requirements for the internal control and risk management system with regard to the financial reporting process as introduced by the Company Law Amendment Act 2008 (URÄG 2008 – Federal Law Gazette I No. 2008/70), companies oriented toward the needs of the capital markets must describe the key features of the internal control and risk management system with regard to the (Group) financial reporting process in the consolidated management report. The users of the financial statements should be able to better evaluate the key features of the control and risk management system with regard to the (Group) financial reporting process.

The term "internal control system" (ICS) refers to all processes designed by management and executed within the bank to facilitate

- the monitoring and control of the effectiveness and efficiency of its operating activities (including protecting assets against losses resulting from damages or misconduct),
- the reliability of the financial reports,
- and its compliance with material legal regulations to which it is subject.

The internal control system comprises all the principles, processes and measures that are applied to secure effective, economical and proper accounting and compliance with the pertinent legal provisions. This also includes the internal auditing system insofar as it relates to accounting.

The risk management system covers all processes that serve to identify, analyse and measure risks and that serve to determine and implement appropriate measures that will ensure that RLB Steiermark can still reach its objectives when risks are incurred.

A part of the internal control system, the risk management system with regard to the financial reporting process is related to control and monitoring procedures of accounting just as the latter is, in

particular when it comes to items shown on the balance sheet that recognise the bank's risk hedging.

3. Key features of the internal control and risk management system with regard to the (Group) financial reporting process

The key features of RLB Steiermark Group's internal control and risk management system with regard to the (Group) financial reporting process can be described as follows:

- RLB Steiermark and the RLB Steiermark Group have a clearly defined management and corporate structure.
- The functions of the areas primarily involved in the (Group) accounting process are Finance and Accounting and Controlling, which are clearly separated from market activities. All areas of responsibility are unambiguously assigned.
- As a company oriented toward the needs of the capital markets, RLB Steiermark is required to prepare its consolidated financial statements according to International Financial Reporting Standards (IFRS).
- The "Finance Directorate/Bank Accounting" department is responsible for fundamental aspects of preparing IFRS-compliant financial statements and prepares the Group's consolidated financial statements.
- The consolidated financial statements are based on the individual financial statements of the subsidiaries included in the scope of consolidation, which are prepared in compliance with Group-wide standards.
- The systems in use are protected against unauthorised access by corresponding IT measures.
- Standard software is used for these systems as far as possible.
- An adequate system of policies (e.g. acquisition approval, payment order authority, etc.) has been established and is being updated constantly.
- The departments and areas involved in the (Group) accounting process are adequately equipped with regard to both quantity and quality.
- Accounting data received or referred are continuously checked for completeness and accuracy, e.g. through spot checks. The software used also performs programmed plausibility checks.
- The principle of dual control (four-eyes principle) is consistently applied for all processes of relevance to (Group) accounting.
- Processes of relevance to (Group) accounting are regularly checked by the internal audit department, which operates independently of processes.
- The departments involved in the (Group) accounting process prepare regular reports – in particular controlling reports, segment earnings statements, etc. – for the Managing Board.
- The Managing Board prepares a quarterly report for the Supervisory Board in accordance with § 81 of the Austrian Stock Corporation Act (AktG).

4. Notes on the key features of the internal control and risk management system with regard to the financial reporting process

The internal control and risk management system with regard to the (Group) financial reporting process, whose key features are described in point 3, ensures that matters pertaining to the business are fully and accurately recognised, prepared and evaluated on the balance sheet and are included in the (Group) accounting. Suitable personnel resources, the use of adequate software and clear legal and internal specifications form the basis for a proper, uniform and continuous (Group) accounting process. Clearly defined areas of responsibility as well as various control and review mechanisms as previously described in more detail in point 3 – in particular plausibility checks and the principle of dual control (four-eyes principle) – ensure that all (Group) accounting processes are executed correctly and with due care and attention. In particular, this framework ensures that business transactions are recorded, processed and correctly and promptly documented in the accounting systems in compliance with legal requirements, the statutes and internal guidelines. At the same time, this guarantees that assets and liabilities are accurately recognised, disclosed and measured in the annual financial statements and consolidated financial statements, and the reliable and relevant information is supplied completely and promptly.

Graz, 14 April 2015

The Managing Board

CEO Martin **SCHALLER**, Chairman of the Managing Board (signed)
responsible for the management of the bank and the association, financing and controlling, capital markets and real estate

Member of the Managing Board Matthias **HEINRICH** (signed)
responsible for risk management, non-performing loan management and organisation

Member of the Managing Board Rainer **STELZER** (signed)
responsible for corporate customers, retail customers, marketing and sales, insurance and residential building savings schemes

02

2014 CONSOLIDATED FINANCIAL STATEMENTS

prepared in accordance with international financial reporting standards (IFRS)

CONTENT

2014 CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

STATEMENT OF COMPREHENSIVE INCOME

Income statement

	Note/s	2014	2013		Change
		TEUR	TEUR	TEUR	%
Interest and similar income	1	348,481	364,856	-16,375	-4.5
Profit/loss from companies carried at equity	1	-49,512	64,363	-113,875	>100
Interest and similar expenses	1	-239,683	-256,053	16,370	-6.4
Net interest income	**1**	**59,286**	**173,166**	**-113,880**	**-65.8**
Impairment charge on loans and advances	2	-32,774	-90,010	57,236	-63.6
Net interest income after impairment charge		**26,512**	**83,156**	**-56,644**	**-68.1**
Net fee and commission income	3	36,890	35,875	1,015	2.8
Profit/loss from hedge accounting	4	10,024	-1,903	11,927	>100
Net trading income	5	-17,892	2,148	-20,040	>100
Profit/loss from financial instruments – designated at fair value through profit or loss	6	66,553	-66,718	133,271	>100
Profit/loss from financial assets – available for sale	7	-17,102	-8,416	-8,686	>100
General administrative expenses	8	-185,377	-171,094	-14,283	8.3
Other operating profit/loss	9	72,597	62,901	9,696	15.4
Consolidated net profit/loss for the year before taxes		**-7,795**	**-64,051**	**56,256**	**-87.8**
Income taxes	10	12,847	25,153	-12,306	-48.9
Consolidated net profit/loss for the year		**5,052**	**-38,898**	**43,950**	**>100**
Consolidated net profit/loss for the year attributable to the shareholders of RLB Steiermark		5,213	-39,758	44,971	>100
Consolidated net profit/loss for the year attributable to non-controlling interests		-161	860	-1,021	>100

Reconciliation to consolidated comprehensive income

	2014	2013		Change
	TEUR	TEUR	TEUR	%
Consolidated net profit/loss for the year	**5,052**	**-38,898**	**43,950**	**>100**
Other comprehensive income				
Items not reclassified to profit or loss				
Actuarial gains and losses from defined benefit plans	-10,385	-3,401	-6,984	>100
Deferred taxes on actuarial gains and losses from defined benefit plans	2,526	573	1,953	>100
Proportionate changes in equity of companies recorded at equity without effect on profit or loss	-2,846	672	-3,518	>100
Items that can be reclassified to profit or loss				
Changes in the valuation of financial assets available for sale (AFS)	44,844	15,946	28,898	>100
Deferred taxes in relation to the valuation of financial assets available for sale (AFS)	-11,105	-6,756	-4,349	64.4
Proportionate changes in equity of companies recorded at equity without effect on profit or loss	-109,642	-69,492	-40,150	57.8
Currency translation differences	7	0	7	-
Total other comprehensive income	**-86,601**	**-62,458**	**-24,143**	**38.7**
Consolidated comprehensive income	**-81,549**	**-101,356**	**19,807**	**-19.5**
Consolidated comprehensive income attributable to the shareholders of RLB Steiermark	-81,140	-101,876	20,736	-20.4
Consolidated comprehensive income attributable to non-controlling interests	-409	520	-929	>100

STATEMENT OF CHANGES IN THE AVAILABLE-FOR-SALE RESERVE (AFS RESERVE)

Changes in AFS reserve	2014 (TEUR)			2013 (TEUR)		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Attributable to the shareholders of RLB Steiermark	43,216	-10,700	32,516	15,258	-6,589	8,669
Attributable to non-controlling interests	1,628	-405	1,223	688	-167	521
Changes in AFS reserve	**44,844**	**-11,105**	**33,739**	**15,946**	**-6,756**	**9,190**

BALANCE SHEET

	Note/s	2014	2013		Change
		TEUR	TEUR	TEUR	%
Cash and balances with central banks	11	41,063	78,672	-37,609	-47.8
Loans and receivables at amortised cost	12	8,471,311	8,619,386	-148,075	-1.7
Impairment charge on loans and advances	13	-394,974	-410,682	15,708	3.8
Trading assets	14	1,809,279	1,867,047	-57,768	-3.1
Financial assets – designated at fair value through profit or loss	15	1,412,101	1,371,648	40,453	2.9
Financial assets – available for sale	16	1,768,951	1,676,629	92,322	5.5
Companies carried at equity	17	823,334	1,074,618	-251,284	-23.4
Intangible assets	18	11,394	11,702	-308	-2.6
Property and equipment	19	160,720	169,579	-8,859	-5.2
Current income tax assets	25	12,046	10,368	1,678	16.2
Deferred income tax assets	25	8,629	6,399	2,230	34.8
Other assets	20	89,847	82,377	7,470	9.1
TOTAL ASSETS		**14,213,701**	**14,557,743**	**-344,042**	**-2.4**
Financial liabilities at amortised cost	21	7,636,812	7,219,817	416,995	5.8
Trading liabilities	22	527,047	393,718	133,329	33.9
Financial liabilities – designated at fair value through profit or loss	23	4,649,694	5,398,543	-748,849	-13.9
Provisions	24	119,932	91,856	28,076	30.6
Current income tax liabilities	25	223	486	-263	-54.1
Deferred income tax liabilities	25	8,979	10,537	-1,558	-14.8
Other liabilities	26	114,891	114,099	792	0.7
Equity	27	1,156,123	1,328,687	-172,564	-13.0
Equity attributable to the shareholders of RLB Steiermark	27	1,101,284	1,239,375	-138,091	-11.1
Equity attributable to non-controlling interests	27	54,839	89,312	-34,473	-38.6
TOTAL EQUITY AND LIABILITIES		**14,213,701**	**14,557,743**	**-344,042**	**-2.4**

STATEMENT OF CHANGES IN EQUITY

TEUR	Subscribed capital	Capital reserves	Retained earnings	AFS reserve	Consolidated net profit/loss for the year	Equity attributable to the shareholders of RLB Steiermark	Equity attributable to non-controlling interests	Aggregate capital
Equity at 1.1.2014	**135,297**	**409,380**	**632,542**	**101,914**	**-39,758**	**1,239,375**	**89,312**	**1,328,687**
Consolidated net profit/loss for the year					5,213	5,213	-161	5,052
Other comprehensive income			-118,869	32,516		-86,353	-248	-86,601
Consolidated comprehensive income			-118,869	32,516	5,213	-81,140	-409	-81,549
Capital increase	6,122	-6,122						
Change in retained earnings due to consolidated net profit/loss for the year			-39,758		39,758			
Dividend distribution			-5,050			-5,050		-5,050
Change in scope of consolidation			-869			-869	-33,263	-34,132
Other changes			-51,032			-51,032	-801	-51,833
Equity at 31.12.2014	**141,419**	**403,258**	**416,964**	**134,430**	**5,213**	**1,101,284**	**54,839**	**1,156,123**
Equity at 31.12.2012	**135,297**	**409,380**	**720,718**	**93,245**	**-7,232**	**1,351,408**	**92,327**	**1,443,735**
Change due to retrospective adjustments			-4,224			-4,224	21	-4,203
Equity at 1.1.2013	**135,297**	**409,380**	**716,494**	**93,245**	**-7,232**	**1,347,184**	**92,348**	**1,439,532**
Consolidated net profit/loss for the year					-39,758	-39,758	860	-38,898
Other comprehensive income			-70,787	8,669		-62,118	-340	-62,458
Consolidated comprehensive income			-70,787	8,669	-39,758	-101,876	520	-101,356
Change in retained earnings due to consolidated net profit/loss for the year			-7,232		7,232			
Dividend distribution			-9,981			-9,981		-9,981
Change in scope of consolidation			2,036			2,036	-3,660	-1,624
Other changes			2,012			2,012	104	2,116
Equity at 31.12.2013	**135,297**	**409,380**	**632,542**	**101,914**	**-39,758**	**1,239,375**	**89,312**	**1,328,687**

Details of the changes summarised above are reported in note 27 “Equity”.

CASH FLOW STATEMENT

TEUR	Note/s	2014	2013
Consolidated net profit/loss for the year		**5,052**	**-38,899**
Non-cash items contained in the consolidated profit/loss for the year and reconciliation to the cash flow from operating activities			
Depreciation, amortisation, impairment of financial assets		-38,292	45,617
Net creation of provisions and impairment allowances		46,117	52,878
Profit from the sale of assets		-8,787	-12,459
Loss from the sale of assets		2,653	187
Other adjustments		-24,229	-61,783
Change in assets and liabilities arising from operating activities after corrections for non-cash items			
Loans and receivables at amortised cost	12	123,906	-383,446
Trading assets	14	60,749	758,017
Financial assets – designated at fair value through profit or loss	15	41,384	-370,898
Financial assets – available for sale	16	-69,312	-11,643
Other assets from operating activities	20	-14,271	102,155
Financial liabilities at amortised cost	21	406,469	247,275
Trading liabilities	22	153,976	-320,055
Financial liabilities – designated at fair value through profit or loss	23	-776,729	-285,742
Other liabilities from operating activities	26	-837	-18,028
Taxes on income paid	25	3,260	-333
Interest received	1	328,851	325,087
Dividends received	1	8,431	6,844
Interest paid	1	-250,404	-258,379
Cash flow from operating activities		**-2,013**	**-223,605**
Cash proceeds from the sale of:			
Financial assets – associates	17	0	160,265
Property and equipment and intangible assets	18, 19	11,071	960
Equity investments (non-consolidated)	16	3,177	20,227
Cash paid for the acquisition of:			
Property and equipment and intangible assets	18, 19	-21,630	-58,140
Equity investments (non-consolidated)	16	-12,159	-3,017
Acquisition of minority interests		-24,525	0
Cash flow from investing activities		**-44,066**	**120,295**
Dividends	27	-5,050	-9,981
Subordinated liabilities		13,603	-1,582
Cash flow from financing activities		**8,553**	**-11,563**
Cash and cash equivalents at end of previous period		**78,672**	**193,546**
Cash flow from operating activities		-2,013	-223,605
Cash flow from investing activities		-44,066	120,295
Cash flow from financing activities		8,553	-11,563
Effects of exchange rate fluctuations		-83	0
Cash and cash equivalents at end of period [1)]	**11**	**41,063**	**78,672**

[1)] The item "Cash and cash equivalents" is equivalent to cash and balances held with central banks.

Other adjustments relate primarily to the change in companies carried at equity and deferred taxes. Furthermore, this item reconciles interest and fair value measurements, as these figures appear in other cash flow line items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial reporting principles

General information

Raiffeisen-Landesbank Steiermark AG (RLB Steiermark) is the regional central institution of the Raiffeisen Banking Group in Styria (Raiffeisen Bankenkgruppe Steiermark) and is registered in the Commercial Register at the Graz Regional Court for Civil Matters under Commercial Register number FN 264700s. The corporate address of RLB Steiermark is Kaiserfeldgasse 5, 8010 Graz (Austria). RLB Steiermark is a universal bank which is predominantly active in the south of Austria.

RLB-Stmk Holding eGen (RLB-Stmk Holding) holds 86.5% (2013: 100%) of the shares in RLB Steiermark. The remaining shares are held by Styrian Raiffeisen banks. RLB-Stmk Verbund eGen (RLB-Stmk Verbund) owns 95.13% (2013: 95.13%) of RLB-Stmk Holding. The remaining shares are held by other cooperative members. RLB-Stmk Verbund is the Group's ultimate parent company.

As the superordinate financial holding company, RLB-Stmk Verbund is 100% owned by the Raiffeisen banks in Styria. As a result of this holding structure, the Raiffeisen banks in Styria enjoy an indirect majority ownership position – including in terms of voting rights – relative to RLB Steiermark.

In accordance with Austrian disclosure regulations, the consolidated financial statements of RLB-Stmk Verbund are lodged with the Commercial Register at the Graz Regional Court and published in the official gazette (Amtsblatt der Wiener Zeitung).

Unless specifically stated otherwise, the figures in these consolidated financial statements are rounded to the nearest thousand euros (TEUR). As a result, rounding differences may appear in the tables that follow.

Disclosure pursuant to Part 8 (Articles 431 to 455) of the CRR is based on the consolidated financial position of RLB-Stmk Verbund in its function as an EEA parent financial holding company. This disclosure may be viewed on the website of RLB Steiermark.

All information provided in connection with the Austrian Banking Act (BWG) relates to the BWG version in effect until 31 December 2014.

Accounting policies underlying the consolidated financial statements

The consolidated financial statements for the 2014 financial year, together with the prior-year figures for 2013, have been prepared in accordance with EU Regulation (EC) 1606/2002 in conjunction with § 245a of the Austrian Business Enterprise Code (UGB) and § 59a of the Austrian Banking Act (BWG). All of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), and all of the interpretations issued by the IFRS Interpretations Committee (IFRIC) whose application in connection with the consolidated financial statements was mandatory were taken account of as adopted by the EU. The consolidated financial statements comply with the provisions of § 245a UGB and § 59a BWG governing the exemption from filing consolidated financial statements in accordance with internationally recognised accounting principles.

New and amended standards and interpretations, the application of which is mandatory from the year under review:

Standard/interpretation	Effective for annual periods beginning on or after	Adopted by the EU
IFRS 10, "Consolidated Financial Statements"	1.1.2013	Yes*
IFRS 11, "Joint Arrangements"	1.1.2013	Yes*
IFRS 12, "Disclosure of Interests in Other Entities"	1.1.2013	Yes*
Amendments to IFRS 10, IFRS 11 and IFRS 12 – transitional provisions	1.1.2014	Yes
Amendments to IFRS 10, IFRS 12 and IAS 27, "Investment Entities"	1.1.2014	Yes
IAS 27 (amended 2011), "Separate Financial Statements"	1.1.2013	Yes*
IAS 28 (amended 2011), "Investments in Associates"	1.1.2013	Yes*
Amendment to IAS 32, "Offsetting Financial Assets and Financial Liabilities"	1.1.2014	Yes
Amendment to IAS 36, "Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets"	1.1.2014	Yes
Amendments to IAS 39, "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting	1.1.2014	Yes
IFRIC 21, "Levies"	1.1.2014	Yes**

* Throughout the EU; effective 1.1.2014.
** Throughout the EU; effective 1.7.2014.

Introduction of IFRS 10, IFRS 11 and IFRS 12 and amendments to IAS 27 and IAS 28
In May 2011, the IASB issued IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangements", IFRS 12, "Disclosures of Interests in Other Entities", a revised version of IAS 27, "Separate Financial Statements", which was amended as IFRS 10 was issued while leaving the existing rules for separate financial statements unchanged, and a revised version of IAS 28, "Investments in Associates and Joint Ventures" which was adjusted as IFRS 10 and IFRS 11 were issued.

Those standards were adopted by the EU in December 2012. The amendments to IFRS 10, IFRS 11 and IFRS 12 regarding transitional provisions and the amendments to IFRS 10, IFRS 12 and IAS 27 for investment entities were likewise adopted by the EU in the course of 2013.

The RLB Steiermark Group has been applying the new regulations with effect from 1 January 2014.

IFRS 10 supersedes IAS 27, "Consolidated and Separate Financial Statements" and SIC-12, "Consolidation – Special Purpose Entities" and establishes a single control model that applies to all entities, including special purpose entities previously considered under SIC-12.
IFRS 10 specifies that an investor controls an investee when the investor is exposed or has rights to variable returns from its investment with the investee and has the ability to use power over the investee to influence such returns. Control is to be assessed on the basis of all current facts and circumstances and is to be reassessed as facts and circumstances change.

The RLB Steiermark Group has performed a detailed assessment of its scope of consolidation under the new control concept of IFRS 10 and has determined that the new concept will have no impact on the consolidated financial statements.

IFRS 11 supersedes IAS 31, “Interests in Joint Ventures” and SIC-13, „Jointly Controlled Entities – Non-Monetary Contributions by Venturers”. IFRS 11 classifies joint arrangements as either joint operations or joint ventures and focuses on the nature of the rights and obligations of the arrangement, rather than its legal form. For joint ventures, IFRS 11 requires the use of the equity method of accounting, eliminating the option to use the proportionate consolidation method. Currently, the RLB Steiermark Group has no need to apply this standard.

IFRS 12 requires an entity to disclose the nature, associated risks, and financial effects of interests in subsidiaries, associates and joint arrangements and of unconsolidated structured entities. Compared to IAS 27 or SIC-12, IFRS 12 thus requires more comprehensive disclosures in the notes.

Amendment to IAS 32, “Offsetting Financial Assets and Financial Liabilities”
The amendments to IAS 32 were issued in December 2011 and provide clarifying guidance on the terms “currently” and “offsetting”. These amendments will have no material impact on the consolidated financial statements of RLB Steiermark.

Amendment to IAS 36, “Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets”
The amendments to IAS 36 (issued in May 2013) require an entity to disclose the recoverable amount of an individual asset (including goodwill) or a cash-generating unit for which the entity has recognised or reversed an impairment loss during the reporting period. Additional disclosures are required if the recoverable amount is determined based on fair value less costs of disposal. These amendments will have no impact on the RLB Steiermark Group.

Amendments to IAS 39, “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting
Under the amendments to IAS 39 regarding the novation of derivatives and continuation of hedge accounting, there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. Application of these amendments will have no impact on the consolidated financial statements of RLB Steiermark.

IFRIC 21, “Levies”
IFRIC 21, “Levies” establishes new rules for the recognition of levies in the financial statements. It is effective for annual periods beginning on or after 1 January 2014 and has been adopted by the EU on 14 June 2014. From a current perspective, this standard is not applicable to the RLB Steiermark Group.

Standards and interpretations which have been published but are not yet mandatory:

Standard/interpretation	Description	Effective for annual periods beginning on or after	Adopted by the EU
IAS 19	Amendments to IAS 19, "Defined Benefit Plans: Employee Contributions"	1.7.2014	Yes
IFRS 11	Amendments to IFRS 11, "Accounting for the Acquisition of an Interest in a Joint Operation"	1.1.2016	No
IAS 16, IAS 38	Amendments to IAS 16 and IAS 38, "Clarification of Acceptable Methods of Depreciation and Amortisation"	1.1.2016	No
IAS 16, IAS 41	Amendments to IAS 16 and IAS 41, "Bearer Plants"	1.1.2016	No
IFRS 10, IAS 28	Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	1.1.2016	No
IFRS 10, IFRS 12 and IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28, "Investment Entities – Application of the Exemption Rule to Consolidation"	1.1.2016	No
IAS 27	Amendments to IAS 27 – "Separate Financial Statements (Equity Method)"	1.1.2016	No
IAS 1	Amendments to IAS 1, "Presentation of Financial Statements"	1.1.2016	No
IFRS 14	Regulatory Deferral Accounts	1.1.2016	No
IFRS 15	Revenue from Contracts with Customers	1.1.2017	No
IFRS 9	Financial Instruments	1.1.2018	No

A determination was made to refrain from the early adoption of standards and interpretations which, although they have been approved and endorsed by the EU, are not yet mandatory.

Amendments to IAS 19, "Defined Benefit Plans: Employee Contributions"
These amendments to IAS 19 clarify the accounting for contributions from employees, in addition to those from the employer, to a defined contribution plan. The amendments became effective on 1.7.2014 and were adopted by the EU in December 2014.
They will have no impact on the RLB Steiermark Group.

Amendments to IFRS 11, "Accounting for the Acquisition of an Interest in a Joint Operation"
These amendments clarify the accounting for acquisitions of interests in joint operations if the joint operation in question constitutes a business. The amendments were issued in May 2014 and will enter into effect on 1.1.2016. Their adoption by the EU is expected for Q3 2015. From a current perspective, this standard is not applicable to the RLB Steiermark Group.

Amendments to IAS 16 and IAS 38, "Clarification of Acceptable Methods of Depreciation and Amortisation"
In May 2014, the IASB issued amendments to IAS 16 and IAS 38, clarifying that the use of revenue-based depreciation methods for property, plant and equipment is not appropriate, and significantly limiting the use of revenue-based depreciation methods for intangible assets. These amendments will have no material impact on the RLB Steiermark Group. They will enter into effect on 1.1.2016; their adoption by the EU is expected for Q3 2015.

Amendments to IAS 16 and IAS 41, "Bearer Plants"
In August 2014, the IASB issued amendments to IAS 27 and IAS 41 regarding bearer plants. The RLB Steiermark Group does not apply these standards, which will enter into effect on 1.1.2016. Adoption of the amendments by the EU is expected for Q3 2015.

Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
The amendments to IFRS 10 and IAS 28 issued in September 2014 clarify the accounting for transactions where a parent loses control of a subsidiary that does not constitute a business as defined in IFRS 3, "Business Combinations" by contributing its interest in that subsidiary to an associate or a joint venture and stipulate that the gains resulting from the loss of control must be partially eliminated by the parent. The IASB plans to issue the proposed clarification in Q2 2015.

Amendments to IFRS 10, IFRS 12 and IAS 28, "Investment Entities – Application of the Exemption Rule to Consolidation"
The IASB issued amendments to IFRS 10, IFRS 12 and IAS 28 on 18 December 2014. The amendments clarify the application of the consolidation exemption rule if the parent company meets the definition of an investment company. Now it is stated explicitly that the exemption of preparing consolidated financial statements also applies to the subsidiaries of an investment entity which are parent companies themselves. Incorporation of the amendments into European law is scheduled for Q4 2015. These amendments will have no impact on the RLB Steiermark Group.

Amendments to IAS 27 – "Separate Financial Statements (Equity Method)"
In August 2014, the IASB issued amendments to IAS 27 regarding application of the equity method in separate financial statements. The amended IAS 27 introduces the option of applying the equity method when reporting investments in subsidiaries, joint ventures and associates in separate financials statements. Adoption of the amendments by the EU is scheduled for Q3 2015.

Amendments to IAS 1, "Presentation of Financial Statements"
On 18 December 2014, the IASB, under its Disclosure Initiative, published amendments to IAS 1 concerning various clarifications and additional disclosure requirements with the aim of improving the quality of financial reporting as regards the information contained in the notes. Incorporation of the amendments into European law is scheduled for Q4 2015.

IFRS 14, "Regulatory Deferral Accounts"
IFRS 14, "Regulatory Deferral Accounts" permits a company which is a first-time adopter of IFRS to continue to account, with some limited changes, for regulatory deferral account balances in accordance with the previously used generally accepted accounting policies. The standard will enter into effect on 1.1.2016 but has not yet been adopted by the EU and will have no impact on the RLB Steiermark Group.

IFRS 15, "Revenue from Contracts with Customers"
In May 2014, the IASB issued IFRS 15, which specifies when and how revenue from contracts with customers is to be recognised in all lines of business. The standard supersedes IAS 11, "Construction Contracts", IAS 18, "Revenue", IFRIC 13, "Customer Loyalty Programmes", IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 18, "Transfers of Assets from Customers" and SIC 31, "Revenue – Barter Transactions Involving Advertising Services". The standard will be effective from 1 January 2017; its adoption by the EU is expected for mid-2015. These amendments will have no material impact on future consolidated financial statements of the RLB Steiermark Group.

IFRS 9, "Financial Instruments"
IFRS 9 prescribes new requirements for the classification and measurement of financial assets and financial liabilities. The mandatory effective date of IFRS 9 will be 1 January 2018. The RLB Steiermark Group anticipates that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of financial assets and financial liabilities. The potential impact on future financial statements is currently being evaluated.

RECOGNITION AND MEASUREMENT POLICIES

Uniform accounting principles throughout the Group

The basis for the consolidated financial statements was provided by the separate financial statements of all the consolidated companies, which were prepared applying uniform, Group-wide standards and in accordance with the provisions of IFRS. With the exception of one subsidiary which was included in the consolidated financial statements as at 30 September, and the DASAA 8010 Miteigentumsspezialfonds (joint ownership special fund) in accordance with § 20a of the Austrian Investment Fund Act (InvFG), which was included in the consolidated financial statements as at 31 October, the fully consolidated companies and the companies carried at equity prepared their annual financial statements as at 31 December. Appropriate adjustments were carried out to allow for the effects of material business transactions and other events occurring between subsidiaries' reporting dates and 31 December.

Acquisitions

In the course of capital consolidation, all identifiable assets, liabilities and contingent liabilities of the subsidiary are measured at their fair value on the acquisition date according to the provisions of IFRS 3. The acquisition costs are offset with the proportional net assets. The resulting positive differences are capitalised as goodwill and tested annually for impairment. Additional impairment tests are carried out if events or circumstances indicate that the carrying value might be impaired. If negative goodwill arises within the context of first-time consolidation, this must be recognised immediately in profit or loss once the valuations have been reassessed. Incidental acquisition costs are recognised as expenses. Transactions with non-controlling interests that do not lead to any change in the control relationship are only shown directly in equity.

Consolidation methods

The consolidation measures undertaken in the context of preparing the consolidated financial statements include capital consolidation, debt consolidation, consolidation of income and expenses, and elimination of intragroup profits.

During the elimination of intragroup balances, receivables and payables between companies belonging to the scope of full consolidation were offset.

Intragroup income and expenses were eliminated during the process of consolidating income and expenses.
Intragroup profits were eliminated if their effect on line items in the income statement was material.

Subsidiaries

The new IFRS 10, effective from 1 January 2014, provides a new definition of the term "control". Subsidiaries are included in the scope of fully consolidated companies of the RLB Steiermark Group if a control relationship as defined in IFRS 10.6 exists. Accordingly, a parent entity controls an investee if, as a result of its involvement with the investee, the bank is exposed to, or has rights to, variable economic returns from its involvement with the investee, and has the opportunity to influence those economic returns through its decision-making power over the investee. This decision-making power derives from existing rights to determine the activities of the investee in a way which significantly influences its economic success.

With the exception of the definition of control, the financial reporting principles relating to subsidiaries and associates remain unchanged in comparison with 2013.

Interests in subsidiaries which had not been included in the consolidated financial statements and investments in associates which were not carried at equity are identified in the balance sheet item “Financial assets – available for sale” and have been measured at fair value.

Investments in associates

Investments in companies over which RLB Steiermark had a significant influence were carried at equity and recorded on the balance sheet in the line item “Companies carried at equity”. As a rule, ownership interests of between 20% and 50% confer significant influence. As at the reporting date (31.12.2014), this exclusively applies to the equity investment in Raiffeisen Zentralbank Österreich AG, Vienna (RZB). Material influence exists because RLB Steiermark has a permanent seat on the supervisory board of Raiffeisen Bank International AG (RBI) and Raiffeisen Zentralbank Österreich AG, Vienna (RZB).

If there are indicators that suggest a possible impairment as defined by IAS 39, equity carrying amounts must undergo an impairment test pursuant to IAS 28 in conjunction with IAS 36. As a rule, impairment testing is carried out using a valuation method based on future financial surpluses of the associate. Charges on the basis of impairments are shown in the income statement under “Profit/loss from companies carried at equity”. The proportionate net profit/loss attributable to companies carried at equity is shown in the same item of the income statement.

The same rules were applied to companies carried at equity (date of first-time consolidation, calculation of goodwill or negative goodwill) as to investments in subsidiaries. The basis for recognition was provided by the respective financial statements as at 31.12.2014 of the companies carried at equity.

The number of fully consolidated companies and companies carried at equity is as follows:

	Full consolidation*		Equity method	
	2014	2013	2014	2013
At 1 December	**36**	**15**	**1**	**2**
Included for the first time in the reporting year	0	21	0	0
Change due to reorganisation during the reporting year	-2	0	0	0
Deconsolidated in the reporting year	0	0	0	-1
At 31 December	**34**	**36**	**1**	**1**

* including Raiffeisen-Landesbank Steiermark AG (parent entity) and one consolidated structured entity (DASAA).

A detailed list of fully consolidated companies and of investments in companies carried at equity is provided in the overview of equity investments presented in the annex.

Following the retroactive merger (effective as at 1.1.2014) of the Group companies “Raiffeisenbank-Zagreb-Beteiligungsgesellschaft m.b.H.” and “ZRB Beteiligungs GmbH” with Raiffeisen-Landesbank Steiermark AG, the companies were deleted from the Commercial Register with entries dated 19.3.2014 and 21.3.2014 respectively.

Foreign currency translation

Foreign currency translation takes place in accordance with the provisions of IAS 21. Accordingly, non-euro monetary assets and liabilities are translated into euro at the ECB reference rates prevailing at the reporting date. Non-monetary assets and liabilities measured on the basis of historical costs are translated at the market exchange rates prevailing at the time of their acquisition. Non-monetary assets measured at fair value are translated at the market exchange rates prevailing at the reporting date. Forward currency transactions are measured using the prevailing forward rates for their respective maturities.

Income and expense items are immediately translated into the functional currency at the time they arose applying the market exchange rates prevailing at the date of the transaction.

Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one company and a financial liability or equity instrument of another company.
IAS 39 requires that all financial assets and liabilities, including derivative financial instruments, must be recognised on the balance sheet. The initial recognition point is the date when the group becomes a party to the contractual provisions for the financial instrument and consequently has a right to receive and/or a legal obligation to pay cash. Financial instruments are generally recorded on the transaction date.
A financial asset is derecognised at the time when the company loses the power to dispose of the asset or when the contractual rights to the asset are lost. A financial liability is derecognised when it has been repaid.

Financial instruments must be divided into defined categories. Their subsequent measurement depends on the category to which they were allocated:

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

Financial assets or financial liabilities designated at fair value through profit or loss are financial instruments which are either classified by the company as held for trading or designated as at fair value through profit or loss.

- Held for trading. Financial assets and financial liabilities classified as financial instruments held for trading serve the purpose of generating a profit from short-term fluctuations in market price or dealer's margin. All financial instruments held for trading are measured at fair value, with revaluation gains and losses being recognised in the income statement under the line item "Net trading income".
- Derivatives. Derivatives are carried in the balance sheet at fair value, with revaluation gains and losses being recognised in the income statement.
- Designated at fair value through profit or loss. Essentially, this category includes those financial assets and liabilities that are irrevocably designated as "Financial assets/liabilities at fair value through profit or loss" (the so-called "fair value option") at the date of acquisition, irrespective of any intention to trade.

The fair value option for a financial instrument may only be exercised in the following cases:

- elimination or reduction of an accounting mismatch;
- management and performance measurement of a portfolio of financial instruments on a fair value basis in accordance with a documented risk management or investment strategy;
- the (structured) financial instrument includes one or more embedded derivatives that must be separated.

Upon initial recognition, the financial assets and liabilities are measured at the fair value of the consideration given (in the case of acquisition of financial assets) or received (in the case of entering into a financial commitment). Financial assets and liabilities designated upon initial recognition as financial assets at fair value through profit or loss are also measured subsequently at fair value, with valuation gains and losses being recognised under a separate item in the income statement.

- Loans and receivables

Loans and receivables with fixed or definable payments that are not listed on an active market are assigned to this category. This applies regardless of whether the financial instruments were originated by the bank or acquired in the secondary market. Items belonging to this category are valued at amortised cost.

Pursuant to IAS 39.9, amortised cost is defined as the amount at which the item is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation of premiums and discounts calculated using the effective interest method, and minus any reduction for impairment or uncollectibility.

As premiums and discounts are a component of the amortised cost calculation, they must be shown in one balance sheet item together with the relevant financial instruments. Premiums and discounts are spread over the respective term and recognised in the income statement under net interest income.

- Held to maturity

This category is not addressed in greater detail, as the RLB Steiermark Group does not have any portfolio items that are held to maturity.

- Available for sale

Financial assets available for sale are those non-derivative financial assets that are designated as available for sale or which are not allocated to any of the categories mentioned above. These assets are measured at fair value pursuant to IAS 39. The gains and losses (i.e. all positive and negative changes in value) arising from the valuation are recognised in a separate item of equity (AFS reserve) until the asset is disposed of or impaired. Upon disposal of the asset, the remeasurement gains and losses accumulated in the AFS reserve are reversed and recorded in the income statement. In the event of an impairment, the AFS reserve is adjusted by the impairment amount and entered in the income statement. If the fair value increases, the impairment will be reversed and the reversal recognised in the income statement (for debt instruments); or the impairment will be reversed and recognised in equity (for listed equity instruments). If a fair value can be reliably determined for unlisted equity instruments pursuant to IFRS 13, reversal of the impairment and recognition in equity is likewise permitted. Impairment losses charged on equity instruments measured at amortised cost in prior reporting periods may not be reversed in subsequent periods, either in the income statement or in equity, even if the reasons for the impairment loss no longer apply (IAS 39.66).

Premium and discount amortisations are not components of the AFS reserve, but are instead recognised in the income statement under net interest income. Gains and losses from the currency translation of monetary items (debt instruments) are recognised in profit or loss.

Hedge accounting

The RLB Steiermark Group applies fair value hedge accounting as defined by IAS 39. As a general rule, the changes in the fair value of a measured hedged item that can be ascribed to a certain risk (e.g. interest or currency risk) are hedged by means of an opposing hedging transaction. By accounting for them as fair value hedges, one-sided effects on profit or loss in connection with economically hedged risks can be avoided. A fundamental prerequisite lies in the prospectively and retrospectively demonstrable and documented effectiveness of the hedging relationships. At the outset of the hedging relationship, the association between the hedged item and the hedging instrument (including the underlying risk management objectives) is documented. Furthermore, upon entering into the hedging relationship and as it progresses, a high degree of effectiveness at compensating for changes in fair value on the part of the hedging instrument designated in the hedging relationship must be documented at regular intervals.

Within the RLB Steiermark Group, balance sheet items on the liabilities side with fixed interest rate risks are hedged through financial instruments that essentially have identical parameters but are expected to move in the opposite direction. The objective is to reduce the volatility of earnings which may arise – without hedge accounting – in the event of a one-sided market valuation of the derivative, as well as in the event of a market valuation of the derivative and the hedged item (when exercising the fair value option). To hedge the interest rate risk of refinancing, interest rate swaps are concluded that fulfil the requirements for hedge accounting. These hedges are documented, assessed on an ongoing basis and classified as highly effective. Both at the outset and throughout the term of the hedging relationship, it can be assumed that it is highly effective, that changes in the fair value of a hedged item will be offset almost completely by the changes in the fair value of the hedging instrument, and that the risk offset will lie within a range of 80% to 125%.

Hedging transactions in connection with fair value hedge accounting are shown in the balance sheet items “Trading assets” and “Trading liabilities”.

Hedged items in connection with fair value hedge accounting are currently included in the item “Financial liabilities at amortised cost” in the balance sheet.

The effect of hedge accounting is shown separately in the line item “Profit/loss from hedge accounting” in the income statement.

Other financial liabilities

Financial liabilities, provided they do not constitute trading liabilities or have not been designated under the fair value option, are also accounted for at amortised cost. Repurchased own issues are deducted from equity on the liabilities side.

Financial guarantees

A financial guarantee is a contract under which the guarantor is obliged to make certain payments that indemnify the party to whom the guarantee is issued for a loss arising in the event that particular debtor does not meet its payment obligations as stipulated by the original or amended terms of a debt instrument by the due date. The obligation arising from a financial guarantee is recorded as soon as the guarantor becomes party to the contract, i.e. at the time the guarantee offer is accepted. Financial guarantees are measured initially at their fair value on the date of recognition; the fair value generally equals the premium received when the transaction is concluded. If no upfront premium is paid, the fair value at the conclusion of the transaction is zero. This figure is reviewed for impairment indicators within the scope of subsequent measurement.

Embedded derivatives

IAS 39 governs the way in which components of a hybrid security that are embedded in a non-derivative instrument (embedded derivatives) are accounted for. Under certain conditions, an embedded derivative must be separated from the primary financial instrument and accounted for as a stand-alone derivative. To reduce the complexity compared to a separate recognition and measurement of the underlying contract and the derivative, or to increase the reliability of the measurement (IAS 39.AG33A), the entire financial instrument may be recognised at fair value through profit or loss under the fair value option. In the case of structured financial instruments for which separation is obligatory, the RLB Steiermark Group makes use of this designation option and recognises those financial instruments in the balance sheet item “Financial assets – designated at fair value through profit or loss”. The fair value gains and losses are also shown in a separate line item in the income statement (Profit/loss from financial instruments – designated at fair value through profit or loss).

INCOME STATEMENT

Net interest income

Besides interest income and interest expenses, net interest income also includes all similar recurring and non-recurring income and charges.

Interest income mainly includes interest income from loans and advances to other banks and customers, from deposits with central banks and from derivative financial instruments and fixed-income securities that are not allocated to the trading portfolio. In addition, this item includes income from shares and other variable-yield securities (especially dividend income) as well as the income from interests in excluded entities and equity investments.

Interest expenses and similar charges primarily include interest costs for liabilities toward other banks and customers, central banks and for liabilities evidenced by certificates and supplementary and subordinated debt capital.

The profit/loss from investments in companies carried at equity is also shown as a separate position under net interest income. Impairments and reversals of impairment losses as well as gains and losses from the disposal of companies carried at equity are also shown under this item.

Interest income and expenses and similar income and charges are recorded and measured on an accrual basis. Dividend income is recognised as of the time the right to payment arises.

Impairment allowances

The line item impairment charge on loans and advances includes all expenses and income connected with the revaluation of loans and advances to other banks and customers, and in connection with other credit risks for which provisions are created. In particular, this line item shows additions to and reversals of specific (item-by-item) and portfolio-based impairment allowances plus direct write-offs of loans and advances as well as recoveries of loans and advances previously written off.

Additions to and reversals of other impairment allowances that are not related to the lending business are shown in other operating profit/loss.

Net fee and commission income

Net fee and commission income includes all income and expenses arising in connection with the rendering of services. Above all, this applies to income and expenses for services that relate to the Group's lending and securities operations and payment services.

Profit/loss from hedge accounting

This item includes expenses and income from revaluation gains and losses on hedged items and hedging instruments.

Net trading income

This item includes all net gains and losses from securities, loans and borrowings, derivatives (held for trading) and foreign currency positions. In addition to the income realised on and the remeasurement gains and losses from the trading portfolio measured at fair value, the refinancing costs associated with the trading portfolio are also presented under this item.

Profit/loss from financial assets – designated at fair value through profit or loss

This line item includes both remeasurement gains and losses as well as profit and loss realised from securities and derivatives held for hedging purposes (economic hedges) that were designated irrevocably as financial instruments at fair value at the time of initial recognition in the balance sheet, irrespective of any intention to trade (the so-called "fair value option"). Application of the fair value option is tied to certain conditions, which are explained in greater detail in the "Balance sheet" section ("Financial assets – designated at fair value through profit or loss").

Profit/loss from financial assets – available for sale

This item comprises impairments and reversals of impairment losses as well as gains and losses from the disposal of debt instruments and equity instruments available for sale.

General administrative expenses

General administrative expenses include staff costs, other administrative expenses and depreciation/amortisation/write-offs of intangible assets and property and equipment.

Other operating profit/loss

Other operating profit/loss includes, inter alia, the income and expenses from the disposal of property and equipment, real estate and intangible assets, as well as income from internal charges for IT services and other taxes.

Income taxes

Current and deferred income taxes are presented under this item.

.

BALANCE SHEET

Cash and balances with central banks

This item comprises cash and deposits held with central banks. These balances are recognised at their nominal value.

Loans and receivables at amortised cost

Loans and advances to other banks and customers not resulting from core banking relationships and purchased receivables are measured at amortised cost without deducting impairment losses.

Premiums and discounts are spread over the term of the respective item using the effective interest rate method and shown in the income statement under net interest income. Accrued interest is shown in the respective line item.

Receivables not attributable to core banking relationships are presented under other assets.

Impairment allowance balance

The specific risks of lending operations are covered by creating impairment allowances and provisions.

Loans and advances to customers and other banks are tested for impairment when objective indications of a decline in value are present, and are considered within the context of a specific impairment allowance.

Beyond this and when taken individually, receivables for which there is no indication of actual impairment, and receivables which, due to their immaterial nature cannot be assessed individually, are impaired using a portfolio-based approach. The amount of the impairment is based on historical default probabilities and loss rates.

Impairments of loans and advances to customers and other banks are recorded in a separate impairment allowance account.
In the event receivables cannot be collected, they are either written off directly and charged to the income statement or derecognised and charged to an existing impairment. If the credit risk no longer applies, the impairment is reversed.

The balance of impairment allowances for receivables recognised on the balance sheet is presented in a separate line item on the assets side of the balance sheet as a charge. The impairment allowance for off-balance sheet transactions (particularly recourse claims arising from credit risks) is recognised as a provision.

Trading assets/trading liabilities

Trading assets include securities, loan receivables (fixed deposits), derivatives (positive fair values) and other financial instruments. Trading liabilities primarily include negative fair values of derivatives, borrowings and other liabilities in the trading portfolio. Financial instruments held for trading are accounted for in the balance sheet at their fair value as at the reporting date.

Derivatives held for trading are shown under trading assets if their fair value, including accrued interest, is positive (dirty price). If the dirty price is negative, they are presented under trading liabilities. Positive and negative fair values are not netted against each other.

Gains and losses on the disposal and remeasurement of trading assets and trading liabilities are shown under net trading income in the income statement. This also applies to interest and dividend income from the trading portfolio as well as the interest costs of funding the trading portfolio.

These balance sheet items also reflect the positive or negative market values of derivative financial instruments held for hedging purposes, which fall into two categories: derivatives held for hedging purposes pursuant to IAS 39 (hedge accounting) and derivatives that do not meet the conditions of IAS 39 (economic hedges).

The measurement of derivative financial instruments classified as hedging instruments according to IAS 39 (hedge accounting) is shown in "Profit/loss from hedge accounting", while the interest is shown in net interest income. Changes in the value of derivatives that do not meet the conditions of IAS 39 are included in "Profit/loss from financial instruments – designated at fair value through profit or loss". The interest is shown in net interest income.

Financial assets – designated at fair value through profit or loss

Due to the fair value option and as a general rule, all financial instruments may, under certain circumstances, be classified irrevocably as fair value through profit or loss. The RLB Steiermark Group applies the fair value option to those situations where, through such a designation, a measurement or recognition inconsistency (accounting mismatch) can be eliminated or reduced significantly, and where the separation of embedded derivatives can be avoided.

In addition, financial assets and/or financial liabilities (including derivatives) are also assigned to this category if they are managed on the basis of a documented risk management or investment strategy (within the scope of portfolios measured at fair value by the overall bank risk committee) and if their performance is reported to the members of the Managing Board on a regular basis.

Changes to fair value are shown in the income statement under "Profit/loss from financial instruments – designated at fair value through profit or loss", while current interest and dividend income is shown in net interest income.

Financial assets – available for sale

This item includes debt and equity instruments that are allocated to the available-for-sale portfolio. The financial assets presented in this item are measured at fair value.

The interest and dividend income from financial assets classified as AFS is recognised in net interest income. Any foreign currency translation differences in respect of debt instruments are recognised in profit or loss.

Companies carried at equity

Companies carried at equity are presented in a separate line item. The profit/loss (including impairments) from investments in companies carried at equity is shown in the statement of comprehensive income under net interest income. Proportionate changes in equity of companies recorded at equity without effect on profit or loss are shown in other comprehensive income.

Intangible assets

Purchased intangible assets with a determinable period of use are measured at cost less straight-line scheduled depreciation. Straight-line depreciation is based on expected periods of use ranging between 4 and 50 years (or rates of depreciation ranging between 10% and 25%).

If the carrying amount of the asset exceeds its recoverable amount, an impairment loss must be recognised in addition to scheduled depreciation. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If, in subsequent reporting periods, there are grounds to believe that the impairment no longer exists, a writeback up to the recoverable amount is required. The reversal of previous impairment losses is limited to the asset's amortised cost.

Property and equipment

Property and equipment include land and buildings used for RLB Steiermark's own purposes, as well as office furniture and equipment, and are stated at the cost of acquisition or construction less scheduled depreciation.

Depreciation is carried out on a straight-line basis assuming the following periods of use:

Period of use	Years
Buildings	25-50
Office furniture and equipment	3-20

Investments in rented premises are depreciated on a straight-line basis over the lease term or their expected period of use, whichever period is shorter.

If the carrying amount of the asset exceeds its recoverable amount, IAS 36 requires an impairment loss to be recognised in addition to scheduled depreciation. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If, in subsequent reporting periods, there are grounds to believe that the impairment no longer exists, a writeback up to the recoverable amount is required under IAS 36. The reversal of previous impairment losses is limited to the asset's amortised cost.

Other assets

Other assets primarily include receivables resulting from supplies of goods and services, tax assets and inventories. Inventories are measured at acquisition cost, taking into account the lower of cost or market principle. Corresponding writedowns are applied if the acquisition value is above the net realisable value on the reporting date or if reduced marketability or prolonged storage periods have impaired the value of the inventories.

Financial liabilities at amortised cost

Financial liabilities, provided they do not constitute trading liabilities or have not been designated as part of the fair value portfolio, are recognised at amortised cc :. This item includes liabilities to other banks and customers as well as liabilities evidenced by certificates and subordinated liabilities. Subordinated liabilities essentially comprise supplementary capital as defined by Part 2 Title I Chapter 4 of Regulation (EU) No. 575/2013.

The recognised total was reduced by the amount of securities issued by the bank that had been repurchased.

Accrued interest is shown in the respective line item. Premiums and discounts are spread over the term of the respective item using the effective interest rate method and presented in the income statement.

Financial liabilities – designated at fair value through profit or loss

This item includes those financial liabilities that meet the requirements for the application of the fair value option. These liabilities are measured at fair value on the reporting date. Liabilities to other banks and customers, liabilities evidenced by certificates and subordinated liabilities are also presented under this item. Subordinated liabilities essentially comprise supplementary capital as defined by Part 2 Title I Chapter 4 of Regulation (EU) No. 575/2013. The recognised total was reduced by the amount of securities issued by the bank that had been repurchased.

Changes to fair value are recognised in the income statement under "Profit/loss from financial instruments – designated at fair value through profit or loss", while current interest expenses are shown in interest income. Premiums and discounts are accrued over the term of the respective item and presented in the income statement.

Provisions

Provisions were created if there was a legal or actual obligation to a third party resulting from past transactions or events and a reliable estimate of the amount of the future liability could be made.

Post-employment benefits. The benefits offered by the RLB Steiermark Group include both defined contribution and defined benefit plans.

Defined contribution plans. A defined contribution plan is a retirement pension plan in which a defined contribution is paid to an external pension provider, and no additional payments are required if the fund does not have sufficient assets available in order to provide the benefit. In this case, the employees bear the investment risk associated with the investment. The RLB Steiermark Group makes contributions for a group of employees, either based on contractual obligations or voluntarily, to a pension fund which administers the funds and makes the pension payments. Payment of contributions to the pension fund are treated as current expenditures and recognised under the line item "general administrative expenses".

Defined benefit plans. A defined benefit plan is a retirement pension plan that commits to pay a particular benefit to the beneficiaries. The RLB Steiermark Group has irrevocably and with legally binding effect, promised a group of employees defined benefit plans ("Pensionsstatute" post-employment benefit schemes, special agreements) that specify the amounts of subsequent pensions. The funds required to cover future pension payments are either accrued via the pension fund or remain within the entity.

All defined benefit plans relating to so-called social capital (provisions for post-employment, termination and long-service benefits and for obligations relating to phased retirement programmes) were created in accordance with IAS 19 (2011) "Employee benefits" using the projected unit credit method. The future obligations due to employees are measured on the basis of actuarial opinions, which take account of different parameters (e.g. retirement age, life expectancy, fluctuation, etc.).

If plan assets exist, offsetting plan liabilities against plan assets, taking account of the recognition of actuarial gains or losses, results in the reporting of the actual net obligation (IAS 19.131). Contributions to the plan assets are made solely by the employer.
The difference between the remeasured value of the liability at the reporting date and the value forecast at the beginning of the year is referred to as the actuarial gain or loss. It must be recognised directly in equity against retained earnings pursuant to the requirements of IAS 19.57.

In addition, past service costs resulting from retroactive changes to the plan benefits, as well as the net interest on the net defined benefit liability must be recorded immediately and fully in profit or loss pursuant to IAS 19.156. If pension liabilities are covered by plan assets, net interest costs must be calculated on the basis of the net defined benefit liability or asset (defined benefit obligation less fair value of the plan assets) using a single interest rate.

As a result of these plans and other post-employment benefits, the RLB Steiermark Group is subject to insurance underwriting risks, such as longevity risk, interest rate risk and market risk (investment risk).

For active employees, the actuarial calculation of pension obligations was based on an effective salary increase of 2.00% per year or an individual career trend of 2.00% per year. The interest rate used for the calculation was 1.50% (2013: 3.00%). For retirees, the interest rate parameter used was 1.50% (2013: 3.00%) and the expected increase in pension benefits was set between 2.00% and 2.25% per year (the different approaches result from differing salary schemes within the RLB Steiermark Group).

According to the current provisions of Austrian law, the retirement age for women and men was set at 62 years (2013: 62 years), taking into account the transitional provisions pursuant to the Austrian Budget Accompanying Act 2011 (BBG 2011, Federal Law Gazette No. 111/2010 dated 30.12.2010) and the Federal Constitutional Act on Retirement Ages (BVG Altersgrenzen, Federal Law Gazette No. 832/1992; federal act governing different retirement ages for men and women under social security).

For all employees who joined the Group up to and including 2002, the termination benefit obligations are determined according to the projected unit credit method referenced above. For employees who joined the Group after 1 January 2003, the termination benefit obligations were assumed by a staff benefit fund within the scope of a defined contribution plan. The RLB Steiermark Group pays contributions to a staff benefit fund in accordance with statutory provisions. There are no benefit obligations over and above the payment of contributions.

To calculate the termination benefit obligations and long-service bonuses (completing 25 or 35 years of service), an interest rate of 1.50§ (2013: 3.00§), an average salary increase of 2.00% per year and an individual career trend within the range of 1.50% to 2.00% were assumed (the different approaches result from differing salary schemes within the RLB Steiermark Group). Additionally, annual fluctuation rates determined individually on the basis of employees' years of service were considered in the calculation.

For women and men, the calculations were based on a retirement age of 62 years (2013: 62 years), taking into account the transitional provisions pursuant to the Austrian Budget Accompanying Act 2011 (BBG 2011, Federal Law Gazette No. 111/2010 dated 30.12.2010) and the Federal Constitutional Act on Retirement Ages (BVG Altersgrenzen, Federal Law Gazette No. 832/1992; federal act governing different retirement ages for men and women under social security).

As in previous years, the biometrical basis for the computation of all provisions for social capital was provided by the computational framework for post-employment benefit insurance (AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung – Pagler & Pagler) using the variant for salaried employees.

Expenditure on provisions for staff benefits is reported in the statement of comprehensive income under general administrative expenses and under "Actuarial gains and losses from defined benefit plans" in other comprehensive income.

Other provisions are created if the Group has a current obligation that results from a past event, and it is both likely that the Group will be required to settle this obligation and the amount can be reliably estimated. The amount recognised as a provision is the best estimate of the expenditure that would be required to settle the obligation at the reporting date, taking into account the risks and uncertainties underlying the obligation. The estimate also considers risks and uncertainties.

Other liabilities

Other liabilities mainly consist of liabilities resulting from supplies of goods and services, tax liabilities and other liabilities.

Equity

Equity is composed of paid-in capital, which is the capital made available to the entity (subscribed share capital and capital reserves) and the earned capital (retained earnings, consolidated net profit/loss for the year).

Equity includes, among other components, the gains and losses not recognised in the income statement from the valuation of the AFS portfolio (AFS reserve) less the apportionable deferred taxes, the actuarial gains and losses from defined benefit plans and the apportionable deferred taxes, plus the proportionate changes in equity of companies carried at equity without effect on profit or loss and the foreign currency reserve.

Non-controlling interests in the equity of consolidated subsidiaries are shown as a separate item within equity.

Tax assets and tax liabilities/income taxes

Income tax is recognised and measured in conformance with IAS 12 using the balance sheet liability method.

Current taxes

Income tax assets and liabilities from current income taxes are recognised in the amount of the anticipated settlement with the relevant tax authorities, and shown under the "Current income tax assets" and/or "Current income tax liabilities" line items.

Deferred taxes

Deferred taxes on temporary differences that will balance out again in subsequent periods are calculated by comparing the accounting values of assets and liabilities with the taxable carrying amounts of the respective Group company.
Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that sufficient taxable profit will be available in the future against which those deductible temporary differences or unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed on each reporting date and reduced, where required, to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed on each reporting date and recognised to the extent that is has become probable that future taxable profit will allow recovery of the deferred tax asset. Provided the applicable requirements of IAS 12.74 are met, deferred tax assets and liabilities are netted against one another for those members of a group of taxable companies which have been included in the consolidated financial statements of RLB Steiermark by way of full consolidation. Deferred taxes are not discounted.

Deferred tax assets and liabilities are measured in accordance with IAS 12.47 on the basis of the tax rates expected to be in effect for the period in which the assets or liabilities are expected to be recovered or settled. The tax rates used are those that were enacted, or substantially enacted, by the end of the reporting period ("enacted tax rate").

Deferred income tax assets and liabilities are shown under the separate balance sheet items “Deferred income tax assets" and “Deferred income tax liabilities”.

Current and deferred income taxes are shown in the income statement under “Income tax”, while other taxes are presented under “Other operating profit/loss”.

Taxable group of companies pursuant to § 9 KStG (Austrian Corporation Tax Act)

Since the 2011 assessment year, Raiffeisen-Landesbank Steiermark AG has acted as the group parent of a taxable group of companies pursuant to § 9 KStG. Based on the group determination ruling for 2014, in addition to the group parent, the group of companies consists of 8 (2013: 7) other group members. The companies concerned have entered into a tax reconciliation agreement which stipulates that there will be an annual balancing of the tax charges or credits arising from the income of each group member accrued during its membership in the group.

The fully consolidated Landes-Hypothekenbank Steiermark AG has been the group parent of a taxable group of companies since the 2005 assessment year. It has signed a tax contribution agreement (Steuerumlagenvereinbarung) with the group members. In addition to the group parent, Landes-Hypothekenbank Steiermark AG, the taxable group of companies included 15 (2013: 14) further group members in the 2014 assessment year.

Furthermore, the consolidated RLB-Beteiligungs- und Treuhandgesellschaft m.b.H. was also the group parent of a taxable group of companies, which, in addition to RLB-Beteiligungs- und Treuhandgesellschaft m.b.H., included 15 other group members (2013: 18).

The tax assessment basis for the group as a whole is the sum of the earnings of the group parent and the allocated taxable profits of the group members taking account of the group parent’s tax loss carryforwards to the extent permitted by law.

Repurchase transactions

In genuine repurchase (repo) transactions, the Group sells assets to a counterparty and concurrently agrees to repurchase the same assets on a specified date at an agreed price. The assets remain on the Group’s balance sheet and are measured by applying the rules governing the respective measurement category. At the same time, an obligation in the amount of the payments received is recognised as a liability. The securities are not derecognised as the transferring entity retains all the risks and rewards associated with the ownership of the assets. The financial assets that have been transferred but not derecognised thus carry substantially the same risks and rewards as the financial assets that have not been transferred.

Under reverse repo agreements, assets are acquired for a consideration subject to a simultaneous undertaking to sell them in the future. Such transactions are shown under the line item “Loans and receivables at amortised cost” in the balance sheet.

Interest expenses from repos and interest income from reverse repos are deferred over the term of the transaction. They are recognised under net interest income.

Securities lending transactions

Securities lending transactions are recognised in the same way as securities in genuine repurchase transactions. Loaned securities remain in the securities portfolio and are valued according to the provisions of IAS 39. Borrowed securities are neither recognised on the balance sheet nor are they measured.

Trust activities

Assets and liabilities held by the RLB Steiermark Group in its own name but for the account of third parties are not recognised on the balance sheet. Any fee and commission payments arising in the course of these transactions are shown under net fee and commission income.

Leasing

The RLB Steiermark Group distinguishes between finance leases and operating leases. According to IFRS, a lease is classified as a finance lease if it transfers substantially all the risks and rewards associated with the ownership of an asset to the lessee. All other leases are classified as operating leases. The analysis to determine whether the lease should be classified as a finance lease or an operating lease occurs upon inception of the lease. Changes to the lease agreement may necessitate a later reassessment.

Pursuant to IAS 17, if a lease is classified as a finance lease, the present value of the future lease payments and any residual values must be shown as amounts due from the lessee in the balance sheet of the lessor. Where finance leases are concerned, the lessee recognises the leased asset under the relevant tangible fixed asset line item and balances the entry with a corresponding finance lease liability. The RLB Steiermark Group enters into finance lease agreements only as a lessor.

In the case of operating leases, both lessor and lessee recognise the lease payments through profit or loss. The leased asset is capitalised by the lessor, less depreciation.

Latitude of judgement and estimates

The preparation of IFRS consolidated financial statements requires discretionary judgements when applying recognition and measurement policies, as well as estimates and assumptions about future developments by management, all of which may significantly affect the recognition and value of assets and liabilities, the disclosure of other liabilities on the reporting date and the reporting of income during the reporting period.

If estimates or judgements are required for accounting and valuation according to IAS/IFRS, these are made in compliance with the relevant standards and are based on historical experience and other factors such as planning and probable expectations or forecasts of future events based on current discretion. The assumptions underlying such estimates are subject to regular examination and review. Changes to these estimates, to the extent they apply only to one period, are exclusively taken into account in this period. In the event that subsequent reporting periods are also affected, changes are taken into account in the current and subsequent periods. The most important discretionary decisions, assumptions and estimates are outlined below:

Charges for impairment allowances on loans and advances

At each reporting date, the financial assets measured at amortised cost are reviewed for any decline in value, in order to determine whether any impairment charges must be recognised in profit or loss. Off-balance sheet liabilities and commitments related to the lending business are likewise analysed for provisioning requirements. In particular, a judgement is made as to whether there are any objective indications of a decline in value caused by any loss event occurring after initial recognition. Furthermore, the amount and timing of future cash flows must be estimated when determining the amount of the impairment charge. Details about the development of risk provisions are outlined in note 13 “Impairment allowances”.

Fair value of financial instruments

Where the market for a financial instrument is not active, fair value is established using a valuation technique or pricing model. Generally, estimates are used for valuation methods and models, the scale of which depends on the complexity of the instrument and the availability of market-based data. Where possible, the input parameters for these models are derived from observable market data. Under certain circumstances, measurement adjustments are necessary to account for additional factors such as model risk, liquidity risk or credit risk. The valuation models are described in the section “Notes to financial instruments” (see notes 31 and 32).

Deferred tax assets
Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits or deductible temporary differences can be utilised. This assessment requires significant management judgments and assumptions. In determining the amount of deferred tax assets, the management uses forecasted operating results based upon approved business plans, including a review of the eligible carryforward period. Deferred taxes are not reported separately in the income statement. Details are provided in comprehensive income and in note 10 “Income taxes”, note 25 “Current and deferred income tax assets and liabilities” and note 20 “Other assets”.

Provisions for defined benefit plans
The costs of the defined benefit plan are determined using an actuarial valuation. The actuarial measurement is based on assumptions about discount rates, expected rates of return on assets, future salary developments, mortality rates and future pension increases. The assumptions and estimates used to calculate long-term staff benefit obligations are described in the section on provisions. Quantitative data for long-term employee provisions are disclosed in note 24 “Provisions”.

Leasing
The basis for the classification of leases is the extent to which the risks and rewards associated with the ownership of a leased asset remain with the lessor or pass to the lessee. For this purpose, an assessment of the materiality of the transfer of risks and rewards is carried out; this can change when a contract is amended, so that an adjustment becomes necessary.

When applying recognition and measurement policies, judgement latitude is exercised in light of the purpose of the consolidated financial statements, which is to provide meaningful information about the Group’s net assets, financial position and earnings situation, and about changes in its net assets and financial position.

NOTES TO THE INCOME STATEMENT

1. Net interest income

TEUR	2014	2013
Interest income	**339,580**	**357,341**
from loans and advances to other banks	32,098	27,471
from loans and advances to customers	130,533	134,404
from fixed-income securities	68,708	71,074
from derivative financial instruments (non-trading), net	101,387	117,989
Other interest and similar income	6,854	6,403
Current income	**8,901**	**7,515**
from shares and other variable-yield securities	470	670
from investments in subsidiaries	4,650	5,867
from other equity investments	3,781	978
Total interest and similar income	**348,481**	**364,856**
Profit/loss from companies carried at equity	**-49,512**	**64,363**
Interest expenses	**-239,683**	**-256,053**
for liabilities to other banks	-36,801	-43,241
for liabilities to customers	-64,145	-67,566
for liabilities evidenced by certificates	-138,228	-141,198
on subordinated debt capital as defined by the CRR	-509	-4,048
Interest and similar expenses – total	**-239,683**	**-256,053**
Total	**59,286**	**173,166**

In the year under review, the interest income from financial instruments not measured at fair value in the income statement amounted to TEUR 215,562 (2013: TEUR 215,152). The interest expenses from financial instruments not recognised at fair value through profit or loss came to TEUR 116,036 (2013: TEUR 84,445).

The interest income and expenses resulting from trading activities are part of the net trading income.

Interest and similar income and charges are spread over the term of the respective financial instrument and measured on an accrual basis.

2. Impairment allowances

TEUR	2014	2013
Specific impairment allowances		
Additions to impairment allowances	-127,060	-143,646
Reversals due to non-utilisation	107,330	56,829
Direct write-offs	-793	-3,528
Recoveries of loans and receivables previously written off	400	2,488
Portfolio-based impairment allowances		
Additions to impairment allowances	-3,013	-212
Reversals of impairment allowances	6,493	7,597
Other risk provisions		
Additions to impairment allowances	-45,610	-25,369
Reversals due to non-utilisation	29,479	15,831
Total	**-32,774**	**-90,010**

For detailed information on impairment allowances, see note 13 “Impairment allowances”.

3. Net fee and commission income

TEUR	2014	2013
Lending operations	3,240	3,242
Securities operations	12,648	12,076
Payment services	17,729	16,789
Foreign exchange transactions	1,589	1,895
Other banking services	1,684	1,873
Total	**36,890**	**35,875**

In the year under review, fee and commission income amounted to TEUR 52,678 (2013: TEUR 49,956), while fee and commission expenses were TEUR -15,788 (2013: TEUR -14,081).

4. Profit/loss from hedge accounting

TEUR	2014	2013
Revaluation gains/losses on hedged items in fair value hedges	-135,736	31,579
Revaluation gains/losses on hedging derivatives in fair value hedges	145,760	-33,482
Total	**10,024**	**-1,903**

The RLB Steiermark Group applies fair value hedge accounting as defined by IAS 39. The main area of application within the Group lies in hedging against fixed income risks arising from transactions on the liabilities side through financial instruments that essentially have identical parameters but are expected to move in the opposite direction.

5. Net trading income

Net trading income comprises all interest and dividend income, refinancing costs, fees and commissions plus realised and unrealised fair value changes in the trading portfolio.

TEUR	2014	2013
Interest rate contracts	-19,708	3,041
Currency contracts	1,348	-1,302
Credit derivatives	-51	56
Other contracts	519	353
Total	**-17,892**	**2,148**

6. Profit/loss from financial instruments – designated at fair value through profit or loss

Profit/loss from financial instruments – designated at fair value through profit or loss includes the gains and losses on the disposal and remeasurement of financial assets, financial liabilities and derivatives designated at fair value under the fair value option.

TEUR	2014	2013
Gains and losses from disposals	2,545	3,035
Remeasurement gains and losses	64,008	-69,753
Total	**66,553**	**-66,718**

7. Profit/loss from financial assets – available for sale

Profit/loss from financial assets – available for sale comprises the gains and losses on the disposal and remeasurement of AFS financial instruments.

TEUR	2014	2013
Gains and losses from disposals	**1,046**	**9,246**
Debt instruments	696	2,924
Equity instruments	350	6,322
Remeasurement gains and losses	**-18,148**	**-17,662**
Depreciation due to impairment	**-18,148**	**-17,466**
Debt instruments	-1	-1
Equity instruments	-18,147	-17,465
Differences arising from changes in the scope of consolidation	**0**	**-196**
Total	**-17,102**	**-8,416**

Impairment charges on equity instruments (investments) are triggered by changes in planning data and the resultant changes in fair value.

8. General administrative expenses

General administrative expenses break down as follows:

TEUR	2014	2013
Staff costs	**-88,407**	**-85,900**
Wages and salaries	-64,344	-61,118
Social security costs	-16,767	-16,649
Voluntary social benefits	-1,759	-1,768
Expenses for severance payments and pensions	-5,537	-6,365
Other administrative expenses	**-77,793**	**-68,938**
Rental and leasing costs	-40,729	-33,447
Maintenance costs	-8,480	-6,092
Operating expenses associated with business premises	-3,783	-3,434
Legal and consultancy fees	-4,598	-5,364
Advertising and entertainment expenses	-4.271	-4,575
Staff training expenses	-712	-1,063
Office costs	-7,038	-7,177
Vehicle costs	-506	-517
Other administrative expenses	-7,676	-7,269
Depreciation	**-19,177**	**-16,256**
Property and equipment	-12,737	-8,597
Intangible assets	-6,440	-7,659
Total	**-185,377**	**-171,094**

9. Other operating profit/loss

Other operating profit/loss includes, inter alia, the income from internal charges for IT services and other taxes, and breaks down as follows:

TEUR	2014	2013
Profit/loss from the disposal of property and equipment and of intangible assets	-549	377
Other operating income	92,596	77,299
Other taxes	-14,227	-9,218
Contributions to sectoral support institutions	0	-2,580
Other operating expenses	-5,223	-2,977
Total	**72,597**	**62,901**

The line item “Other taxes” includes, inter alia, the stability fee (Stabilitätsabgabe) charged in Austria since 2011 in the amount of TEUR 14,004 (2013: TEUR 9,076).

10. Income taxes

Income taxes include the current taxes on income calculated in each of the Group companies on the basis of taxable results, income tax corrections and changes to deferred taxes.

TEUR	2014	2013
Current income taxes	461	767
Deferred taxes	12,386	24,386
Total	**12,847**	**25,153**

For detailed information on deferred taxes, see note 25 “Current and deferred income tax assets and liabilities”.

The following reconciliation shows the relationship between consolidated net profit/loss for the year and actual tax burden:

TEUR	2014	2013
Consolidated net profit/loss for the year before taxes	**-7,795**	**-64,051**
Theoretical income tax expense in the year under review, based on the domestic income tax rate of 25%	1,949	16,013
Associates carried at equity	-12,378	16,091
Reduction in the tax burden due to tax-exempt income from equity investments and other income	15,764	6,284
Increase in the tax burden due to non-tax deductible income/expenses	-5,946	-4,408
Changes in realisability of loss carryforwards and impairments to equity investments	3,856	-13,919
Change in deferred taxes due to utilisation of tax losses or temporary differences not previously recognised	14,342	0
Deferred tax liability resulting from the depreciation of a deferred tax asset	-1,728	0
Other adjustments	-3,012	5,092
Actual tax income/actual tax burden	**12,847**	**25,153**
Tax rate (%)	164.81 %	39.27 %

SEGMENT REPORTING

Segment reporting is based on the Group's internal organisational and management structure as well as its internal financial reporting system. The process of segmental reporting follows the "management approach" pursuant to IFRS 8 "Operating segments", which requires segmental information to be presented externally in the same manner as it is provided regularly to the Group Managing Board for performance assessment and resource allocation purposes.

Such reporting takes the form of a multi-stage breakeven analysis. Income and expenses are allocated to the originating segments. Income positions are the net interest income, net fee and commission income, net trading income and other operating profit/loss. Net interest income is calculated on the basis of the market interest rate method.

The impairment charge on loans and advances captures the net impairment allowance for counterparty risks, direct write-offs and the recovery of loans and advances previously written off. General administrative expenses include direct and indirect costs. Direct costs (staff costs and other administrative expenses) are incurred by individual business segments, while indirect costs are allocated on the basis of internal accounting prices or predefined ratios.

The total risk of the individual segments calculated according to the internal risk identification and management processes forms the basis for the distribution of equity. The net notional interest credit is determined on the basis of the allocated equity and reported in net interest income.

The business segments are presented as if they were autonomous entities with their own capital resources and the responsibility for their own results.

The attribution of costs to the individual segments is based on cost accounting and defined internal institutional accounting standards.

Business segments are classified on the basis of the organisational responsibility for the RLB Steiermark Group's customers.

RLB Steiermark's segment reporting system distinguishes between the following business segments:

- Corporate
- Retail
- Capital market and treasury
- Equity investments
- Other

Corporate

In the "Corporate" banking segment, the RLB Steiermark Group concentrates its strategic focus on the industry sector, SMEs, institutional customers and the public sector. This segment covers traditional financing services for corporate customers, trade and export finance, documentary business and the financing of local authorities and financial institutions. Traditional financing services include the provision of working capital, investment finance and trade finance using a wide variety of financing instruments (e.g. current account loans, cash advances, direct loans, factoring, venture capital finance, subsidised export finance arrangements). Other areas of responsibility include the preparation of guarantees and letters of credit for Austrian and international customers.

Retail

The "Retail" banking segment comprises the Group's retail and private banking operations. In 2014 (see the restated segment report for 2013), physicians and the liberal professions were added. Retail banking customers are serviced at 22 banking outlets in Styria as well as in the central consultancy centres for private banking and physicians and the liberal professions. This segment targets all private individuals, small businesses and self-employed customers. The retail banking segment primarily offers standardised products such as passbook accounts, savings deposits, time deposits, current and salary accounts, personal loans, mortgages and other loans. In the private banking segment, product emphasis is on securities operations.

Capital market and treasury

The "Capital market and treasury" segment covers the Group's treasury activities, in particular its earnings from management of the banking book (profit from maturity transformation (Strukturbeitrag)) and from the trading book. The capital market and treasury segment is responsible for the Group's proprietary positions with interest rate and price products (money market deposits, forwards, futures and options). These include interest rate and currency contracts, liquidity management and asset liability management (maturity transformation). Treasury operations also include management of the Group's portfolios of bonds, funds and short-term and long-term alternative investments (combinations of securities products with derivatives).

Trading in financial instruments occurs centrally and is subject to limits that are strictly enforced. While all proprietary trading is reported in this segment, profit contributions made by customer treasury transactions are allocated to other segments. The portion of the contribution to profit made over and above market prices is allocated to the customer segments.

Equity investments

The "Equity investments" segment comprises the Group's portfolio of equity investments in banks and financial institutions, including associates that are carried at equity. The most important components are equity investments in the universal financial services area, particularly investments in the Austrian Raiffeisen organisation (Verbund), such as those in RZB and its subsidiary, RBI. All activities connected with the Raiffeisen banks are also included in this segment. However, if such activities pertain to the interbank business, they are included in the capital market and treasury segment.

Other

The "Other" segment includes the income and expenses arising in connection with the data processing centre, which provides IT services to Raiffeisen banks and other third-party customers. In addition, this segment encompasses income and expenses that cannot, by their nature, be allocated to any other business segment.

The column "Reconciliation" is not defined as a segment; it shows the reconciliation to the consolidated net profit/loss for the year and consists primarily of amounts resulting from the consolidation between the segments.

The RLB Steiermark Group uses two central key performance indicators: return on equity (ROE) and cost/income ratio (CIR).

Return on equity expresses the ratio between the consolidated net profit/loss for the year and average equity employed, and shows the interest on the capital employed in the respective segment.

The cost/income ratio expresses a segment's cost efficiency. The cost/income ratio is the proportion of general administrative expenses to the sum of net interest income, net fee and commission income, net trading income, profit/loss from investments in companies carried at equity and other operating profit/loss.

2014 financial year

TEUR	Corporate	Retail	Capital market and treasury	Equity investments	Other	Recon-ciliation	Total
Net interest income	65,784	21,718	34,433	-52,136	3,129	-13,642	59,286
Impairment charge on loans and advances	-12,594	-4,633	-47	0	-15,500	0	-32,774
Net interest income after impairment charge	**53,190**	**17,085**	**34,386**	**-52,136**	**-12,371**	**-13,642**	**26,512**
Net fee and commission income	10,822	12,550	4,603	9,606	235	-926	36,890
Net trading income	396	459	4,332	0	17	-23,096	-17,892
Profit/loss from financial assets/liabilities[1)]	6,021	0	51,641	-17,797	0	19,610	59,475
Administrative expenses (including depreciation)	-30,820	-35,432	-16,384	-55,031	-105,077	57,367	-185,377
Other operating profit/loss	8,352	2,663	-192	44,861	69,711	-52,798	72,597
Consolidated net profit/loss for the year before taxes	**47,961**	**-2,675**	**78,386**	**-70,497**	**-47,485**	**-13,485**	**-7,795**
Ø allocated equity	264,981	47,203	337,931	592,290	-	-	1,242,405
Return on equity	18.10 %	-	23.20 %	-	-	-	-
Cost/income ratio	36.11 %	94.77 %	37.95 %	>100 %	>100 %	-	>100 %

[1)] The income statement line items “Profit/loss from financial instruments – designated at fair value through profit or loss”, “Profit/loss from financial assets – available for sale” and “Profit/loss from hedge accounting” are aggregated under “Profit/loss from financial assets/liabilities”.

The income from investments in companies carried at equity, in the amount of TEUR -49,512 (2013: TEUR 64,363) relates in its entirety to the investments segment. The carrying amount of the associates, totalling TEUR 823,334 (2013: TEUR 1,074,618) is also attributable to the investments segment.

Effective from the 2014 financial year, the income from the “Physicians/Liberal Professions” line of business is shown in the “Retail” segment. In 2013, this line item was shown in the “Corporate” segment and accounted for TEUR 795 of the consolidated net profit/loss for the year.

2013 financial year

TEUR	Corporate	Retail	Capital market and treasury	Equity investments	Other	Recon-ciliation	Total
Net interest income	71,711	21,664	49,738	65,085	-2,387	-32,645	173,166
Impairment charge on loans and advances	-85,340	-3,923	-741	0	-6	0	-90,010
Net interest income after impairment charge	**-13,629**	**17,741**	**48,997**	**65,085**	**-2,393**	**-32,645**	**83,156**
Net fee and commission income	11,461	11,609	5,057	8,709	-82	-879	35,875
Net trading income	422	351	-12,162	0	41	13,496	2,148
Profit/loss from financial assets/liabilities[1]	7,364	0	-68,340	-11,141	-1	-4,919	-77,037
Administrative expenses (including depreciation)	-24,365	-32,814	-16,635	-56,807	-86,756	46,283	-171,094
Other operating profit/loss	1,037	652	502	42,282	60,893	-42,465	62,901
Consolidated net profit/loss for the year before taxes	**-17,710**	**-2,461**	**-42,581**	**48,128**	**-28,298**	**-21,129**	**-64,051**
Ø allocated equity	284,430	29,925	333,740	736,014	-	-	1,384,109
Return on equity	-	-	-	-	-	-	-
Cost/income ratio	28.79 %	95.73 %	38.57 %	48.94 %	>100 %	-	62.42 %

[1] The income statement line items “Profit/loss from financial instruments – designated at fair value through profit or loss”, “Profit/loss from financial assets – available for sale” and “Profit/loss from hedge accounting” are aggregated under “Profit/loss from financial assets/liabilities”.

NOTES TO THE BALANCE SHEET

11. Cash and balances with central banks

TEUR	2014	2013
Cash on hand	18,485	21,474
Balances with central banks	22,578	57,198
Total	**41,063**	**78,672**

A more detailed presentation of the development of this balance sheet item is set out in the “Cash flow statement”.

12. Loans and receivables at amortised cost

All receivables recognised under this item are categorised as “loans and receivables”. Receivables designated under the fair value option are shown in the balance sheet item “Financial assets – designated at fair value through profit or loss”.

TEUR	2014	2013
Loans and advances to other banks	2,785,100	2,680,110
Loans and advances to customers	5,686,211	5,939,276
Total	**8,471,311**	**8,619,386**

Breakdown of loans and advances to other banks at amortised cost:

TEUR	2014	2013
Demand deposits	913,522	942,980
Time deposits	1,685,201	1,402,354
Other loans and advances	186,377	334,776
Loans and advances to other banks before impairment charge	**2,785,100**	**2,680,110**
Provisions for losses on loans and advances to other banks	**-226**	**-208**
Total	**2,784,874**	**2,679,902**

Breakdown of loans and advances to customers at amortised cost:

TEUR	2014	2013
Loans and advances to customers before impairment charge	5,686,211	5,939,276
Receivables due from customers before impairment charge	5,686,211	5,939,276
Provisions for losses on loans and advances to customers	-394,748	-410,474
Total	**5,291,463**	**5,528,802**

TEUR	2014	2013
Public sector	535,594	720,309
Commercial loans	3,759,532	4,184,506
Retail loans	1,000,294	950,904
Other	390,791	83,557
Total	**5,686,211**	**5,939,276**

13. Impairment allowances

The impairment allowances on loans and advances (which are capitalised on the assets side of the balance sheet) and the provisions for off-balance sheet transactions (guarantees, indemnity agreements and credit risks) are shown here. The portfolio-based impairment allowances reflect the assumptions regarding impairments of the loan portfolio that have already occurred but are not yet known on the reporting date.

2014 financial year TEUR	Opening balance at 1 January	Addition	Utilisation	Reversal	Closing balance at 31 December
Provisions for losses on loans and advances to other banks					
Portfolio-based provisions for impairment losses	208	18	0	0	226
Balance	**208**	**18**	**0**	**0**	**226**
Provisions for losses on loans and advances to customers					
Specific provisions for impairment losses	384,151	127,060	-31,958	-107,330	371,923
Portfolio-based provisions for impairment losses	26,323	2,995	0	-6,493	22,825
Balance	**410,474**	**130,055**	**-31,958**	**-113,823**	**394,748**
Balance of impairment allowances (netted against the assets side)	**410,682**	**130,073**	**-31,958**	**-113,823**	**394,974**
Off-balance sheet transactions	24,580	45,610	-1,147	-29,479	39,564
Total	**435,262**	**175,683**	**-33,105**	**-143,302**	**434,538**

Interest income from impaired financial assets total TEUR 6,986 for the 2014 financial year.

2013 financial year

TEUR	Opening balance at 1 January	Changes in scope of consolid-ation	Addition	Utilisation	Reversal	Closing balance at 31 December
Provisions for losses on loans and advances to other banks						
Portfolio-based provisions for impairment losses	0	0	208	0	0	208
Balance	**0**	**0**	**208**	**0**	**0**	**208**
Provisions for losses on loans and advances to customers						
Specific provisions for impairment losses	341,003	26,696	143,646	-70,365	-56,829	384,151
Portfolio-based provisions for impairment losses	31,323	2,593	4	0	-7,597	26,323
Balance	372,326	29,289	143,650	-70,365	-64,426	410,474
Balance of impairment allowances (netted against the assets side)	372,326	29,289	143,858	-70,365	-64,426	410,682
Off-balance sheet transactions	15,042	0	25,369	0	-15,831	24,580
Total	387,368	29,289	169,227	-70,365	-80,257	435,262

14. Trading assets

Trading assets comprise the following held-for-trading loans and receivables and derivative financial instruments held for trading and hedging purposes.

TEUR	2014	2013
Bonds and other fixed-income securities	117,159	0
Positive fair values (dirty price) of derivative contracts	945,770	549,260
Loans and receivables	746,350	1,317,787
Total	**1,809,279**	**1,867,047**

The loans and receivables in the trading portfolio consist of fixed deposits held for trading.

Breakdown of the positive fair values of derivative contracts:

TEUR	2014	2013
Positive fair values of derivatives held for trading	**139,264**	**178,004**
from interest rate derivatives	135,135	174,574
from currency derivatives	4,129	3,430
Positive fair values from credit derivatives	**3**	**12**
Positive fair values of derivatives held for hedging purposes (IAS 39)	**111,723**	**82**
from interest rate derivatives	111,723	82
Positive fair values of derivatives held for hedging purposes (economic hedges)	**694,780**	**371,162**
from interest rate derivatives	691,998	364,812
from currency derivatives	2,782	6,350
Total	**945,770**	**549,260**

15. Financial assets – designated at fair value through profit or loss

TEUR	2014	2013
Bonds and other fixed-income securities	1,020,329	1,010,520
Shares and other variable-yield securities	11,368	10,674
Other loans and receivables (debt instruments)	159,812	152,441
Designated institutional funds	220,592	198,013
Total	**1,412,101**	**1,371,648**

The designated institutional funds consist in their entirety of the financial instruments held by a joint ownership special fund.

Breakdown of bonds and other fixed-income securities – designated at fair value:

TEUR	2014	2013
Public-sector debt instruments eligible for refinancing	286,410	244,667
Bonds and debt securities issued by other issuers	733,919	765,853
Total	**1,020,329**	**1,010,520**
of which:		
Listed	1,020,329	1,010,520

Breakdown of shares and other variable-yield securities – designated at fair value:

TEUR	2014	2013
Other securities	11,368	10,674
Total	**11,368**	**10,674**
of which:		
Unlisted	11,368	10,674

Breakdown of loans and receivables – designated at fair value:

TEUR	2014	2013
Time deposits	0	180
Debt instruments (receivables evidenced by certificates)	159,812	152,261
Total	**159,812**	**152,441**

Breakdown of financial assets – designated at fair value by selected countries as at 31.12.2014:

Country (TEUR)	Sovereigns	Banks	Funds	Total
France	0	98,964	0	98,964
Italy	0	5,401	0	5,401
Total	**0**	**104,365**	**0**	**104,365**

The selection of countries is based on current aspects of economic risk.

Breakdown of financial assets – designated at fair value by selected countries as at 31.12.2013:

Country (TEUR)	Sovereigns	Banks	Funds	Total
France	0	96,856	0	96,856
Italy	0	5,482	0	5,482
Total	**0**	**102,338**	**0**	**102,338**

16. Financial assets – available for sale

TEUR	2014	2013
Bonds and other fixed-income securities	1,424,120	1,326,626
Shares and other variable-yield securities	8,624	10,492
Other loans and receivables (debt instruments)	212,899	209,476
Equity instruments	123,308	130,035
Total	**1,768,951**	**1,676,629**

AFS financial assets include impaired assets for which, in the financial year under review, an impairment of TEUR 18,148 (2013: TEUR 17,466) was recognised in the income statement.

Breakdown of bonds and other fixed-income securities – available for sale:

TEUR	2014	2013
Public-sector debt instruments eligible for refinancing	306,530	322,074
Bonds and debt securities issued by other issuers	1,117,590	1,004,552
Total	**1,424,120**	**1,326,626**
of which:		
Listed	1,424,120	1,326,626

Breakdown of shares and other variable-yield securities – available for sale:

TEUR	2014	2013
Shares	0	4
Other securities	8,624	10,488
Total	**8,624**	**10,492**
of which:		
Listed	0	3
Unlisted	8,624	10,489

Breakdown of loans and receivables – available for sale:

TEUR	2014	2013
Debt instruments (receivables evidenced by certificates)	212,899	209,476
Total	**212,899**	**209,476**

Breakdown of financial assets – available for sale by selected countries as at 31.12.2014:

Country (TEUR)	Sovereigns	Banks	Total	AFS reserve
France	9,596	208,181	217,777	13,298
Italy	0	3,734	3,734	350
Total	**9,596**	**211,915**	**221,511**	**13,648**

The selection of countries is based on current aspects of economic risk.

Breakdown of financial assets – available for sale by selected countries as at 31.12.2013:

Country (TEUR)	Sovereigns	Banks	Total	AFS reserve
France	4,797	211,250	216,047	9,513
Italy	0	9,995	9,995	-6
Total	**4,797**	**221,245**	**226,042**	**9,507**

17. Companies carried at equity

TEUR	2014	2013
Banks	823,334	1,074,618
Total	**823,334**	**1,074,618**

This balance sheet item exclusively comprises the equity investment in Raiffeisen Zentralbank Österreich AG, Vienna (RZB).

As at 31.12.2014, RZB holds a 60.7% interest in the listed company Raiffeisen Bank International AG (RBI). By means of a EUR 2.78 billion capital increase in RBI carried out in February 2014, in which RZB's participation was disproportionately low, RZB's interest decreased from 78.5% in 2013 to around 60.7%, while the proportion of RBI shares in free float correspondingly increased to approximately 39.3%. This dilution effect has also led to a reduction of the RLB Steiermark Group's stake in the shareholders' equity of RZB (see note 27 "Equity", "Other changes") and thus also to a reduction in the carrying amount.

As a result of an increase in risk provisioning costs – such as, for instance, in relation to an amendment to the legislation on foreign currency lending and consumer loans in Hungary, combined with other non-recurring effects such as impairment charges on goodwill and

deferred taxes – RBI and the RZB Group posted a net negative consolidated result for 2014, which is reflected proportionately in the profit/loss from companies of the RLB Steiermark Group carried at equity and – also due to negative currency developments and the dilution effect described above in the context of the capital increase – in a reduced stake in the shareholders' equity of the RZB Group. Because of these effects and other negative developments connected with the political tensions in Russia and Ukraine, RZB was subjected to an impairment test. The recoverable amount was determined on the basis of the value in use and compared with the at-equity carrying amount for the RZB Group. This test did not identify a need for impairment, although events in those two countries continue to give rise to risks and uncertainties.

18. Intangible assets

2014 financial year

	Historical cost of acquisition/production			Depreciation		Carrying amounts	
TEUR	At 1 January	Additions[1]	Disposals	Accumulated	Financial year	At 31 December	At 1 January
Software	63,112	6,132	952	56,898	6,440	11,394	11,702

[1] Additions to intangible assets exclusively relate to software acquisitions.

2013 financial year

	Historical cost of acquisition/production					Depreciation		Carrying amounts	
TEUR	At 1 January	Additions[1]	Disposals	Transfers	Changes in scope of consolidation	Accumulated	Financial year	At 31 December	At 1 January
Software	57,933	5,412	540	122	185	51,410	7,659	11,702	14,075

[1] Additions to intangible assets exclusively relate to software acquisitions.

19. Property and equipment

2014 financial year

	Historical cost of acquisition/production			Currency translation	Depreciation		Carrying amounts	
TEUR	At 1 January	Additions	Disposals	Financial year	Accumul-ated	Financial year	At 31 December	At 1 January
Land and buildings used by the Group for its own operations	162,753	5,496	8,295	0	31,390	3,418	128,566	132,492
Other land and buildings	8,107	0	124	0	3,375	147	4,608	4,797
Office furniture and equipment, other property and equipment	104,197	10,003	15,043	-75	71,609	9,172	27,546	32,290
Total	**275,057**	**15,499**	**23,462**	**-75**	**106,374**	**12,737**	**160,720**	**169,579**

2013 financial year

	Historical cost of acquisition/production					Depreciation		Carrying amounts	
TEUR	At 1 January	Additions	Dispos-als	Trans-fers	Changes in scope of consolid-ation	Accum-ulated	Financial year	At 31 December	At 1 January
Land and buildings used by the Group for its own operations	86,045	49,154	0	-2,311	29,866	30,262	2,357	132,492	69,150
Other land and buildings	2,999	28	63	0	5,143	3,309	61	4,798	1,158
Office furniture and equipment, other property and equipment	86,322	8,958	11,963	2,189	18,690	71,907	6,179	32,289	15,967
Total	**175,366**	**58,140**	**12,026**	**-122**	**53,699**	**105,478**	**8,597**	**169,579**	**86,275**

The land and buildings used by the Group for its own operations consist of properties in Graz and Graz-Raaba.

20. Other assets

TEUR	2014	2013
Tax assets	2,027	6,834
Other assets	87,820	75,543
Total	**89,847**	**82,377**

Breakdown of other assets:

TEUR	2014	2013
Accruals and deferred items	3,070	2,054
Other assets	84,750	73,489
Total	**87,820**	**75,543**

21. Financial liabilities at amortised cost

The liabilities shown in this item are measured at amortised cost. Liabilities designated under the fair value option are shown in the balance sheet item “Financial liabilities – designated at fair value through profit or loss”.

TEUR	2014	2013
Liabilities to other banks	3,474,780	3,304,990
Liabilities to customers	2,516,260	2,516,582
Liabilities evidenced by certificates	1,627,667	1,364,017
Subordinated liabilities	18,105	34,228
Total	**7,636,812**	**7,219,817**

Breakdown of liabilities to other banks at amortised cost:

TEUR	2014	2013
Demand deposits	1,913,137	1,695,371
Time deposits	1,094,356	814,542
Borrowed funds	467,287	795,077
Total	**3,474,780**	**3,304,990**

Breakdown of liabilities to customers at amortised cost:

TEUR	2014	2013
Sight deposits	1,374,626	1,398,381
Time deposits	365,158	282,909
Savings deposits	776,476	835,292
Total	**2,516,260**	**2,516,582**

Breakdown of liabilities evidenced by certificates at amortised cost:

TEUR	2014	2013
Bonds issued by the Group	1,178,485	1,107,369
Other liabilities evidenced by certificates	449,182	256,648
Total	**1,627,667**	**1,364,017**

Breakdown of subordinated liabilities at amortised cost:

TEUR	2014	2013
Subordinated liabilities	0	28,102
Supplementary capital	18,105	6,126
Total	**18,105**	**34,228**

The subordinated loans constitute subordinated liabilities as defined in § 51 (9) BWG and § 45 (4) BWG and therefore, pursuant to Article 63 of Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR), must be included in instruments of supplementary capital as from 1.1.2014. The CRR is part of the new European capital regime for banks.

22. Trading liabilities

Trading liabilities include, among other elements, deposits from banks and the negative fair values of derivative financial instruments held for trading and hedging purposes.

TEUR	2014	2013
Negative fair values (dirty price) of derivative contracts	291,154	187,428
Liabilities to customers	0	48,875
Liabilities to other banks	235,893	157,415
Total	**527,047**	**393,718**

Breakdown of the negative fair values of derivative contracts:

TEUR	2014	2013
Negative fair values of derivatives held for trading	**134,440**	**103,122**
from interest rate derivatives	120,424	89,451
from currency derivatives	14,016	13,671
Negative fair values from credit derivatives	**0**	**1**
Negative fair values of derivatives held for hedging purposes (IAS 39)	**0**	**34,299**
from interest rate derivatives	0	34,299
Negative fair values of derivatives held for hedging purposes (economic hedges)	**156,714**	**50,006**
from interest rate derivatives	151,411	48,454
from currency derivatives	5,303	1,552
Total	**291,154**	**187,428**

Breakdown of liabilities to customers:

TEUR	2014	2013
Borrowed funds	0	48,875
Total	**0**	**48,875**

Breakdown of liabilities to other banks:

TEUR	2014	2013
Time deposits	85,890	157,415
Borrowed funds	150,003	0
Total	**235,893**	**157,415**

23. Financial liabilities – designated at fair value through profit or loss

TEUR	2014	2013
Liabilities to other banks	247,380	288,852
Liabilities to customers	1,338,021	1,222,906
Liabilities evidenced by certificates	3,064,293	3,814,275
Subordinated liabilities	0	72,510
Total	**4,649,694**	**5,398,543**

Breakdown of liabilities to other banks – designated at fair value:

TEUR	2014	2013
Time deposits	51,214	56,463
Borrowed funds	196,166	232,389
Total	**247,380**	**288,852**

Breakdown of liabilities to customers – designated at fair value:

TEUR	2014	2013
Time deposits	1,338,021	1,222,906
Total	**1,338,021**	**1,222,906**

Breakdown of liabilities evidenced by certificates – designated at fair value:

TEUR	2014	2013
Bonds issued by the Group	1,461,738	2,156,272
Other liabilities evidenced by certificates	1,602,555	1,658,003
Total	**3,064,293**	**3,814,275**

When determining the fair values of the liabilities evidenced by certificates – designated at fair value, the guarantor's liability of the state of Styria was taken into account as collateral security.

Breakdown of subordinated liabilities – designated at fair value:

TEUR	2014	2013
Subordinated liabilities	0	35,902
Supplementary capital	0	36,608
Total	**0**	**72,510**

Following the entry into force of the limits for core capital and Tier 2 capital under the terms of Basel III and their subsequent implementation at European level in accordance with the Capital Requirements Regulation (CRR), the liabilities shown in the previous period as supplementary capital/subordinated capital are reported in the item "Liabilities evidenced by certificates – designated at fair value".

The application of the fair value option to financial liabilities results in a carrying amount of TEUR 488,144 (2013: TEUR 251,599) above the future repayment amount of these liabilities.

In the 2014 financial year, an adjustment to the assessment of the default probability for the bank's own credit risk led to an increase of TEUR 22,679 in the fair value; as at 31 December 2014, the cumulative amount of fair value changes attributable to adjustments in the bank's own credit risk totalled TEUR 13,531. Taken as a whole, these adjustments led to a reduction in the fair values of financial liabilities – designated at fair value through profit or loss.

The proportion of the change in a financial instrument's fair value that is attributable to changes in the borrower's rating is calculated using a differential method. This method determines the effect of the spread change (historic versus actual) on the fair value of a financial instrument on the basis of sensitivity measures derived from rating scores.

24. Provisions

2014 financial year

TEUR	At 1 January	Transfers	Addition	Reversal	Utilisation	At 31 December
Termination benefits and similar obligations	33,178	0	5,276	0	0	38,454
Post-employment benefits and similar obligations	27,925	0	5,160	-487	0	32,598
Long-service bonuses	4,798	0	805	0	0	5,603
Litigation	130	743	1,248	0	-39	2,082
Off-balance sheet transactions	24,580	0	45,610	-29,479	-1,147	39,564
Other	1,245	0	1,198	-205	-607	1,631
Total	**91,856**	**743**	**59,297**	**-30,171**	**-1,793**	**119,932**

Provisions for off-balance sheet transactions
Provisions for off-balance sheet transaction comprise provisions for recourse claims from guarantees, indemnity agreements and other credit risks.

On 1 March 2015, the Austrian Minister of Finance notified the Austrian Financial Market Authority (FMA) that no further capital and liquidity measures pursuant to the Federal Act on Financial Market Stability (FinStaG) would be taken in respect of HETA ASSET RESOLUTION AG (HETA). In response to that notification, the FMA, in its capacity as resolution authority pursuant to § 3 (1) of the Austrian Federal Act on the Recovery and Resolution of Banks (BaSAG) decided on 1 March 2015 to suspend, with immediate effect, all payments on debt instruments issued by HETA and on HETA's liabilities until 31 May 2016.

As at 31.12.2014, the Austrian "Pfandbriefstelle", the collective issuing body of Austria's state mortgage banks, the "Landes-Hypothekenbanken" had liabilities from bond issues totalling EUR 5.5 billion, of which EUR 1.2 billion relate to HETA.

Provisions in the sum of EUR 15.5 million have been made to cover the risk that the Pfandbriefstelle will not be able to fully satisfy its payment obligations in respect of relevant debt instruments and that the creditors of the Pfandbriefstelle, or the Pfandbriefstelle itself, could assert claims against Landes-Hypothekenbank Steiermark AG, the other state mortgage banks and the respective guarantors. The level of the provisions takes account of the FMA's decision of 1.3.2015 giving notice of HETA's (average) level of overindebtedness, the assets to be contributed by the state of Carinthia and the extent of the potential liability (at one-sixteenth).

The probability and the level of the anticipated outflow of funds, together with the recoverability of potential recourse claims against HETA and the state of Carinthia are subject to uncertainties.

Other provisions relate primarily to provisions for early retirement benefit amounting to TEUR 226 (2013: TEUR 412). These are exclusively short-term provisions.

2013 financial year

TEUR	At 31.12.2012	Adjustments IAS 19 R	At 1 January	Changes in scope of consolidation	Transfer	Addition	Reversal	Utilisation	At 31 December
			Restated*						
Termination benefits and similar obligations	30,168	2,447	32,614	0	8	556	0	0	33,178
Post-employment benefits and similar obligations	23,579	3,159	26,737	0	0	1,188	0	0	27,925
Long-service bonuses	4,966	0	4,966	0	7	194	-369	0	4,798
Litigation	0	0	0	130	0	0	0	0	130
Off-balance sheet transactions	15,791	0	15,791	-320	0	25,370	-14,517	-1,744	24,580
Other	2,831	0	2,831	0	0	668	-1,214	-1,040	1,245
Total	**77,335**	**5,606**	**82,939**	**-190**	**15**	**27,976**	**-16,100**	**-2,784**	**91,856**

* Restated due to first-time adoption of the amended IAS 19 standard.

Termination benefit obligations changed as follows:

TEUR	2014	2013
Present value of defined benefit obligations (DBO) at 1 December	33,178	32,614
Obligations transferred without being recognised in the income statement	0	8
Service costs	1,409	1,400
Interest costs	977	1,100
Termination benefit payments	-1,694	-3,135
Actuarial gain/loss arising from experience adjustments	-425	-301
Actuarial gain/loss arising from changes in demographic parameters	-3	0
Actuarial gain/loss arising from changes in financial parameters	5,012	1,492
Present value of defined benefit obligations (DBO) at 31 December	**38,454**	**33,178**

Post-employment benefit obligations changed as follows:

TEUR	2014	2013
Present value of defined benefit obligations (DBO) at 1 December	34,261	33,931
Service costs	11	157
Interest costs	992	1,147
Transfers to defined contribution plan	0	-1,086
Payments to beneficiaries	-2,248	-2,225
Actuarial gain/loss arising from experience adjustments	215	613
Actuarial gain/loss arising from changes in financial parameters	5,898	1,724
Present value of defined benefit obligations (DBO) at 31 December	**39,129**	**34,261**

Plan assets changed as follows:

TEUR	2014	2013
Fair value of plan assets at 1 December	6,336	7,194
Interest income from plan assets	183	247
Transfers to defined contribution plan	0	-563
Contributions to plan assets	150	-308
Taxes and costs for employer's contributions	-10	0
Retirement benefits paid from plan assets	-440	-362
Actuarial gain/loss for the financial year	312	128
Fair value of plan assets at 31 December	**6,531**	**6,336**

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

TEUR	2014	2013
Present value of defined benefit obligations (DBO) at 31 December	39,129	34,261
Fair value of plan assets at 31 December	-6,531	-6,336
Net obligations at 31 December	**32,598**	**27,925**

Breakdown of pension obligations:

TEUR	2014	2013
Present value of defined post-employment benefit obligations (DBO) at 31 December	39,129	34,261
Active workforce	1,576	1,252
Retirees	**37,553**	**33,009**

The plan assets were structured as follows:

%	2014	2013
Bonds and other fixed-income securities	48.66	60.92
Shares and other variable-yield securities	32.55	17.26
Real estate	3.10	4.44
Other	15.69	17.38
Total	**100.00**	**100.00**

During the reporting year, most of the plan asset instruments were traded on an active market; fewer than 20% were quoted on an inactive market.

The range of pension plans is varied and comprises several different plans: not fund-financed, partly fund-financed and fully fund-financed. The assets of the partly and fully fund-managed pension plans are managed by Valida Pension AG. Valida Pension AG is a pension fund and therefore specifically regulated by the provisions of the Austrian Pension Fund Act (PKG) and the Austrian Company Pension Act (BPG).

Valida Pension AG utilises an asset/risk management process (ARM process). Under this process, the risk-bearing capacity of each pension and staff benefit plan (Veranlagungs- und Risikogemeinschaft, VRG) managed by Valida is evaluated once a year taking as a basis its structure on the liabilities side of the balance sheet. The investment structure of the plan is derived from this risk-bearing capacity. The investment structure also takes account of requirements specified and documented by the customer.
The defined investment structure is implemented in the fund named “VRG 7”, in which the amounts accrued for RLB Steiermark are invested using a concept-based investment tool. This means that the weighting of predefined asset classes moves between bandwidths according to objective criteria derived from market trends. In addition, the equity components are hedged during periods of stress in the financial markets.

Return on plan assets:

TEUR	2014	2013
Actual losses/return on plan assets	496	374

Provisions for long-service bonuses changed as follows:

TEUR	2014	2013
Present value of defined benefit obligations (DBO) at 1 December	4,798	4,966
Obligations transferred without being recognised in the income statement	0	7
Service costs	274	258
Interest costs	138	167
Payments	-290	-485
Actuarial gain/loss for the financial year	683	-115
Present value of defined benefit obligations (DBO) at 31 December	**5,603**	**4,798**

The following tables show the present values of the defined benefit obligations and experience adjustments:

Termination benefits:

TEUR	2014	2013	2012	2011	2010
Present value of obligations	38,454	33,178	32,614	29,050	27,601
Experience adjustments on obligations	372	301	-453	458	670

Post-employment benefits:

TEUR	2014	2013	2012	2011	2010
Present value of obligations	39,129	34,261	33,931	33,222	32,905
Fair value of plan assets	6,531	6,336	7,194	8,678	9,060
Net obligations	**32,598**	**27,925**	**26,737**	**24,544**	**23,845**
Experience adjustments on obligations	-215	-613	-283	-550	1,036
Experience adjustments on plan assets	-312	-128	-54	646	182

Long-service bonuses:

TEUR	2014	2013	2012	2011	2010
Present value of obligations	5,603	4,798	4,966	4,664	4,554
Experience adjustments on obligations	46	313	66	-23	3

No plan payments will be made for future years because the RLB Steiermark Group has not had any active employees since 2013 who qualified for defined benefits.

Breakdown of expenditure on defined contribution plans:

TEUR	2014	2013
Expenditure on defined contribution plans	2,631	2,643
Of which on defined contribution plans (pension fund)	2,294	2,320
Of which on the staff benefit fund (Mitarbeitervorsorgekasse)	336	323

The expenditure on defined contribution plans for members of the Managing Board amounted to TEUR 105 during the reporting year (2013: TEUR 233).

The following actuarial assumptions regarding the calculation of defined benefit obligations are considered significant and subjected to stress testing. The resultant band of increases and reductions, expressed as percentage changes, in comparison with the values reported for defined benefit obligations is as follows:

2014 financial year

	Actuarial interest rate		Projected trend in salaries		Discount for employee turnover	
	+0.50 %	-0.50 %	+0.50 %	-0.50 %	+0.50 %	-0.50 %
Severance payments	-4.66 %	5.03 %	4.88 %	-4.58 %	-2.42 %	0.79 %
Pension plans	-5.41 %	5.94 %	8.60 %	-8.14 %	-	-

2013 financial year

	Actuarial interest rate		Projected trend in salaries		Discount for employee turnover	
	+1.00 %	**-1.00 %**	**+0.50 %**	**-0.50 %**	**+0.50 %**	**-0.50 %**
Severance payments	-8.64 %	10.06 %	4.77 %	-4.50 %	-2.10 %	0.58 %
Pension plans	-9.49 %	11.33 %	5.18 %	-4.79 %	-	-

Average maturities (duration) of defined benefit plans at 31.12.2014:

	Average maturities (duration)	
	2014	**2013**
Severance payments	8 to 10 years	9 to 10 years
Pension plans	10 to 13 years	8 to 11 years

25. Current and deferred income tax assets and liabilities

TEUR	2014	2013
Current income tax assets	12,046	10,368
Deferred tax assets	8,629	6,399
Total	**20,675**	**16,767**

TEUR	2014	2013
Current income tax liabilities	223	486
Deferred tax liabilities	8,979	10,537
Total	**9,202**	**11,023**

Net deferred tax assets break down as follows:

TEUR	2014	2013
Deferred tax assets	343,247	167,733
Deferred tax liabilities	343,597	171,871
Total	**-350**	**-4,138**

Net deferred tax assets resulted from the following items:

TEUR	2014	2013
Loans and receivables at amortised cost	68	79
Impairment allowance balance	5,765	6,747
Property and equipment	1,971	2,067
Other assets	62,244	11,538
Financial liabilities at amortised cost	23,982	0
Financial liabilities – designated at fair value	66,922	45,254
Financial liabilities – designated at fair value through profit or loss	136,704	79,151
Trading liabilities	8,799	10,846
Other liabilities	0	981
Tax loss carryforwards	36,793	11,070
Deferred tax assets	**343,247**	**167,733**
Loans and receivables at amortised cost	428	603
Trading assets	214,721	116,570
Financial assets – designated at fair value through profit or loss	26,739	8,368
Financial assets – available for sale	36,263	25,164
Property and equipment	0	184
Financial liabilities at amortised cost	0	9,955
Provisions	0	774
Other liabilities	65,445	10,253
Deferred tax liabilities	**343,597**	**171,871**
Net deferred tax assets	**-350**	**-4,138**

Deferred taxes on tax loss carryforwards and impairments to equity investments were determined on the basis of a five year forecast period. Assets in the amount of TEUR 86,901 (2013: TEUR 104,098) arising from currently unused tax loss carryforwards and impairments to equity investments were not capitalised in the consolidated financial statements because, from the present perspective, it seems unlikely that it will be possible to realise them within the forecast period of five years.

In connection with entities carried at equity, as at 31.12.2014, taxable temporary differences amount to TEUR 131,119 (2013: TEUR 190,964). In accordance with IAS 12.39, no deferred tax liabilities need to be entered in the balance sheet for these temporary differences.

For a presentation of income taxes attributable to the individual components of other comprehensive income, we refer to the statement of comprehensive income.

26. Other liabilities

TEUR	2014	2013
Tax liabilities	6,299	6,367
Other liabilities	108,592	107,732
Total	**114,891**	**114,099**

TEUR	2014	2013
Accruals and deferred items	7,702	18,244
Clearing items	61,200	25,948
Other liabilities	39,690	63,540
Total	**108,592**	**107,732**

27. Equity

TEUR	2014	2013
Attributable to equity holders of the parent	**1,101,284**	**1,239,375**
Subscribed capital	141,419	135,297
Capital reserves	403,258	409,380
Retained earnings	551,394	734,456
of which AFS reserve	134,430	101,914
Consolidated net profit/loss for the year	5,213	-39,758
Equity attributable to non-controlling interests	**54,839**	**89,312**
Total	**1,156,123**	**1,328,687**

In the 2014 financial year, RLB Steiermark decided to increase its share capital by implementing a conditional capital increase through conversion of participation capital pursuant to § 26b in conjunction with § 103q (14) of the Austrian Banking Act (BWG), Federal Law Gazette No. 1993/532 as amended by Federal Law Gazette I No. 2014/59, subject to application of the provisions stipulated by the Austrian Capital Adjustment Act (KBerG), Federal Law Gazette No. 1967/171 as amended by Federal Law Gazette No. 2011/53, on the basis of the 2013 annual financial statements. In the context of this capital increase, the share capital was increased, for a period of five years from the

date of the resolution to that effect being adopted, i.e. until 24.9.2019, from EUR 120,000,000.00 by up to EUR 22,721,217.89 to up to EUR 142,721,217.89. As a result of the issue of up to 495,670 additional units, the number of RLB Steiermark's shares increases from 2,617,837 to 3,113,507 registered no-par shares (ordinary shares). All issued shares are fully paid-up.

By year-end 2014, 173,568 participation certificates had been converted into 408,705 shares. Accordingly, the subscribed capital (share capital) of RLB Steiermark totalled TEUR 138,735 as at 31.12.2014 (2013: TEUR 120,000) and consisted of 3,026,542 (2013: 2,617,837) registered no-par shares (ordinary shares). In addition, the subscribed capital includes the 36,932 registered participation certificates from the 2001 issue of non-voting, non-ownership capital which were not converted into shares at a nominal amount of TEUR 2,684 (2013: TEUR 15,297).

In view of the provisions stipulated in Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR), which took effect across the EU on 1.1.2014, the terms for the 2001 issue of non-voting, non-ownership capital were adjusted in order to ensure classification as CET 1 capital (items of core Tier 1 capital).

The regulatory changes implemented also mandated additional prudential adjustments for decentralised banking groups, particularly the establishment of institutional protection schemes (IPS). Based on the IPS agreement which became effective for the 2014 financial year, contributions were paid to the institutional protection schemes at the state and federal levels and no longer to sectoral support institutions as was previously the case. RLB Steiermark AG created a special IPS provision to reflect the amount of these payments. In the course of the reporting year, an amount of TEUR 4,729 was allocated to this provision, which is included under retained earnings.

The Managing Board proposes to distribute from the net profit of Raiffeisen-Landesbank Steiermark AG, which amounts to EUR 12,963,827.86, a dividend of EUR 1.62 per share on the share capital of EUR 138,734,796.56, which is subdivided into 3,026,542 registered no-par shares, i.e. a total dividend of EUR 4,902,998.04, and an amount of EUR 107,353.94 for the arithmetic nominal value of EUR 2,683,848.44 to the subscribers of non-voting, non-ownership capital, which corresponds to an interest yield of 4.00% (four per cent).

Retained earnings include, among other items, income and expense items shown in comprehensive income that are not offset in the income statement. These include actuarial gains and losses from defined benefit plans less the apportionable deferred taxes, remeasurement gains and losses on financial assets available for sale and the apportionable deferred taxes recognised in other comprehensive income, the proportionate changes in equity of companies carried at equity without effect on profit or loss, and the foreign currency reserve.

As at the reporting date of 31.12.2014, the accumulated balance of actuarial gains and losses from defined benefit plans including the equity attributable to non-controlling interests stood at TEUR -12,325 (2013: TEUR -4,465). The available for sale reserve including non-controlling shareholders' equity totalled TEUR 139,884 (2013: TEUR 106,147). Proportionate changes in equity of companies carried at equity without effect on profit or loss came to TEUR -184,082 (2013: TEUR -71,595). The foreign currency reserve totals TEUR 7 (2013: TEUR 0).

A comprehensive presentation of the changes in equity is provided in the table "Statement of changes in equity".

Other changes in retained earnings are largely attributable to the dilution effect and to other changes in equity resulting from the equity investment in RZB (see note 17 "Companies carried at equity"). In addition, the item "Equity attributable to non-controlling interests" includes the disposal of minority interests associated with the discontinuation of the holding structure for the investment in Raiffeisenbank Austria d.d., Zagreb (HR), which was sold in 2013.

For the securities in the AFS portfolio sold during the reporting year, an amount of TEUR -1,946 (2013: TEUR -864) was reclassified from the AFS reserve to the income statement. The associated income tax is TEUR 649 (2013: TEUR 288).

In addition, an amount of TEUR 51 was reclassified from other comprehensive income and shown as income under the line item "Profit/loss from financial assets – available for sale" in 2014. The associated income tax is TEUR 17. This reclassification is attributable to the disposal of an investment during the reporting year.

NOTES TO FINANCIAL INSTRUMENTS

28. Breakdown of terms to maturity

The term to maturity is defined as the period between the reporting date and the contractually agreed maturity of the liability.

The following table provides a breakdown of financial liabilities by their final maturities or call dates. Due to the intention to trade, items held for trading were recognised with a maximum term to maturity of three months. Financial liabilities measured at fair value were assigned to the individual maturity bands according to their contractually agreed maturities.

Breakdown of terms to maturity at 31.12.2014:

Financial liabilities (TEUR)	Carrying amounts	Contractual cash flows	On demand/no specific term	Up to 3 months	3 months to 1 year	1 to 5 years	5 years and over
Financial liabilities at amortised cost	7,636,812	8,679,496	5,241,242	71,446	318,346	959,393	2,089,069
Trading liabilities	527,047	551,325	104,091	200,220	50,133	112,980	83,901
Financial liabilities – designated at fair value through profit or loss	4,649,694	5,511,648	0	138,525	267,559	2,326,351	2,779,213
Off-balance sheet transactions	0	1,179,697	1,179,697	0	0	0	0

The prior-year terms to maturity have been adjusted and break down as follows:

Breakdown of terms to maturity at 31.12.2013:

Financial liabilities (TEUR)	Carrying amounts	Contractual cash flows	On demand/no specific term	Up to 3 months	3 months to 1 year	1 to 5 years	5 years and over
Financial liabilities at amortised cost	7,219,817	6,687,870	4,620,372	106,352	189,890	640,824	1,130,432
Trading liabilities	393,718	918,384	0	189,689	94,457	209,770	424,468
Financial liabilities – designated at fair value through profit or loss	5,398,543	2,878,670	0	52,442	119,707	776,933	1,929,588
Off-balance sheet transactions	0	1,360,843	1,360,843	0	0	0	0

29. Offsetting of financial assets and liabilities

The provisions of IFRS 7 require entities to disclose information on netting rights and/or master netting arrangements for financial assets and liabilities.

The RLB Steiermark Group concludes loan and interbank deposit transactions on the basis of deposit netting agreements and/or master netting arrangements with major customers. Generally, the amounts owed by each counterparty on all outstanding transactions under such agreements can be combined into one single net amount.

The following tables present financial assets and liabilities that are offset in the consolidated statement of financial position or are subject to a master netting agreement or similar arrangement, irrespective of whether their carrying values are offset in the balance sheet.

2014 financial year

TEUR

Financial assets	Financial assets – gross	Financial liabilities offset against financial assets	Financial assets reported in the balance sheet – net	Effect of master netting agreements	Collateral in the form of financial instruments	Net total
					Not offset	
Loans and receivables at amortised cost	1,296,533	-697,126	599,407	-387,745	0	211,662
Trading assets	582,869	0	582,869	-523,520	0	59,349
Financial assets – designated at fair value through profit or loss	34,691	0	34,691	0	0	34,691
Financial assets – available for sale	55,916	0	55,916	0	0	55,916
Repurchase (repo) transactions	150,003	0	150,003	0	-156,950	-6,947
Total	**2,120,012**	**-697,126**	**1,422,886**	**-911,265**	**-156,950**	**354,671**

TEUR

Financial liabilities	Financial liabilities – gross	Financial assets offset against financial liabilities	Financial liabilities reported in the balance sheet – net	Effect of master netting agreements	Collateral in the form of financial instruments	Net total
					Not offset	
Financial liabilities at amortised cost	2,922,875	-697,126	2,225,749	-798,092	0	1,427,657
Trading liabilities	76,811	0	76,811	-76,808	0	3
Financial liabilities – designated at fair value through profit or loss	36,365	0	36,365	-36,365	0	0
Repurchase (reverse repo) transactions	0	0	0	0	0	0
Total	**3,036,051**	**-697,126**	**2,338,925**	**-911,265**	**0**	**1,427,660**

2013 financial year

TEUR

Financial assets	Financial assets – gross	Financial liabilities offset against financial assets	Financial assets reported in the balance sheet – net	Effect of master netting agreements	Collateral in the form of financial instruments	Net total
					Not offset	
Loans and receivables at amortised cost	1,214,349	-624,113	590,236	-368,484	0	221,752
Trading assets	854,343	0	854,343	-616,014	0	238,329
Financial assets – designated at fair value through profit or loss	34,782	0	34,782	-21,269	0	13,513
Financial assets – available for sale	52,739	0	52,739	-52,739	0	0
Other assets						
Repurchase (repo) transactions	48,874	0	48,874	0	-47,802	1,072
Total	**2,205,087**	**-624,113**	**1,580,974**	**-1,058,506**	**-47,802**	**474,666**

TEUR

Financial liabilities	Financial liabilities – gross	Financial assets offset against financial liabilities	Financial liabilities reported in the balance sheet – net	Effect of master netting agreements	Collateral in the form of financial instruments	Net total
					Not offset	
Financial liabilities at amortised cost	2,651,056	-624,113	2,026,943	-907,720	0	1,119,223
Trading liabilities	132,339	0	132,339	-98,570	0	33,769
Financial liabilities – designated at fair value through profit or loss	52,216	0	52,216	-52,216	0	0
Repurchase (reverse repo) transactions	100,000	0	100,000	0	-103,020	-3,020
Total	**2,935,611**	**-624,113**	**2,311,498**	**-1,058,506**	**-103,020**	**1,149,972**

30. Derivative financial instruments

The following tables present the derivative financial transactions outstanding at the reporting date, broken down by term to maturity. The fair values incorporate estimates for the effects of counterparty risk (CVA/DVA).

Derivative financial products not held for trading (banking book) at 31.12.2014:

	Nominal amounts – term to maturity				Fair value	
TEUR	Up to 1 year	1 to 5 years	5 years and over	Total	Positive	Negative
Interest rate forwards						
OTC products						
Interest rate swaps	370,111	2,336,950	3,645,723	6,352,784	788,746	150,393
Interest rate options – calls	45,489	132,228	68,025	245,742	14,973	0
Interest rate options – puts	22,164	134,892	57,695	214,751	0	1,017
Total	**437,764**	**2,604,070**	**3,771,443**	**6,813,277**	**803,719**	**151,410**
Exchange-traded products						
Interest rate futures	35,217	0	0	35,217	409	31
Foreign exchange forwards						
OTC products						
Currency spots/forwards	54,021	20	0	54,041	203	1,773
Cross currency interest rate swaps/cross currency swaps	19,502	308,886	0	328,388	2,615	5,204
Total	**73,523**	**308,906**	**0**	**382,429**	**2,818**	**6,977**
Other forward transactions						
OTC products						
Credit derivatives	16,473	0	106,697	123,170	2,167	484
Other	0	0	0	0	0	0
Total	**16,473**	**0**	**106,697**	**123,170**	**2,167**	**484**
Aggregate total	**562,977**	**2,912,976**	**3,878,140**	**7,354,093**	**809,113**	**158,902**

Derivative financial products not held for trading (banking book) at 31.12.2013:

	Nominal amounts – term to maturity				Fair value	
TEUR	Up to 1 year	1 to 5 years	5 years and over	Total	Positive	Negative
Interest rate forwards						
OTC products						
Interest rate swaps	756,042	1,267,774	3,101,700	5,125,516	363,941	80,953
Interest rate options – calls	0	34,056	14,772	48,828	952	0
Interest rate options – puts	2,700	79,293	56,910	138,903	0	1,799
Total	**758,742**	**1,381,123**	**3,173,382**	**5,313,247**	**364,893**	**82,752**
Exchange-traded products						
Interest rate futures	37,252	0	0	37,252	694	34
Foreign exchange forwards						
OTC products						
Currency spots/forwards	48,804	0	0	48,804	864	347
Cross currency interest rate swaps/cross currency swaps	7,547	190,709	124,585	322,841	6,238	1,430
Total	**56,351**	**190,709**	**124,585**	**371,645**	**7,102**	**1,777**
Other forward transactions						
OTC products						
Credit derivatives	0	14,502	64,710	79,212	2,068	1
Other	0	0	0	0	0	0
Total	**0**	**14,502**	**64,710**	**79,212**	**2,068**	**1**
Aggregate total	**852,345**	**1,586,334**	**3,362,677**	**5,801,356**	**374,757**	**84,564**

Derivative financial products held for trading (trading book) at 31.12.2014:

	Nominal amounts – term to maturity				Fair value	
TEUR	Up to 1 year	1 to 5 years	5 years and over	Total	Positive	Negative
Interest rate forwards						
OTC products						
Interest rate swaps	129,189	979,424	1,364,411	2,473,024	132,086	116,681
Interest rate options – calls	10,350	282,259	198,100	490,709	3,049	0
Interest rate options – puts	12,050	227,934	206,896	446,880	0	3,743
Total	**151,589**	**1,489,617**	**1,769,407**	**3,410,613**	**135,135**	**120,424**
Foreign exchange forwards						
OTC products						
Currency spots/forwards	25,222	0	0	25,222	371	441
Cross currency interest rate swaps/cross currency swaps	407,631	31,008	15,032	453,671	3,758	13,575
Currency options – calls	0	0	0	0	0	0
Currency options – puts	0	0	0	0	0	0
Total	**432,853**	**31,008**	**15,032**	**478,893**	**4,129**	**14,016**
Aggregate total	**584,442**	**1,520,625**	**1,784,439**	**3,889,506**	**139,264**	**134,440**

Derivative financial products held for trading (trading book) at 31.12.2013:

	Nominal amounts – term to maturity				Fair value	
TEUR	Up to 1 year	1 to 5 years	5 years and over	Total	Positive	Negative
Interest rate forwards						
OTC products						
Interest rate swaps	492,700	1,431,982	2,043,500	3,968,182	155,596	82,559
Interest rate options – calls	28,626	346,198	353,148	727,972	18,978	0
Interest rate options – puts	18,509	189,441	260,582	468,532	0	6,893
Total	**539,835**	**1,967,621**	**2,657,230**	**5,164,686**	**174,574**	**89,452**
Exchange-traded products	**33,075**	**0**	**0**	**33,075**	**0**	**0**
Foreign exchange forwards						
OTC products						
Currency spots/forwards	18,923	94	0	19,017	234	164
Cross currency interest rate swaps/cross currency swaps	336,995	31,008	15,033	383,036	3,196	13,507
Currency options – calls	0	0	0	0	0	0
Currency options – puts	0	0	0	0	0	0
Total	**355,918**	**31,102**	**15,033**	**402,053**	**3,430**	**13,671**
Aggregate total	**928,828**	**1,998,723**	**2,672,263**	**5,599,814**	**178,004**	**103,123**

31. Fair value of financial instruments

All financial instruments are measured at fair value on a recurring basis.

A financial instrument's fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. The measurement of fair value at the RLB Steiermark Group is based primarily on external sources of data (stock market prices or broker quotes). If no observable market price is available, the fair value is determined using generally accepted valuation methods. Depending on their market proximity and degree of objectivity, the valuation parameters used are assigned to one of the three levels (levels 1, 2 or 3) of the fair value hierarchy.

Description of valuation models and parameters

The RLB Steiermark Group uses only valuation models which have been tested internally and for which the valuation parameters (such as interest rates, exchange rates, volatilities and credit spreads) have been determined independently.

Exchange-traded securities and exchange-traded derivatives are recognised at quoted market prices. For the remaining securities and derivatives, the fair value is stated as the present value of the future cash flows.

For plain vanilla (fixed and floating) debt securities, the fair value is calculated by discounting the future cash flows using a discounting curve. This discounting curve is determined by the interest rate for the respective currency of issue and a spread adjustment derived from the credit spread curve of the issuer. If no issuer curve is available, the spread is derived from a proxy instrument and adjusted for differences in the risk profile of the respective instrument. If no close proxy is available, the spread adjustment is estimated on the basis of internal ratings and default probabilities. For more complex debt securities, the fair value is determined using combinations of discounted cash flow models and more sophisticated modelling techniques including methods used for the valuation of OTC derivatives. The fair value of financial liabilities designated at fair value through profit and loss is determined using analogous methods.

The fair value of cross currency and cross currency interest rate swaps as well as forward rate agreements is determined on the basis of discounted cash flows. Here, the market interest rates applicable for the term to maturity are used.

The fair value of currency forwards is determined on the basis of the prevailing forward rates for their respective maturities. Options are measured at market prices or using recognised models for determining option prices. For simple European options and interest rate instruments, the established Black & Scholes models are used as valuation models.

Derivatives are measured at mid-market levels. To reflect the potential bid-ask spread of the relevant positions, an adjustment based on market liquidity is performed. The adjustment parameters depend on product type, currency, maturity and notional size. Parameters are reviewed at regular intervals and in the event of significant market moves. Netting is not applied when determining the bid-ask spread adjustments.

In the context of measuring derivatives, credit value adjustments (CVA) for counterparty risk and debt value adjustments (DVA) for the bank's own credit risk are applied. To take into account CVA and DVA, credit risk adjusted spot rates are used, i.e. the discount rates for OTC derivatives are adjusted for the corresponding credit ratings (counterparty's or own credit rating). CVA and DVA are calculated with reference to the risk premium (credit spread) of the market partner or RLB Steiermark. Generally, counterparty's entire portfolio of derivatives is considered. If the total of risk-free present values is positive, the portfolio constitutes an asset from the RLB Steiermark Group's perspective, and the fair value measurement is based on the credit spread of the counterparty. If, on the other hand, the total of risk-free present values is negative, then the portfolio constitutes a liability for the RLB Steiermark Group, and the fair value is adjusted for its own credit spreads. CVA and DVA are calculated for the uncollateralised exposure. When calculating CVA/DVA, the RLB Steiermark Group applies both the yield curve shift method and the CVA calculation method based on CDS spreads. The portfolio exception offered by IFRS 13.48 is not applied.

Optionalities in financial liabilities are measured, inter alia, on the basis of the Hull-White model. If third parties provide collateral, this is taken into account in the measurement of liabilities.

The fair value of certain financial instruments corresponds very closely to the nominal amount. This applies to cash and balances with central banks as well as receivables and liabilities that have no defined maturity or fixed interest rate and/or liabilities callable on demand or at short-term.

In the case of the remaining receivables and liabilities, the anticipated cash flows are discounted at current interest rates taking into account the respective spreads and costs of equity. For determining the fair value of loans, spreads based on internal credit rating models are applied.

Investments in associates are measured at equity. The remaining investments are measured at fair value. In cases where a market or transaction price is available, this is used for measurement purposes. Otherwise, the fair value is calculated on the basis of discounted net cash flows or by means of simplified approximation methods. The fair value of real estate is determined on the basis of appraisals prepared close to the measurement date. The forecast of financial surpluses includes specific estimates for at least 3 years. The expected net cash flows are discounted at a risk-free interest rate, factoring in an appropriate risk haircut.

Where financial guarantees and irrevocable credit commitments are concerned, the carrying amount corresponds to the fair value.

The following table presents the fair values by balance sheet position:

	2014		2013	
TEUR	Fair value	Carrying amount	Fair value	Carrying amount
Assets				
Cash and balances with central banks	41,063	41,063	78,672	78,672
Loans and receivables at amortised cost[1)]	8,566,844	8,076,337	8,843,790	8,208,704
Trading assets	1,809,279	1,809,279	1,867,047	1,867,047
Financial assets – designated at fair value through profit or loss	1,412,101	1,412,101	1,371,648	1,371,648
Financial assets – available for sale	1,768,951	1,768,951	1,681,360	1,676,629
Liabilities				
Financial liabilities at amortised cost	7,742,457	7,636,812	7,257,973	7,219,817
Trading liabilities	527,047	527,047	393,718	393,718
Financial liabilities – designated at fair value through profit or loss	4,649,694	4,649,694	5,398,543	5,398,543

[1)] Figures after consideration of impairment allowances.

32. Fair value hierarchy

The fair value hierarchy reflects the level of independent, objective evidence surrounding the inputs used to measure the fair value of financial assets and financial liabilities. This hierarchy divides the input factors used to determine fair value into three categories (levels), depending on the extent to which the input factors used are observable.

Quoted prices in active markets (level 1): The fair value of financial instruments classified in level 1 of the fair value hierarchy is calculated on the basis of the prices quoted on the active markets (stock exchange price or prices quoted by market participants). An active market for a financial instrument exists if quoted prices are regularly provided, for instance by stock exchanges, brokers or pricing services such as Reuters or Bloomberg, and transactions at these prices actually take place on a regular basis. This category contains equity instruments and debt instruments listed on stock exchanges.

Inputs based on market observables (level 2): If fair value determination is based on a price for which the market cannot be considered to be active because liquidity is limited, the underlying financial instrument is classified in level 2 of the fair value hierarchy. Where no market prices are available, the fair value is calculated by marking to model, for which market data are used as parameters. Provided that all key parameters of the valuation model are observable on the market, the financial instrument will be categorised in level 2 of the fair value hierarchy. Level 2 valuations typically employ interest curves, credit spreads and implicit volatilities as observable and verifiable market parameters. In the category of financial instruments recognised at fair value, this includes in particular the majority of OTC derivatives and interbank funds in the trading portfolio and liabilities evidenced by certificates. Debt instruments and investment certificates for which there is no active market are also included in level 2.

Inputs based on relevant, non-observable parameters (level 3): In some instances, the fair value cannot be determined either on the basis of sufficiently frequent quoted market prices or by using valuation models that rely entirely on observable market data. The financial instruments in this category feature input parameters that are not observable and have a more than immaterial effect on the fair value of an instrument. In these cases, individual valuation parameters not observable in the market are estimated on the basis of reasonable assumptions. Besides observable parameters, level 3 valuations typically employ credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures as non-observable parameters. Level 3 financial instruments measured at

fair value essentially include structured liabilities evidenced by certificates, complex OTC derivatives, asset-backed securities and investments.

Description of valuation methods and processes for level 3 financial instruments

A level 3 position involves one or more significant inputs that are not directly observable on the market. Therefore, additional price verification procedures – which, among other methods, may include analysis of historical data or benchmarking against similar financial instruments – are required to substantiate the valuation price. These procedures involve parameter estimates and obtaining expert opinions.

Financial instruments measured at fair value – with the exception of investments – are measured and categorised by the market risk control department, which is responsible for market evaluations and the calculation models used, including the determination of level 3 fair values. The market risk control department monitors important non-observable input factors and valuation adjustments at regular intervals. If third-party prices, for example partner evaluations or external models, are used to determine fair values, the market risk control department records and documents these values and verifies their credibility. Important measurement issues and the effects of measurement changes are reported to the overall bank risk committee and/or the Managing Board. The fair values of investments are determined and categorised by the investments department, which is responsible for the entire investment portfolio.

Qualitative information about level 3 fair value measurements:

	Type	Fair value (EUR million)	Valuation method	Significant non-observable inputs	Range of non-observable inputs (%)
Bonds and other fixed-income securities	Bonds	44	Broker estimates	Probability of default, interest rate	10–30
Own bonds (1:1 collateralisation)	Issues	169	Broker estimates, DCF method	Expected interest payments	10–20
Hedging derivatives	Interest rate derivatives	49	Broker estimates	Expected interest payments	10–20

For some of the level 3 financial instruments, identical and similar compensatory positions exist with regard to the non-observable inputs. The IFRS provisions require that assets and liabilities must be reported on a gross basis. Some financial instruments in the level 3 category are hedged with level 2 category instruments.

If a change in the calculation of fair value has occurred, for example if observable parameters are available for the determination of fair value instead of non-observable parameters, the respective financial instrument is reclassified.

The Group records reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change took place, on the basis of the opening balance.

The following table shows the fair value hierarchy for the financial instruments evaluated at fair value, restated for the 2013 financial year. The 2013 figures were restated because observable market transactions (trading activity and frequency) did not indicate the presence of an active market. The restatement was prompted, in particular, by a more narrow internal interpretation of the "active market" concept, based on the opening balance as at 1.1.2013.

Fair value hierarchy of financial assets and liabilities measured at fair value:

	2014			2013		
TEUR						**Restated[1)]**
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Trading assets						
Bonds and other fixed-income securities	117,159	0	0	0	0	0
Positive fair values (dirty price) of derivative contracts	0	874,266	71,504	0	471,675	77,585
Loans and receivables	0	746,350	0	0	1,317,787	0
Financial assets – designated at fair value through profit or loss	939,360	435,409	37,332	952,885	375,984	42,779
Financial assets – available for sale	1,348,722	296,921	123,308	1,246,981	343,097	86,551
Total	**2,405,241**	**2,352,946**	**232,144**	**2,199,866**	**2,508,543**	**206,915**
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Trading liabilities						
Liabilities to other banks	0	235,893	0	0	206,290	0
Negative fair values (dirty price) of derivative contracts	0	259,047	32,107	0	173,184	14,244
Financial liabilities – designated at fair value through profit or loss	0	4,481,939	167,755	675,961	4,467,534	255,048
Total	**0**	**4,976,879**	**199,862**	**675,961**	**4,847,008**	**269,292**

[1)] Restatement of 2013 figures.

Reconciliation to level 3 financial instruments:

2014 financial year

TEUR	Balance at 1 January	Recorded in the income statement[1]	Recorded in other comprehensive income	Additions	Disposals	Settlements	Reclassifications to level 3	Reclassifications from level 3	Balance at 31 December
Financial assets									
Trading assets									
Positive fair values (dirty price) of derivative contracts	77,585	32,702	0	0	-8,013	0	0	-30,770	71,504
Financial assets – designated at fair value through profit or loss	42,779	-447	0	0	0	-5,000	0	0	37,332
Financial assets – available for sale	86,551	-18,147	5,372	11,136	-5,089	0	43,485	0	123,308
Total	**206,915**	**14,108**	**5,372**	**11,136**	**-13,102**	**-5,000**	**43,485**	**-30,770**	**232,144**
Financial liabilities									
Trading liabilities									
Negative fair values (dirty price) of derivative contracts	14,244	18,151	0	0	-288	0	0	0	32,107
Financial liabilities – designated at fair value through profit or loss	255,048	12,696	0	1,091	-968	-11,445	0	-88,667	167,755
Total	**269,292**	**30,847**	**0**	**1,091**	**-1,256**	**-11,445**	**0**	**-88,667**	**199,862**

[1]) In the case of assets, positive amounts represent gains and negative amounts represent losses. Where liabilities are concerned, positive amounts represent losses and negative amounts represent gains.

Of financial assets – available for sale, one investment, for which an observable market price was still available in 2013, was transferred from level 2 to level 3 of the fair value hierarchy.

Reclassification from level 3 to level 2 of financial liabilities – designated at fair value through profit or loss took place because a promissory note was restructured in the reporting year. As a result, observable input factors are now available for measurement purposes. At the same time, the associated hedging derivative – shown under trading assets – was reclassified from level 3 to level 2.

Beyond that, no reclassifications to or from level 3 occurred in the year under review. The reclassifications took place on the basis of the opening balance as at 1.1.2014.

2013 financial year – restated*)									
TEUR	Balance at 1 January	Recorded in the income statement[1]	Recorded in other comprehensive income	Additions	Disposals	Settlements	Reclassifications to level 3	Reclassifications from level 3	Balance at 31 December
Financial assets									
Trading assets									
Positive fair values (dirty price) of derivative contracts	32,436	-24,940	0	0	0	0	70,089	0	77,585
Financial assets – designated at fair value through profit or loss	44,873	-2,094	0	0	0	0	0	0	42,779
Financial assets – available for sale	51,960	-13	40,439	46,086	-2,881	0	0	-49,040	86,551
Total	**129,269**	**-27,047**	**40,439**	**46,086**	**-2,881**	**0**	**70,089**	**-49,040**	**206,915**
Financial liabilities									
Trading liabilities									
Negative fair values (dirty price) of derivative contracts	19,154	-5,032	0	3,633	-3,511	0	0	0	14,244
Financial liabilities – designated at fair value through profit or loss	145,936	-31,403	0	-802	1,195	-49,384	189,506	0	255,048
Total	**165,090**	**-36,435**	**0**	**2,831**	**-2,316**	**-49,384**	**189,506**	**0**	**269,292**

*) Restatement of 2013 figures.
[1]) In the case of assets, positive amounts represent gains and negative amounts represent losses. Where liabilities are concerned, positive amounts represent losses and negative amounts represent gains.

The profit/loss from financial assets and liabilities – designated at fair value through profit or loss recognised in the income statement and the gains and losses from the revaluation of the corresponding underlyings (economic hedges) are contained in the line item “Profit/loss from financial instruments – designated at fair value through profit or loss” (note 6). The interest associated with these instruments is shown in net interest income. The profit/loss from financial assets – available for sale recorded in the income statement is shown in the line item “Profit/loss from financial assets – available for sale” (note 7).

The gains and losses from the revaluation of AFS financial assets are contained in other income under the line item “Changes in the valuation of financial assets available for sale (AFS)”.

Gains and losses from level 3 financial instruments held at the reporting date

In accordance with the provisions of IFRS 7, the following table only presents gains and losses related to level 3 instruments held at the reporting date.

TEUR	2014	2013 Restated[1)]
Financial assets measured at fair value		
Trading assets – positive fair values (dirty price) of derivative contracts	32,702	-23,559
Financial assets – designated at fair value through profit or loss	-497	-2,094
Financial assets – available for sale	-18,147	0
Total	**14,058**	**-25,653**
Financial liabilities measured at fair value		
Trading liabilities – negative fair values (dirty price) of derivative contracts	-18,151	4,767
Financial liabilities – designated at fair value through profit or loss	-12,854	27,822
Total	**-31,005**	**32,589**
Aggregate total	**-16,947**	**6,936**

[1)] Restatement of 2013 figures.

The compensatory gains and losses recorded relative to the corresponding hedging transactions are not reflected in the above table. Pursuant to IFRS 13, these only include gains and losses that result from the original level 3 instruments.

Sensitivity analysis

With the exception of investments, the level 3 financial instruments measured at fair value consist predominantly of yield curve positions collateralised at a ratio of one to one. The essential non-observable input parameters for these complex products (OTC) are historic volatilities and historic correlations between CMS indices. Possible effects that result from the relative uncertainty regarding the fair values of financial instruments whose measurement is based on non-observable input parameters (level 3) are presented within the context of the sensitivity analysis for level 3 instruments.

For the sensitivity analysis, the non-observable level 3 input factors (as described above) were converted into observable factors and then subjected to sensitivity shifts based on interest rate sensitivity and credit spread sensitivity.

To quantify interest rate sensitivity, all products subject to interest risk were accounted for as zero bonds for the defined term to maturity. For this purpose, these products were first approximated to corresponding forwards and allocated to the respective maturity bands. As a next step, a so-called interest rate shock was assumed, i.e. the impact on the fair value in the event of a parallel upward or downward shift of the interest rate curve by 200 basis points was examined. Furthermore, the measurement effects in the event of a curve rotation (money market -100 BP, annual base 0, capital market +100 BP) were examined. The results of the analysis are summarised in the table below.

To quantify the credit spread risk, the term to maturity and internal rating of the portfolio of level 3 securities (assets and liabilities) were taken into account. In this context, it was assumed that the spreads of the level 3 securities had shifted by 200 basis points upwards or downwards. The resulting profit/loss effects on the fair value are shown in the table below.

TEUR	Change in input factors	Change in fair value: Asset items	Change in fair value: Liability items	Change in fair value: Total
Interest rate sensitivity:				
Interest rate change	+200 BP	-1,199	0	-1,199
Interest rate change	-200 BP	1,319	0	1,319
Curve rotation:				
Money market	-100 BP	-284	0	-284
Capital market	+100 BP			
Credit spread sensitivity:				
Credit spread change	+200 BP	-1,199	12,674	11,475
Credit spread change	-200 BP	1,319	-15,021	-13,702

The foreign currency transactions included in the calculation were subjected to a currency shift to account for the currency risk. As the foreign currency positions are offset by corresponding refinancing positions in foreign currency (same amount, same interest rate adjustment dates), no foreign currency risk results from this currency shift for level 3 products.

For the purpose of determining the fair value of level 3 investments, the underlying planning figures (forecasts of financial surpluses) constitute the main non-observable input factors. The three largest investments were taken as the basis for the sensitivity analysis.

In the case of STED EDV-Dienste Betriebsgesellschaft m.b.H. and RVS Raiffeisen Vertrieb und Service GmbH, both the discount rate and the forecast net cash flows were varied by +/- 1%. In the case of Liegenschaftsverwaltung Radmer-Frohnleiten GmbH, the appraisal value was varied by +/- 5%. In a scenario with a fluctuation of +1% or +5%, the fair value would increase by TEUR 3,102 without effect on profit or loss. In the event of a fluctuation of -1% or -5%, the fair value would decrease by TEUR 2,694 without effect on profit or loss.

TEUR	Fair value	Best case	Worst case
Equity investments			
STED EDV-Dienste Betriebsgesellschaft m.b.H.	5,669	6,628	4,948
RVS Raiffeisen Vertrieb und Service GmbH	15,659	17,448	14,284
Liegenschaftsverwaltung Radmer-Frohnleiten GmbH	10,840	11,194	10,242
Aggregate total	**32,168**	**35,270**	**29,474**
Change in fair value		3,102	-2,694

Fair value hierarchy of financial assets and liabilities not measured at fair value:
Pursuant to IFRS 13.97, the allocation to the individual levels of the fair value hierarchy is also shown for instruments measured at amortised cost. As per IFRS 13.C3, comparative information for the previous year is not required.

The fair values of certain financial instruments, accounted for at nominal values, correspond very closely to their carrying amounts. This applies, for instance, to cash and balances with central banks as well as receivables and liabilities due on demand and/or receivables and liabilities that have no defined maturity or fixed interest rate. These instruments are regularly transferred at their repayment amounts, e.g. the nominal amount repayable in the case of demand deposits. Pursuant to IFRS 7.29 (a), disclosure of fair values is not required for these instruments, as the carrying amount represents a reasonable approximation of the fair value.

The following table shows the fair values of financial assets and liabilities not measured at fair value, including their levels in the fair value hierarchy.

TEUR	2014			2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Loans and receivables at amortised cost	0	1,941,738	4,697,221	0	2,149,422	4,836,693
Financial liabilities						
Financial liabilities at amortised cost	1,229,801	1,562,483	1,661,041	1,103,544	1,308,527	1,749,993

RISK REPORT

Structure of the risk management system

Among the key factors in successful banking is a bank's ability to recognise the opportunities and risks that result from its business operations and to properly assess them. The overarching goal is to maintain a sustained positive profit position based on a differentiated risk measurement strategy that considers its capital resources through suitable control, management and monitoring procedures.

Professional risk management is one of the core tasks of the RLB Steiermark Group. The structure of its risk management system ensures that key risks faced by the Group are identified, measured and constantly monitored and that appropriate risk mitigation measures are planned and executed.

Overall responsibility for the entire area of risk control is borne by the Managing Board. The Managing Board and the Supervisory Board jointly define the Group's overall risk strategy and formulate operational parameters on the basis of the principles outlined therein. Risk Controlling reports both to the Managing Board and the Supervisory Board on a near real-time basis.

Extract from the organisational structure of the RLB Steiermark Group´s risk management system

Risk Controlling	Credit Risk Management	Legal, Compliance/AML and Risk Protection Schemes
Overall Bank Risk and Credit Risk Controlling	Individual Risk Management	Risk Protection Schemes - Support
Market Risk Controlling	Business Risk Analysis	Compliance / AML
	Back Office - Active	Regulatory Law and Reporting Requirements
	Collateral Management	Banking Law

The RLB Steiermark Group's risk management activities are based on clear responsibilities. Risk Controlling subsumes all of the organisational activities for identifying and dealing with the risks of business operations, with the exception of NPL management. All organisational units concerned with the identification, recording, assessment and analysis of risk are combined under the direct leadership of the Managing Board member responsible for risk. The management of non-performing loans is assigned to a Managing Board member responsible for a non-front office function. Risks are identified, measured and controlled by the Risk Controlling division in cooperation with the corresponding organisational units. In addition, Risk Controlling is responsible for developing and supplying the processes used for risk measurement and the necessary IT systems. Furthermore, is the responsibility of Risk Controlling to ensure a proactive risk control system that meets the requirements arising from the Group's business model.

The structure of the risk management system is designed to support the competent specialists and the independent functionality of their processes and systems. The current organisational structure ensures that employees entrusted with the management of risk are able to act independently within their area of responsibility.

The risk controlling structures have been designed to ensure that key risks faced at all levels within the Group (i.e. credit risk, investment risk, market price risk, liquidity risk, operational and other risks) can be identified, measured and controlled. Special committees support the Managing Board in the performance of its risk-related tasks, for which it bears ultimate responsibility.

The objective of risk management is risk limitation, i.e. the targeted allocation of risk capital with a view to achieving sustainable, profitable growth in all business segments and at the same time maintaining and enhancing the Group's equity position.

The focus of the risk portfolio is geared toward the following strategic framework:

- The assumption of risks should not endanger the substance of the Group entities, i.e. their risk-bearing capacity and the generation of positive results must be ensured.
- Risks are seen as opportunities to generate revenues.
- The assessment of risks and determination of risk-bearing capacity are undertaken using systems, methods and procedures approved by the Managing Board.
- The resultant risks are analysed adequately before new types of products/services are implemented. To this end, a standardised and clearly defined product introduction process has been instituted.

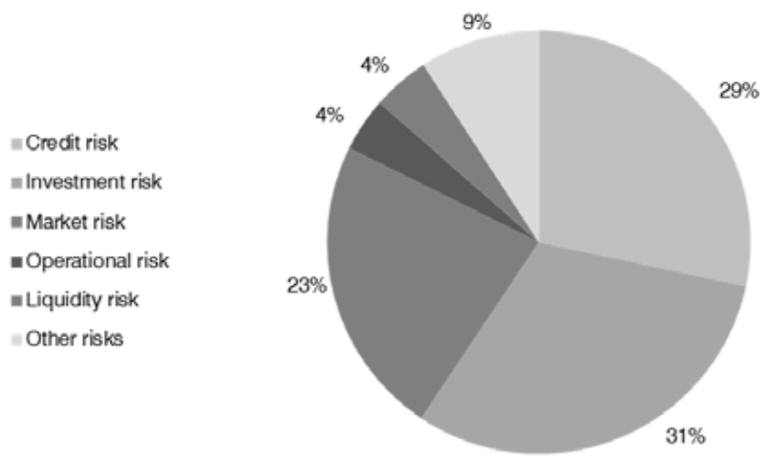
The categories required pursuant to IFRS 7.6 are defined as follows:

- Cash and balances with central banks
- Loans and receivables at amortised cost
- Trading assets
- Financial assets – designated at fair value through profit or loss
- Financial assets – available for sale
- Financial liabilities at amortised cost
- Trading liabilities
- Financial liabilities – designated at fair value through profit or loss

Aggregate bank risk

Credit risk, investment risk, market price risk, operational risk, liquidity risk and other risks have been identified as significant types of risk. Other risks include macroeconomic risk and a buffer for non-quantifiable risks. Individual risks are aggregated to form an aggregate bank risk position, which is comprised of the following components:

Share of individual risks in the aggregate risk position



The aggregate risk situation is assessed on the basis of the risk-bearing capacity analysis, which compares the aggregate risk position with the available risk cover fund. The risk-bearing capacity analysis provides information about how much additional risk can be tolerated and/or whether activities carrying a higher degree of risk should be reduced. The values for the risk-bearing capacity analysis are presented in two scenarios: first, on the basis of a 95% confidence interval from a going concern perspective and second, on the basis of a 99.9% confidence interval from a liquidation perspective. While the going concern approach aims at ensuring that the regulatory minimum capital requirements are fulfilled even in the event of total consumption of the covering assets, the extreme case scenario aims to ensure that in the event of a “notional liquidation” the creditors will be completely satisfied. Unless otherwise stated in the risk report, all data are based on the extreme case scenario.

In an effort to limit risks, an overall limit system has been established, which comprises the individual risk types and strategic business segments and has been approved by the Managing and Supervisory Boards. Risk Controlling analyses the risks identified and, by conducting regular target-actual comparisons, monitors compliance with the defined limits.

When identifying concentration risks, due consideration is given to the individual circumstances of the Group. A concentration of the risk of default arises, for example, from a high volume of business activities focusing on certain industries, currencies, geographical regions or on a limited number of individual customers.

The monthly risk-bearing capacity analysis is the central instrument that brings together and captures all risk-related aspects. Using this analysis, appropriate activities are implemented to control the aggregate bank risk. Individual types of risk are managed on a daily basis and, where required, even by intraday processes.

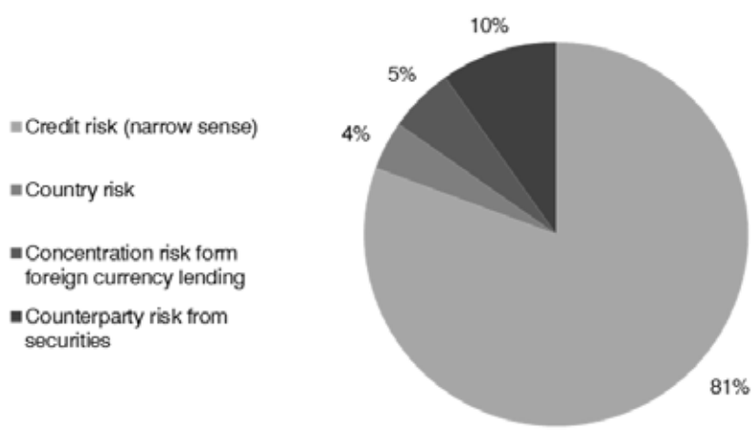
As a general principle, the RLB Steiermark Group only targets business segments in which it has gained appropriate experience in assessing the specific risks. Adopting new business segments or products is subject to an adequate analysis of the business-specific risks. That analysis is undertaken using a standardised product introduction process.

The framework for managing and controlling risks on a daily basis is provided by the operational parameters of the risk strategy that have been approved by the Supervisory and Managing Boards and which are defined in the risk manual. All risk-related information is summarised in a central database which is accessible to every employee. The information contained in that database must be duly taken into account by all staff members. Internal Auditing and Group Auditing check the effectiveness of the workflows, processes and controls in the context of the Group's Internal Control System (ICS).

Credit risk

In addition to the credit (default) risk in the narrow sense of the term, credit risk also includes the concentration risk from foreign currency lending, the counterparty risk from securities, and the country risk.

Share of individual risks in credit risk



Credit risk is the result of possible losses that arise due to the full or partial default of customers or counterparties or due to a decline in the credit rating of the respective counterparty. Impaired securities can also be a possible cause (residual risk from credit risk-reducing procedures).

Credit risk is monitored and analysed loan-by-loan for individual customers and on a portfolio basis. This analysis enables an assessment of the extent of the risk and development of the necessary measures (if any) for risk reduction. To control credit risks, a number of parameters, such as limits at portfolio level, borrower level and product level, have been defined.

Credit risk is measured at overall portfolio level using the indicators "expected loss" and "unexpected loss". The maximum loss that can be incurred within one year which, with a certain level of probability (95% or 99.9%), will not be exceeded, is calculated. Responsibility for this task falls to the organisational unit responsible for aggregate bank and default risk controlling. All risk-related reporting is also prepared by this unit.

The credit risk inherent in individual exposures is assessed by Credit Risk Management. The tasks of Credit Risk Management include preparing second opinions, checking and releasing rating classifications, assessing collateral, regular monitoring of credit exposures and updating of ratings, early identification of potential default events and contributing to the optimisation of the rating system.

Unsecured loan volumes (exposure less collateral securities) and open positions (exposure less collateral securities less impairment charges), as well as customer and counterparty credit ratings are important input parameters for controlling and measuring credit risk. In the context of a rating, these parameters are used to assign credit scores – a numerical value reflecting the credit risk posed by a person or transaction. The principles for assessing customers' creditworthiness are contained in the credit risk manual. The rating systems are validated and enhanced on an ongoing basis.

The RLB Steiermark Group currently uses the following rating classes for its internal rating processes:

Standard & Poor's	Moody's	Raiffeisen Rating Scale	Description
AAA	Aaa	0.5	No risk
AA+ to AA-	Aa1 to Aa3	1.0	Excellent credit standing
A+ to A-	A1, A2	1.5	Very good credit standing
BBB+ to BBB	A3, Baa1	2.0	Good credit standing
BBB-	Baa2, Baa3	2.5	Average credit standing
BB+, BB	Ba1, Ba2	3.0	Mediocre credit standing
BB-, B+	Ba3, B1	3.5	Weak credit standing
B, B-, CCC+ to CCC-	B2, B3, Caa1 to Caa3	4.0	Very weak credit standing
CC, C	Ca	4.5	At risk of default
D	C	5.0 5.1 5.2	Default

For purposes of assessing credit risk, both the economic situation (rating classification) and the collateral furnished are taken into account. This categorisation makes it possible to determine and limit risk concentrations.

Maximum exposure to credit risk pursuant to IFRS 7.36a

The maximum exposure to credit risk pursuant to IFRS 7.36a corresponds to the carrying amount of the financial instruments that entail risk. In the case of financial guarantees and credit commitments, it corresponds to the nominal amount of the guarantee or the amount of the as yet unused credit commitment.

TEUR	2014	2013
Cash and balances with central banks	22,578	57,198
Loans and receivables at amortised cost (less impairment allowances)	8,076,337	8,208,704
Trading assets	1,809,279	1,867,047
Financial assets – designated at fair value through profit or loss	1,403,014	1,363,327
Financial assets – available for sale	1,637,019	1,660,736
Balance	**12,948,227**	**13,157,012**
Contingent liabilities	267,612	246,543
Commitments	888,021	1,097,887
Balance	**1,155,633**	**1,344,430**
Total	**14,103,860**	**14,501,442**

In the case of doubtful debts (i.e. if the debt interest and principal payments appear to be fully or partly at risk), an impairment allowance equivalent to the amount of loss incurred must be created. Risk is identified through early warning systems. Once it has been established that an impairment allowance is required, the reasons for the impairment are recorded and the debtor's income and asset situation is set out, along with conclusive evidence of how the impairment amount was calculated.

Non-performing loans and advances are primarily those with a credit rating of 4.5, 5.0, 5.1 and 5.2.

Distribution of lending and counterparty volumes by rating categories (gross carrying value):

2014 financial year

TEUR	Rating – Moody's (Aaa to B1)*	Rating – Moody's (B2 to C)*	Unrated	Balance
Loans and receivables at amortised cost	**7,536,612**	**831,395**	**103,304**	**8,471,311**
Loans and advances to customers	4,773,036	831,395	81,780	5,686,211
Loans and advances to other banks	2,763,576	0	21,524	2,785,100
Trading assets[1)]	**1,803,529**	**5,712**	**38**	**1,809,279**
Financial assets – designated at fair value through profit or loss	**1,403,014**	**0**	**0**	**1,403,014**
Financial assets – available for sale	**1,637,019**	**0**	**0**	**1,637,019**
Off-balance sheet transactions[2)]	**1,086,705**	**92,054**	**939**	**1,179,697**
Total	**13,466,879**	**929,161**	**104,281**	**14,500,321**

* Raiffeisen ratings, matched to Moody's.
[1)] In 2013, trading assets were presented without including derivatives.
[2)] In 2013, off-balance sheet transactions were presented without applying a credit conversion factor (CCF).

2013 financial year

TEUR	Rating – Moody's (Aaa to B1)*	Rating – Moody's (B2 to C)*	Unrated	Balance
Loans and receivables at amortised cost	**7,717,476**	**896,187**	**5,723**	**8,619,386**
Loans and advances to customers	5,038,995	894,558	5,723	5,939,276
Loans and advances to other banks	2,678,481	1,629	0	2,680,110
Trading assets (not including derivatives)	**1,317,787**	**0**	**0**	**1,317,787**
Financial assets – designated at fair value through profit or loss	**1,165,314**	**0**	**0**	**1,165,314**
Financial assets – available for sale	**1,538,159**	**0**	**0**	**1,538,159**
Off-balance sheet transactions[1)]	**461,394**	**50,484**	**537**	**512,415**
Total	**12,200,130**	**946,671**	**6,260**	**13,153,060**

* Raiffeisen ratings, matched to Moody's.
[1)] The off-balance sheet transactions are presented applying a credit conversion factor (CCF) and thus do not correspond to the reported carrying value.

Distribution of lending and counterparty volumes (excluding securities) by selected countries:

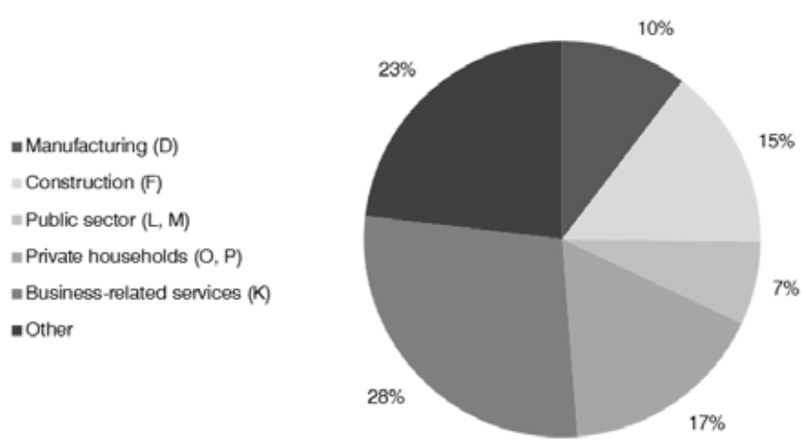
2014 financial year

TEUR	Loans and advances to other banks	Loans and advances to customers
Bosnia-Herzegovina	0	704
France	400	0
Greece	0	0
Italy	0	1,135
Croatia	21,528	117,220
Republic of Ireland	0	173
Romania	0	18,003
Russia	0	19,514
Slovenia	0	24,973
Spain	0	669
Ukraine	0	0
Hungary	0	8,597
Cyprus	0	0

2013 financial year

TEUR	Loans and advances to other banks	Loans and advances to customers
Bosnia-Herzegovina	1,629	604
France	0	0
Greece	0	0
Italy	25	1,307
Croatia	56	126,615
Republic of Ireland	0	21
Romania	0	29,643
Russia	0	19,522
Slovenia	0	36,142
Spain	0	243
Hungary	0	12,274
Cyprus	0	130

Sector distribution of customer lending business by exposure (top 5)



A system of credit limits is in place to limit cluster risk. Any concentrations in specific economic sectors are constantly monitored and analysed. Where necessary, measures are implemented to counteract them.

Distribution of collateral values by rating categories

2014 financial year

TEUR	Rating – Moody's (Aaa to B1)*	Rating – Moody's (B2 to C)*	Unrated	Balance
Loans and receivables at amortised cost	**3,952,972**	**471,803**	**34**	**4,424,809**
Loans and advances to customers	3,293,546	471,803	34	3,765,383
Loans and advances to other banks	659,426	0	0	659,426
Trading assets	**33,812**	**13**	**0**	**33,825**
Total	**3,986,784**	**471,816**	**34**	**4,458,634**

*) Raiffeisen ratings, matched to Moody's.

2013 financial year

TEUR	Rating – Moody's (Aaa to B1)*	Rating – Moody's (B2 to C)*	Unrated	Balance
Loans and receivables at amortised cost	**3,309,412**	**369,380**	**124**	**3,678,916**
Loans and advances to customers	2,811,211	369,380	124	3,180,715
Loans and advances to other banks	498,201	0	0	498,201
Trading assets	**50,000**	**0**	**0**	**50,000**
Total	**3,359,412**	**369,380**	**124**	**3,728,916**

*) Raiffeisen ratings, matched to Moody's.

Collateral is rated and managed according to the existing statutory specifications and internal regulations. A standard policy framework is in place that addresses the rating and management of collateral provided by customers and other credit enhancements. This framework applies for the entire credit sector. The collateral manual lists every type of collateral accepted by the RLB Steiermark Group. Conservative discount factors are defined for each type of collateral. Collateral is divided into the following three categories:

- collateral for immovable assets (land register)
- collateral for moveable assets/rights
- indemnity agreements/guarantees/warranties in written form.

In addition to guarantees within the context of public funding bodies, private guarantors (whose creditworthiness is checked with due diligence and care) are also used to minimise credit risk.

Economic risks are mitigated by the collection of data regarding banking collateral and its evaluation. Subject to the credit rating of the counterparty and the amount of the exposure, minimum requirements must be met for the acceptance of collateral. The collateral valuation proposal is drawn up and documented by the account manager and checked by the credit risk manager. Periodic valuation guidelines have been set according to the type of collateral. Ultimate responsibility for the valuation of collateral rests with the credit risk manager.

Entities are required to disclose the following for each class of financial asset (IFRS 7.37):

- an analysis of the age of the financial assets that are past due but not impaired as at the end of the reporting period, and
- an analysis of financial assets that are individually determined to be impaired as at the end of the reporting period, including the factors the entity considered in determining the impairment.

Distribution of lending and counterparty volumes by days overdue (gross carrying value):

2014 financial year TEUR	Balance	Un-impaired*	Impaired	1 – 30 days past due, no specific impairment charge	31 – 60 days past due, no specific impairment charge	61 – 90 days past due, no specific impairment charge	Default – no specific impairment charge**
Loans and receivables at amortised cost	**8,471,311**	**7,432,791**	**596,453**	**360,174**	**25,876**	**1,314**	**54,703**
Loans and advances to customers	5,686,211	4,647,691	596,453	360,174	25,876	1,314	54,703
Loans and advances to other banks	2,785,100	2,785,100	0	0	0	0	0
Trading assets	**1,809,279**	**1,805,739**	**0**	**0**	**0**	**0**	**3,540**
Financial assets – designated at fair value through profit or loss	**1,403,014**	**1,403,014**	**0**	**0**	**0**	**0**	**0**
Financial assets – available for sale	**1,637,019**	**1,637,019**	**0**	**0**	**0**	**0**	**0**
Off-balance sheet transactions[1)]	**1,179,697**	**1,120,246**	**34,213**	**0**	**0**	**0**	**25,238**
Total	**14,500,321**	**13,398,809**	**630,666**	**360,174**	**25,876**	**1,314**	**83,481**

* Not subject to specific impairment charges or past due.
** Amount of receivable without deduction of collateral.
[1)] In 2013, off-balance sheet transactions were presented without applying a credit conversion factor (CCF).

Distribution of impaired and unimpaired lending and counterparty volumes:

2014 financial year

TEUR	Gross carrying amount	Gross carrying amount – unimpaired	Gross carrying amount – unimpaired	Specific impairment charges	Portfolio-based impairment charges	Carrying amount
Loans and receivables at amortised cost	**8,471,311**	**7,874,858**	**596,453**	**372,149**	**22,825**	**8,076,337**
Loans and advances to customers	5,686,211	5,089,758	596,453	371,923	22,825	5,291,463
Loans and advances to other banks	2,785,100	2,785,100	0	226	0	2,784,874
Financial assets available for sale (excluding investments)	**1,637,019**	**1,637,019**	**0**	**0**	**0**	**1,637,019**

2014 financial year

TEUR	Total	Not impaired	Impaired	Provisions
Off-balance sheet transactions[1)]	**1,179,697**	**1,145,484**	**34,213**	**24,064**

[1)] In 2013, off-balance sheet transactions were presented without applying a credit conversion factor (CCF).

For the most part, the exposure assigned to the category “Default – no specific impairment charge” is covered by collateral (see the table “Distribution of collateral by days past due” below).

Distribution of lending and counterparty volumes by days overdue (gross carrying value):

2013 financial year

TEUR	Balance	Un-impaired*	Impaired	1 – 30 days past due, no specific impairment charge	31 – 60 days past due, no specific impairment charge	61 – 90 days past due, no specific impairment charge	Default – no specific impairment charge**
Loans and receivables at amortised cost	**8,619,386**	**7,571,586**	**624,234**	**353,868**	**11,754**	**13,396**	**44,547**
Loans and advances to customers	5,939,276	4,891,476	624,234	353,868	11,754	13,396	44,547
Loans and advances to other banks	2,680,110	2,680,110	0	0	0	0	0
Trading assets	**1,317,787**	**1,317,787**	**0**	**0**	**0**	**0**	**0**
Financial assets – designated at fair value through profit or loss	**1,165,314**	**1,165,314**	**0**	**0**	**0**	**0**	**0**
Financial assets – available for sale	**1,538,159**	**1,538,159**	**0**	**0**	**0**	**0**	**0**
Off-balance sheet transactions[1)]	**512,415**	**456,516**	**39,348**	**10,552**	**98**	**36**	**5,866**
Total	**13,153,061**	**12,049,362**	**663,582**	**364,421**	**11,851**	**13,432**	**50,413**

* Not subject to specific impairment charges or past due.
** Amount of receivable without deduction of collateral.
[1)] The off-balance sheet transactions are presented applying a credit conversion factor (CCF) and thus do not correspond to the reported carrying value.

Distribution of impaired and unimpaired lending and counterparty volumes:

2013 financial year

TEUR	Gross carrying amount	Gross carrying amount – unimpaired	Gross carrying amount – unimpaired	Specific impairment charges	Portfolio-based impairment charges	Carrying amount
Loans and receivables at amortised cost	**8,619,386**	**7,995,152**	**624,234**	**384,152**	**26,531**	**8,208.703**
Loans and advances to customers	5,939,276	5,315,042	624,234	384,152	26,322	5,528,802
Loans and advances to other banks	2,680,110	2,680,110	0	0	208	2,679,902

2013 financial year

TEUR	Total	Not impaired	Impaired	Provisions
Off-balance sheet transactions[1)]	**512,415**	**473,067**	**39,348**	**23,163**

[1)] The off-balance sheet transactions are presented applying a credit conversion factor (CCF) and thus do not correspond to the reported carrying value.

Distribution of collateral by days overdue:

2014 financial year

TEUR	Balance	Unimpaired	Subject to specific impairment charge	1 – 30 days past due, no specific impairment charge	31 – 60 days past due, no specific impairment charge	61 – 90 days past due, no specific impairment charge	Default – no specific impairment charge
Loans and receivables at amortised cost	**4,424,809**	**3,927,142**	**209,031**	**220,070**	**10,590**	**579**	**57,398**
Loans and advances to customers	3,765,383	3,267,716	209,031	220,070	10,590	579	57,398
Loans and advances to other banks	659,426	659,426	0	0	0	0	0
Trading assets	**33,825**	**33,825**	**0**	**0**	**0**	**0**	**0**
Total	**4,458,634**	**3,960,967**	**209,031**	**220,070**	**10,590**	**579**	**57,398**

2013 financial year

TEUR	Balance	Unimpaired	Subject to specific impairment charge	1 – 30 days past due, no specific impairment charge	31 – 60 days past due, no specific impairment charge	61 – 90 days past due, no specific impairment charge	Default – no specific impairment charge
Loans and receivables at amortised cost	**3,678,916**	**3,261,151**	**170,707**	**198,517**	**6,970**	**4,004**	**37,567**
Loans and advances to customers	3,180,715	2,762,950	170,707	198,517	6,970	4,004	37,567
Loans and advances to other banks	498,201	498,201	0	0	0	0	0
Trading assets	**50,000**	**50,000**	**0**	**0**	**0**	**0**	**0**
Total	**3,728,916**	**3,311,151**	**170,707**	**198,517**	**6,970**	**4,004**	**37,567**

Forbearance

Forbearance refers to circumstances in which the lender grants concessions to the borrower, for economic or legal reasons related to the borrower's financial difficulty, which the lender would not otherwise consider. IAS 39.59 (c) considers these circumstances to constitute objective evidence of impairment in a financial asset.

In the case of debts of this kind, an adjustment may be made to the debtor's obligation(s) within the framework of the existing credit agreement to prevent a default (e.g. exemption from interest, extension agreements for principal and/or interest payments, deferral of repayment).

In this respect, the internal procedures of the RLB Steiermark Group stipulate that in the event of "restructuring on the basis of credit standing" and/or in the case of concessions meeting the above criteria, appropriate monitoring and flagging mechanisms and/or impairment testing requirements must be put in place.

During the financial year under review, the carrying amounts of assets subject to forbearance developed as follows:

2014 financial year

TEUR	At 1 January	Additions	Increases	Disposals	At 31 December
Loans and receivables at amortised cost	459,495	5,490	1,973	-116,191	350,767

2013 financial year

TEUR	At 1 January	Additions	Increases	Disposals	At 31 December
Loans and receivables at amortised cost	468,820	76,588	4,748	-90,661	459,495

The column "Additions" shows deferred assets that were not previously subject to forbearance. Forbearance measures already in existence at the prior-year's reporting date are presented in the column "Increases". The column "Disposals" shows the net decrease in loans and receivables due to restructuring and due to repayments and write-offs.

The following table presents the carrying amounts (before risk provisioning) of the assets for which concessions have been made due to financial hardship on the part of the borrower, broken down by type of agreement and indicating the amount of the specific and portfolio-based provisions for impairment losses.

2014 financial year Loans and receivables at amortised cost (TEUR)	Corporate	Retail	Total
Change of instalment amount (principal or general)	151,429	1,561	152,990
Restructuring provisions	162,145	35,632	197,777
Total loans and receivables at amortised cost	**313,574**	**37,193**	**350,767**
Specific provisions for impairment losses	**-136,221**	**-23,235**	**-159,456**
Portfolio-based provisions for impairment losses	**-1,357**	**-79**	**-1,436**

2013 financial year **Loans and receivables at amortised cost (TEUR)**	Corporate	Retail	Total
Change of instalment amount (principal or general)	166,482	507	166,989
Restructuring provisions	254,138	38,368	292,506
Total loans and receivables at amortised cost	**420,620**	**38,875**	**459,495**
Specific provisions for impairment losses	**-194,966**	**-25,451**	**-220,417**
Portfolio-based provisions for impairment losses	**-2,366**	**-72**	**-2,438**

2014 financial year

TEUR	Balance	Unimpaired	Impaired	Past due	Default – no specific impairment charge**
Loans and receivables at amortised cost	350,767	47,92	283,319	10,583	9,773

** Amount of receivable without deduction of collateral.

2013 financial year

TEUR	Balance	Unimpaired	Impaired	Past due	Default – no specific impairment charge**
Loans and receivables at amortised cost	459,495	54,125	377,244	11,849	16,277

** Amount of receivable without deduction of collateral.

Non-performing loans

The non-performing loans ratio (NPL ratio) for loans and advances to customers amounted to 8.7% in 2014 (2013: 8.6%). All loans and advances with a credit rating of 5.0 to 5.2 are defined as non-performing loans. Once a customer is more than 90 days late in making a payment or when a customer-related default criterion applies, the customer is classified as being in default and is assigned to default categories 5.0 to 5.2.

Specific impairments by customer segments

The share of the corporate customer segment in the specific impairment charges is 79.4%, while retail customers account for a share of 20.6%.

Country risk

Country risk represents the risk of losses in value due to transfer/conversion restrictions and/or prohibitions or other sovereign measures implemented by the country of the borrower (transfer risk). The RLB Steiermark Group has a country limit system in place to control this risk. To this end, a strategy for country risks is established annually and compared with actual developments throughout the year. The limit is based on the credit rating of the individual countries and on the Group's equity funds, taking into account changes occurring in the course of the year: the poorer a country's credit rating, the lower the limit. Appropriate measures to reduce risk are then promptly defined and implemented. A special early warning system has been developed for countries without a current external credit rating. The country risk accounts for 4% of the total credit risk. Due to its scale, it is only of minor importance.

Concentration risk – foreign currency loans

Country risk subsumes possible additional default risks that arise through increased exposure due to currency fluctuations are recorded under concentration risk. Through the appreciation of a currency's value in relation to the euro, the credit exposure (converted into euros) of a foreign currency loan increases, as does – assuming the customer's probability of default remains the same – the bank's potential for loss.

In the case of foreign currency loans, concentration risk as a proportion of the overall credit risk is 5%. When calculating the risk inherent in foreign currency loans, a foreign currency premium is added to account for the additional risk assumed. Based on the FMA's recommendation issued in the wake of the 2008 financial crisis, foreign currency loans are no longer extended to consumers. Furthermore, a downsizing plan is in place to reduce the foreign currency loan volume, which will ultimately also reduce borrower risks resulting from exchange rate volatilities, variable interest rates and fluctuations in the performance of repayment vehicles for loans repayable at term.

Counterparty risk – securities

Counterparty risk describes the risk of a declining credit rating or default on the part of the counterparty in the case of securities. This type of risk accounts for 10% of the total credit risk.

Derivative financial instruments

The derivatives utilised within the RLB Steiermark Group are employed in part to manage market price risks (especially interest rate change and currency risks) resulting from trading activities. Beyond this, they are also used to hedge positions in the context of the asset/liability management process, and to manage credit risks arising in the context of credit derivatives.

Detailed information (nominal volumes and fair values) on derivative financial instruments can be found in note 30.

Investment risk

The investment risk is comprised of the risk of potential losses in connection with participating interests which may materialise in the event of disposals and lost dividends, and in the case of impairments due to declining credit ratings. Possible risks related to investments are identified by the Investment Management department, which reports to the Risk Controlling division. Investment risk is assessed on the basis of credit rating analyses and target-actual comparisons. Investments are rated on a ten-part scale. Most of the investment risk results from sector investments. For a sensitivity analysis of investments, we refer to the information contained in the section “Notes to financial instruments”.

Market price risk

Market price risk describes the risk that losses will be incurred due to changes in prices on financial markets for the bank’s positions in the trading and banking book. Market price risks may arise in the form of interest rate change risk, currency risk, option risk, exchange risk, spread risk, equity risk, gold risk, commodity risk and real estate risk. The risks are calculated using value at risk (VaR) methods and supplementary statistical methods. They are monitored regularly and are reported in the risk management committees in accordance with ICAAP requirements.

The VaR figures represent forecast maximum losses on the basis of historic simulations. The VaR values are calculated on the basis of a 99.9% confidence level and a holding period for banking book positions of 180 days (2013: 60 days) and 90 days for trading book positions (2013: 30 days). The effects of potentially arising extreme situations are taken into account by means of stress tests.

A strict separation of duties between the front, back and risk control offices ensures a comprehensive, transparent and objective depiction of risks to the Managing Board and regulatory authorities.

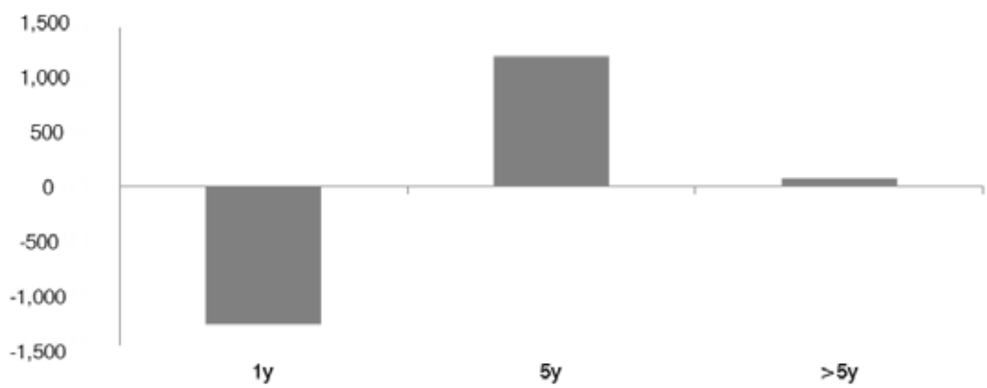
Portfolio – extreme case scenario	VaR 2014	VaR 2013
Interest rate change risk, banking book	68.8 million	66.4 million
Banking book (interest rate risk, price risk, credit spread risk, equity risk) – securities only	137.2 million	101.3 million
Trading book (interest rate risk, price risk, credit spread risk, equity risk)	5.8 million	2.3 million

	Risk 2014	Risk 2013
Option risk, currency risk	0.6 million	0.8 million

All trading book portfolio positions are measured and reported daily at market prices. The same principle applies in respect of limit monitoring.

The interest rate change risk, as the central component of market price risk, is determined in compliance with the regulatory requirements related to interest rate risk statistics by simulating a parallel shift in the interest rate curve by 200 basis points. Further models and simulations, in which stress tests play a key role, are being used to manage interest rate risk. As part of the ongoing management of interest rate positions, interest rate sensitivities (using basis point values with an interest rate curve shift either up or down by 1 bp) are taken into account in the capital market and treasury segment. Furthermore, book risks (gamma, vega, smile) and basic risks are measured, controlled and, to some extent, limited (option risk).

Fixed interest rate gap structure at 31.12.2014 (EUR million)



Operational risks

Operational risk reflects the risk of direct or indirect losses resulting from inadequate or failed internal processes, individuals and systems, or from external events. It also includes legal risk.

The basis indicator approach is used to measure operational risk. A risk-adequate internal control system and scheduled and unscheduled inspections by Internal Auditing/Group Auditing in the individual Group companies ensures a high degree of safety. Operational losses are systematically recorded and analysed in a loss event database. The Managing Board is kept informed of any loss events. To identify operational risks and develop an awareness of potential risk sources, self-assessments are conducted.

Liquidity risk

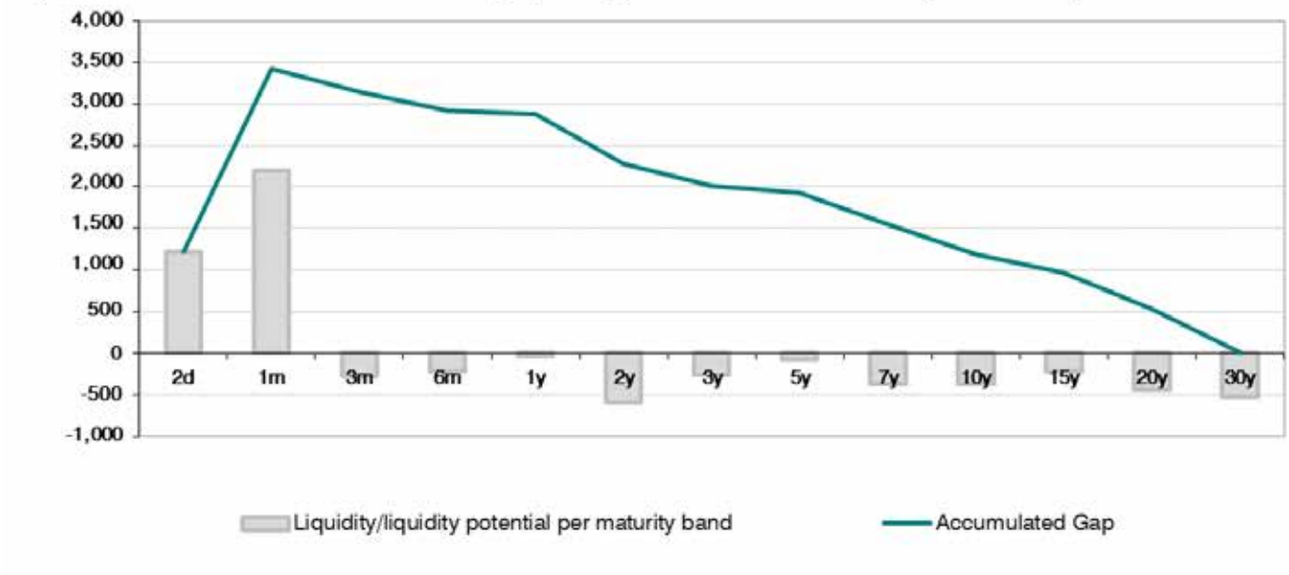
Liquidity risk describes the risk that the bank will be unable to adequately fulfil its current and future payment liabilities in a timely manner, or that it will be unable to procure an adequate level of liquidity at the expected terms in the event of a liquidity shortage. Liquidity management is the responsibility of the Treasury division and is reported to the Managing Board.

Liquidity risk is measured both on a going concern and a worst case basis. When measuring liquidity from the going concern perspective, the risk associated with terms and conditions, the reinvestment risk and the refinancing risk are considered in the risk-bearing capacity calculation. For the liquidity risk in worst-case scenarios, a VaR figure is calculated in the front office system based on historic simulations. Structural liquidity is controlled and monitored via capital commitment reports. Undetermined capital commitments are taken into account using theoretical maturity scenarios in accordance with the reference rate protocol. In addition, scenario analyses are conducted at regular intervals.

For the purpose of securing liquidity, securities eligible for ECB and SNB tenders and tenderable loans are provided as collateral. In 2014, proactive steps were taken to generate additional cover-pool eligible securities in order to launch additional issues that are eligible as covering assets. The corresponding risk-accompanying measures and systems were successfully optimised and extended. The applicable statutory regulations were complied with.

The corresponding regulatory provisions were adhered to continuously during the reporting period.

Capital commitment structure including liquidity potential at 31.12.2014 (EUR million)



Other risks

Other risks include macroeconomic risk and the risk buffer.

Macroeconomic risk

Macroeconomic risk results from an overall decline in economic conditions within the context of the classical economic cycle and any resultant increases in relevant risk parameters. To ensure that the bank will have sufficient covering assets even after such periods of decline without having to instigate massive interventions and measures, macroeconomic risk factors are taken into account. The quantification assumes a downturn in GDP with a resultant deterioration of default rates. Based on these default rates, the credit risk is recalculated and the difference to the original credit risk constitutes the macroeconomic risk.

Risk buffer

A risk buffer is factored in for other, non-quantifiable risks.

OTHER DISCLOSURES

33. Related party transactions

An overview of loans and advances, liabilities and contingent liabilities to parent companies, companies carried at equity and related parties is provided below.

Related party disclosures as at 31.12.2014:

TEUR	Parent companies	Companies carried at equity	Related entities	Related persons
Loans and receivables at amortised cost (after impairment charge)	0	2,165,549	156,419	1,756
Trading assets	0	36,831	718	0
Financial assets designated at fair value	0	13,544	0	0
Financial assets available for sale	0	116,744	62,944	0
Other assets	0	4,290	1,427	0
Financial liabilities at amortised cost	4,427	45,938	42,724	664
Trading liabilities	0	11,268	0	0
Provisions	0	0	2,768	0
Other liabilities	0	51	1,419	0

For loans and advances to related parties, specific impairment allowances totalling TEUR 43,145 (2013: TEUR 29,298) were made. Furthermore, provisions for off-balance sheet transactions with related parties were recognised in an amount of TEUR 2,768 (2013: TEUR 164).

Loans and advances to companies carried at equity essentially relate to RZB.

Related party disclosures as at 31.12.2013:

TEUR	Parent companies	Companies carried at equity	Related entities	Related persons
Loans and receivables at amortised cost (after impairment charge)	0	2,019,870	106,376	1,694
Trading assets	0	284,952	474	0
Financial assets designated at fair value	0	13,938	0	0
Financial assets available for sale	0	125,715	73,501	0
Other assets	0	3,910	1,678	0
Financial liabilities at amortised cost	8,731	294,123	20,046	577
Trading liabilities	0	5,386	6	0
Provisions	0	0	164	0
Other liabilities	0	29	1,200	0

By definition, the parent companies are the non-operational financial holding companies RLB-Stmk Verbund and RLB-Stmk Holding. As at 31.12.2014, RLB-Stmk Verbund, which is a 100% subsidiary of the Styrian Raiffeisen banks, is the largest shareholder in RLB-Stmk Holding, with an investment of 95.13% (2013: 95.13%). RLB-Stmk Holding in turn holds an investment of 86.50% in RLB Steiermark.

In accordance with IAS 24.12, the definition “related party” also includes the subsidiaries of an associate. The business relations with these companies are presented jointly with the companies carried at equity.

Related parties are deemed to be subsidiaries and equity investments that are not included in the consolidated financial statements due to their secondary importance.

Natural persons who according to IAS 24 are considered to be related, are first and foremost the members of the Managing Board and the Supervisory Board of Raiffeisen-Landesbank Steiermark AG, the members of the Managing Board of Landes-Hypothekenbank Steiermark Aktiengesellschaft, and the close family members of all these individuals.

The business relations with the named entities and persons are conducted in the context of usual banking business. Above all, such business pertains to investments and refinancing. Banking transactions with related parties in the normal course of business activities are entered into on arm’s length terms and conditions. The receivables and liabilities with respect to these parties pertain to loans, sight and time deposits.

Managing Board and Supervisory Board remunerations

The active members of the Managing Board and the Supervisory Board of RLB Steiermark, and the Managing Board of Landes-Hypothekenbank Steiermark Aktiengesellschaft, are deemed to be members of the key management personnel in accordance with IAS 24.9.

Remuneration for the active members of the Managing Board breaks down as follows:

TEUR	2014	2013
Short-term benefits	1,557	1,920
Post-employment benefits	206	-469
Other long-term benefits	46	26
Aggregate total	**1,809**	**1,477**

In 2014, emoluments amounting to TEUR 213 (2013: TEUR 204) were paid to the members of the Supervisory Board.

The salaries of the former members of the Managing Board amounted to TEUR 104 in the year under review (2013: TEUR 1,172), of which TEUR 0 (2013: TEUR 247) are accounted for by termination benefits. Compensation payments from defined benefit plans totalled TEUR 299 (2013: TEUR 0).

During the year under review, the members of the Managing Board received supervisory board remuneration payments from fully consolidated subsidiaries amounting to TEUR 25 (2013: TEUR 21).

34. Foreign currency volumes

The consolidated financial statements comprise the following volumes of assets and liabilities denominated in foreign currencies:

TEUR	2014	2013
Assets	1,214,604	1,331,349
Liabilities	619,574	697,928

35. Foreign assets/liabilities

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

TEUR	2014	2013
Assets	3,177,790	2,722,601
Liabilities	3,547,506	2,974,759

36. Subordinated assets

TEUR	2014	2013
Loans and receivables at amortised cost	6,421	64,873
Financial assets – designated at fair value through profit or loss	2,281	2,353
Financial assets – available for sale	85	2,143

37. Subordinated liabilities and supplementary capital

The following subordinated bonds were issued:

Description/characteristics	Currency	Amount in TEUR	Interest rate	Maturing on	Year of issue
Subordinated bond "Raiffeisen Stufenzins-Anlage 2013-2024/1" of Raiffeisen Landesbank Steiermark AG (ISIN AT000B091921) – tap issue	EUR	3,545	4.80	27.05.2024	2013
Subordinated bond "Raiffeisen Stufenzins-Anleihe 2014-2024/1" (ISIN AT000B092101) – tap issue	EUR	8,491	3.75	14.02.2024	2014
Supplementary capital bond "Ergänzungskapital Fixzins-Anleihe 2014-2029/2" (ISIN AT000B092200) – single issue	EUR	5,000	4.60	18.06.2029	2014

The subordinated loans in the amount of TEUR 17,036 (2013: TEUR 3,545) constitute subordinated liabilities as defined in § 51 (9) BWG and § 45 (4) BWG and therefore, pursuant to Article 63 of Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR), must be included in instruments of supplementary capital as from 1.1.2014. The CRR is part of the new European capital regime for banks.

Redemption prior to call date: Raiffeisenlandesbank Steiermark AG is entitled to call the subordinated bonds at 100% of the nominal value with the approval of the Austrian Financial Market Authority (FMA) after a period of five years from the date of first issue, and also before the end of this 5-year term for regulatory (e.g. legislative changes) or fiscal reasons.

The interest expenses for subordinated liabilities came to TEUR 509 in the year under review (2013: TEUR 4,048).

38. Contingent liabilities and other off-balance sheet liabilities and commitments

Contingent liabilities:

TEUR	2014	2013
Contingent liabilities from guarantees and other indemnity commitments provided to non-banks	272,555	248,833
Contingent liabilities from guarantees and other indemnity commitments provided to banks	7,264	13,380
Contingent liabilities from the supplement required from members of cooperatives in respect of amounts guaranteed	743	743
Total contingent liabilities	**280,562**	**262,956**
Provision for off-balance sheet transactions	12,950	16,413
Total	**267,612**	**246,543**

Commitments:

TEUR	2014	2013
Unused credit lines – up to 1 year	570,447	633,177
Unused credit lines – more than 1 year	328,688	464,710
Total commitments	**899,135**	**1,097,887**
Provision for off-balance sheet transactions	11,114	8,167
Total	**888,021**	**1,089,720**

Raiffeisen-Landesbank Steiermark AG is a member of the Raiffeisen-Geldorganisation Steiermark customer deposit guarantee association. The members of the association assume a contractual guarantee obligation to the effect that according to the statutes of the association, they jointly and severally guarantee the timely fulfilment of an insolvent association member's obligations arising from customer deposits and financial instruments issued by that member. The capacity of any one member of the association will depend on its freely available reserves subject to the pertinent provisions of BWG.

As it is impossible to determine the amount of the potential liability of Raiffeisen-Landesbank Steiermark AG arising from the guarantee association, the guarantee obligation was accounted for by recognition of a nominal amount of one euro in the balance sheet. To the same extent, all customer deposits of Raiffeisen-Landesbank Steiermark AG and all financial instruments issued by it are protected by this guarantee association. This protection exceeds the statutory guarantee under § 93 BWG.

The customer deposit guarantee association of Raiffeisen-Geldorganisation Steiermark is, for its part, a member of the Raiffeisen customer deposit guarantee association in Austria (Raiffeisen-Kundengarantiegemeinschaft Österreich). Members of the association are Raiffeisen Zentralbank Österreich AG, Raiffeisen Bank International AG and other regional Raiffeisen customer deposit guarantee associations. The purpose of the association is the same as that of the Raiffeisen-Geldorganisation Steiermark customer deposit guarantee association with respect to Raiffeisen Zentralbank Österreich AG, Raiffeisen Bank International AG and the members that have joined the regional Raiffeisen customer deposit guarantee associations.

In addition to the contingent liabilities reported off the balance sheet, there is also an obligation with respect to the mandatory membership in "HYPO-Haftungsgesellschaft mbH" in relation to guaranteeing the safety of deposits under § 93 BWG. In the event this deposit guarantee is utilised, the contribution for individual member institutions as stipulated by § 93a (1) BWG amounts to a maximum of 1.5% of the

assessment base pursuant to Art. 92 (3) letter a of Regulation (EU) No. 575/2013 at the preceding reporting date. Accordingly, the proportionate contribution of RLB Steiermark is TEUR 23,220 for the year under review (2013: TEUR 23,501).

Pursuant to § 1 (5) of the Austrian Mortgage Bond Depositary Act (PfBrStG), Landes-Hypothekenbank Steiermark AG is a member institution of the collective issuing body (the "Pfandbriefstelle") of Austria's state mortgage banks (Landes-Hypothekenbanken). § 2 (1) PfBrStG stipulates that the member institutions are jointly liable for the obligations of the Pfandbriefstelle. Furthermore, pursuant to § 2 (2) PfBrStG, the guarantors of the member institutions are jointly liable for all obligations of the Pfandbriefstelle incurred up until 2 April 2003. For all obligations incurred in the period after 2 April 2003 until 1 April 2007, the guarantors are only jointly liable if the agreed terms do not extend beyond 30 September 2017. The guarantors bear no liability for obligations incurred after 1 April 2007.

39. Assets pledged as collateral

The following liabilities were collateralised by assets recognised on the balance sheet:

TEUR	2014	2013
Financial liabilities at amortised cost	807,346	710,896
Financial liabilities – designated at fair value through profit or loss	362,117	829,274
Total	**1,169,463**	**1,540,170**

The following assets recognised on the balance sheet were pledged as collateral:

TEUR	2014	2013
Cover pool for open market operations	459,388	612,466
Cover pool for fiduciary funds	16,109	16,295
Other cover pool assets	1,086,378	1,409,477
Total	**1,561,875**	**2,038,238**

During the reporting year, securities amounting to TEUR 35,761 (2013: TEUR 39,471) were assigned for use by third parties (securities lending). The contractual terms that are associated with the use of these securities are standard banking terms.

Breakdown of non-Group assets pledged as collateral:

TEUR	2014	2013
Cover pool for ECB tenders	321,365	447,179
Cover pool for covered bonds	1,753,669	1,626,705
Total	**2,075,034**	**2,073,884**

For ECB tender transactions, non-Group securities amounting to TEUR 166,071 (2013: TEUR 188,023) and credit claims totalling TEUR 155,294 (2013: TEUR 259,155) were deposited.

The non-Group securities for covered bonds relate solely to credit claims.

40. Repurchase transactions

In the context of genuine repurchase agreements, the following repurchase and redelivery commitments existed at 31 December:

TEUR	2014	2013
Genuine repurchase agreements as seller		
Trading liabilities:		
Deposits from banks	150,003	0
Liabilities to customers	0	48,874
Total	**150,003**	**48,874**

TEUR	2014	2013
Genuine repurchase agreements as buyer (reverse repurchase agreement)		
Trading assets		
Loans and advances to other banks	0	100,000
Total	**0**	**100,000**

The assets provided and/or accepted as collateral under genuine repurchase agreements break down as follows:

TEUR	2014	2013
Securities transferred under repurchase agreements		
Financial assets – designated at fair value through profit or loss	119,268	8,286
Financial assets – available for sale	37,682	39,516
Total	**156,950**	**47,802**

TEUR	2014	2013
Securities received under repurchase agreements		
Bonds and other fixed-income securities	0	103,018

41. Finance leasing

Finance leasing – lessor:

TEUR	2014	2013
Gross investment value	**236,120**	**241,233**
Minimum lease payments	166,583	180,020
Up to 1 year	28,299	32,965
1 to 5 years	65,201	74,259
5 years and over	73,083	72,796
Non-guaranteed residual values	69,537	61,213
Unrealised financial income	**32,551**	**32,920**
Up to 1 year	4,267	4,756
1 to 5 years	11,616	11,725
5 years and over	16,668	16,439
Net investment value	**203,569**	**208,313**

Impairment allowances for uncollectible, outstanding minimum lease payments amounted to TEUR 22,414 (2013: TEUR 19,612).

TEUR	2014	2013
Vehicle leasing	26,838	28,468
Real estate leasing	141,970	141,842
Equipment leasing	34,761	38,003
Total	**203,569**	**208,313**

42. Operating leasing

Operating leasing – lessor:

Future lease payments under non-terminable operating leases break down as follows:

TEUR	2014	2013
Up to 1 year	2,967	4,165
1 to 5 years	4,318	6,002
5 years and over	2	20
Total	**7,287**	**10,187**

Operating leasing – lessee:

The liabilities arising from the use of property and equipment not recognised on the balance sheet amount to TEUR 2,652 for the financial year following the reporting date (2013: TEUR 4,630). The total liabilities for the following five financial years total TEUR 12,602 (2013: TEUR 21,140).

43. Financial investments pursuant to § 64 BWG

The breakdown of securities listed and/or admitted to stock exchange trading by fixed and current assets is as follows:

Securities held as fixed assets (financial investments):

TEUR	2014	2013
Bonds and other fixed-income securities	953,062	872,447

Securities held as current assets:

TEUR	2014	2013
Bonds and other fixed-income securities	966,526	897,958
Shares and other variable-yield securities	0	3

Classification as a financial investment or current financial asset was decided on a case-by-case basis by the responsible committees. Securities intended for use on a continuing basis in the normal course of the bank's activities are reported as fixed assets. Securities not classified as financial investments are reported as current assets.

44. Bonds, other fixed-income securities and bonds issued by the Group pursuant to § 64 (1) (7) BWG

Bonds and other fixed-income securities maturing in the year following the reporting date:

TEUR	2014	2013
Bonds and other fixed-income securities	355,690	304,608
Bonds issued by the Group	168,227	556,611

45. Trading book volume pursuant to Art. 103 et seq. of Regulation (EU) No. 575/2013

TEUR	2014	2013
Loans and deposits	982,243	1,524,077
Other financial instruments	3,889,506	5,599,814

46. Loans and advances to Managing Board and Supervisory Board members

TEUR	2014	2013
Managing Board members	1,085	1,019
Supervisory Board members	668	671

Repayments were made as agreed; terms to maturity and interest rates were those generally available from banks.

47. Expenses for severance payments and pensions

Severance payments:

TEUR	2014	2013
Managing Board and senior employees	608	1,363
Other employees	7,168	3,265

Pensions:

TEUR	2014	2013
Managing Board and senior employees	2,980	1,574
Other employees	6,271	4,734

48. Expenses for remuneration of the auditors

The remuneration recognised in the financial year under review for auditing the consolidated and individual financial statements, as well as other services provided by the auditors, KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and Österreichischer Raiffeisenberband (ÖRV), breaks down as follows.

	2014			2013	
TEUR	**ÖRV**	**KPMG**	**Other**	**ÖRV**	**KPMG**
Audit fees	549	392	0	510	460
Other auditing services	0	0	0	26	0
Other services	42	254	65	0	177
Total	**591**	**646**	**65**	**536**	**637**

Pursuant to § 237 (14) UGB, the auditor's remuneration for the individual financial statements of the subsidiaries is published as part of the notes to the consolidated financial statements. Thus, the auditor's remuneration (gross figures) is presented cumulatively for the Group and the subsidiaries.

49. Average number of employees

	2014	2013
Waged employees	0	1
Salaried employees	974	982
Total	**974**	**983**

50. Regulatory own funds

Raiffeisen-Landesbank Steiermark does not constitute a separate group of credit institutions as defined by the Austrian Banking Act (BWG). Therefore, it is not subject itself as a group to the supervisory regulations for banking groups because it is part of the CRR scope of consolidation of RLB-Stmk Verbund.

With effect from 1 January 2014, determination of Raiffeisen-Landesbank Steiermark's consolidated regulatory capital and consolidated regulatory capital requirements is based on the CRR scope of consolidation of RLB-Stmk Verbund eGen under Basel III. Within the European Union (EU), the Basel III regulations will be implemented under the Capital Requirements Directive (CRD IV) and the Capital Requirements Regulation (CRR). Raiffeisen-Landesbank Steiermark applies these regulations and determines the capital ratios mandated by Basel III standards on the basis of national transitional provisions defined in the Austrian regulation transposing the CRR published by the Austrian banking supervisory authority (FMA).

According to the CRR, own funds consist of common equity core capital (Common Equity Tier 1 – CET 1), additional core capital (Additional Tier 1 – AT 1) and supplementary capital (Tier 2 – T 2). The capital ratios are determined by comparing the relevant capital components with the total risk, after consideration of all regulatory deductions and/or adjustment items.

TEUR	31.12.2014
Capital instruments eligible as CET 1 capital	252,448
Retained earnings	324,575
Accumulated other comprehensive income	-49,100
Other reserves	543,259
Minority interests given recognition in CET 1 capital	0
CET 1 capital before deduction and adjustment items	**1,071,182**
Gains and losses on liabilities measured at fair value resulting from changes in the institution's own credit risk	-13,531
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-328
Value adjustments due to the requirements for prudent valuation	-8,403
Goodwill	-7,415
Other intangible assets	-11,394
Deferred tax assets that rely on future profitability excluding those arising from temporary differences, net of associated tax liabilities	-36,793
Other transitional adjustments to core capital	-109,656
Adjustments to CET 1 capital due to deduction and adjustment items	**-187,520**
CET 1 capital	**883,662**
Additional Tier 1 capital	**0**
Core capital	**883,662**
Capital instruments and subordinated loans eligible as T2 capital	17,036
Transitional adjustments due to grandfathered T2 capital instruments and subordinated loans	51,243
Supplementary capital	**68,279**
Total eligible own funds	**951,941**

TEUR	31.12.2014
Total risk	**6,686,350**
Tier 1 ratio (in relation to all risks)	**13.22 %**
Own funds ratio (in relation to all risks)	**14.24 %**

The eligible own funds and own funds requirement for the RLB-Stmk Verbund eGen group of credit institutions comprised the following as at 31.12.2013 (Basel II):

TEUR	31.12.2013
Tier 1 capital (core capital)	934,463
Deductions under BWG	-1,456
Eligible Tier 1 capital (core capital)	**933,007**
Tier 2 capital (supplementary capital)	88,973
Deductions under BWG	-1,455
Eligible Tier 2 capital (supplementary capital)	**87,518**
Eligible own funds	**1,020,525**
Tier 3 capital (reclassified Tier 2 capital)	8,000
Total own funds	**1,028,525**

TEUR	31.12.2013
Total own funds requirement	**527,143**
Tier 1 ratio (in relation to all risks)	**14.16 %**
Own funds ratio (in relation to all risks)	**15.61 %**

The minimum capital requirements were complied with at all times during the 2014 financial year, which was closed with an equity surplus of TEUR 417,033 at 31.12.2014.

51. Capital management

Capital is and always has been an integral component of the RLB Steiermark Group's bank management system, with a number of control parameters being considered. Ensuring an appropriate level of capital resources and compliance with the regulatory own funds requirements take precedence over all other considerations.

Regulatory values are defined for the RLB Steiermark Group by the Austrian Banking Act (BWG) based on the relevant EU directives and the applicable regulations of the European Parliament.

The RLB Steiermark Group uses target values for internal management and control processes that cover all types of risk (including trading book risk, currency risk and operational risk) and are reflective of future requirements regarding the quality and quantity of capital. The current planning and budgeting activities also take account of the advancement and harmonisation of capital requirements by the regulatory authorities.

The main management focus is on common equity core capital (CET 1) and economic capital within the ICAAP framework. Both components are integral to the RLB Steiermark Group's planning and management activities.

The steps taken to comply with the regulatory requirements relating to own funds are set out in note 50 "Regulatory own funds".

As part of the ICAAP capital adequacy assessment process, value at risk is correlated with risk-bearing capacity. A monthly comparison is carried out between the economic capital and the relevant available risk cover funds and the applicable internal limits.

Further details regarding this calculation are stated in the risk report.

To ensure an adequate level of capital resources, capital planning processes are periodically updated to reflect current developments. In addition, scenario calculations are performed and analysed, the outcomes of which are incorporated into management considerations.

52. Events after the reporting date

In March 2015, the Austrian federal government decided to wind down HETA Asset Resolution AG (HETA) – the wind-down company for HYPO Alpe Adria International set up in March 2014 – in accordance with the new European bank resolution regime. This decision was prompted by new data from the most recent asset review, which had revealed a capital shortfall. The authority charged with the HETA wind-down is the Austrian Financial Market Authority (FMA). As an emergency measure, the FMA placed a payment moratorium on HETA until the end of May 2016.

Raiffeisen-Landesbank Steiermark AG does not hold any HYPO Alpe Adria/HETA bonds and is therefore not directly affected by the suspension of payments on HETA's liabilities. Holders of bonds for which the federal state of Carinthia is liable are particularly affected by this moratorium. As at the beginning of March 2015, the FMA is unable to predict how creditors will ultimately be affected by this wind-down. Raiffeisen-Landesbank Steiermark AG is not directly involved in any guarantee schemes.

No affiliation under corporate law exists between HYPO Steiermark and HETA. Likewise, there are no direct exposures to HETA, such as lines of credit or bonds. An indirect link exists through the Austrian "Pfandbriefstelle", since the Pfandbriefstelle is the collective issuing body of Austria's state mortgage banks, the "Landes-Hypothekenbanken". Up to 2006, Pfandbriefstelle issued debt securities on behalf of HETA which are secured by guarantees provided by the federal state of Carinthia. These guarantees are still in effect and will be called upon.

A joint liability obligation (i.e. of all federal states excluding Vienna) of all other state mortgage banks would only materialise if the state of Carinthia were to fail to honour its payment obligations. Landes-Hypothekenbank Steiermark AG has sufficient liquidity reserves at its disposal to provide liquidity advances to Pfandbriefstelle. In addition, payments in respect of the securities issued by HYPO Steiermark AG will of course be made properly and timely, as has been the case in the past.

In the first half of 2015, as part of its overall branch strategy, the structure of Raiffeisen-Landesbank Steiermark AG's banking outlets will undergo three optimisation measures aimed at addressing the requirements imposed by demographic change and customer expectations. Accordingly, the Moserhofgasse branch will move to the newly established Styria Media Centre on Gadollaplatz 1 in Conrad-von-Hötzendorf-Straße, one of the most frequented streets in Graz. Accordingly, this move will open up access to new customers in one of the city's newly developing districts. In addition, operations of the Tummelplatz branch will be transferred to the branch in Kaiserfeldgasse, thereby placing the focus of Raiffeisen-Landesbank Steiermark AG on the core area of the city with centrally located branches in Kaiserfeldgasse and on Jakominiplatz. The Ragnitz branch will be managed as a second location of the Leonhard branch, which will in turn focus on its role as an advisory centre with an expanded number of staff.

Beyond that, to the present date, no other business transactions or events took place that would be of particular public interest or would materially affect the 2014 consolidated financial statements.

SCOPE OF CONSOLIDATION AND INFORMATION ON COMPANIES CARRIED AT EQUITY

The table below shows the scope of consolidation of the RLB Steiermark Group. A breakdown showing the full details of investments is presented in the annex.

	Type[1)]	Percentage held	Equity including untaxed reserves (TEUR)	Profit/loss[2)] (TEUR)	Date of annual financial statements
“DÖHAU” Liegenschaftsges.m.b.H., Graz	FI	81.25 %	-626	38	31.12.2014
Belua Beteiligungs GmbH, Graz	H	100.00 %	38,174	770	31.12.2014
Columbia Beteiligungs GmbH, Graz	FI	75.00 %	-196	175	31.12.2014
FUTURA LHB-RLB Leasing Holding GmbH, Graz	FI	93.73 %	16	-2,523	31.12.2014
Grundstücksverwaltung Salzburg-Mitte GmbH, Graz	FI	75.00 %	-472	-7	31.12.2014
Hotel Steirerhof Graz Gesellschaft m.b.H., Graz	OT	100.00 %	66,676	-1	31.12.2014
HSE Beteiligungs GmbH, Graz	BS	75.00 %	31,318	-10,518	31.12.2014
HST Beteiligungs GmbH, Graz	BS	75.00 %	31,318	-10,522	31.12.2014
HYPO Steiermark Beteiligungen GmbH, Graz	H	75.00 %	3,692	12	31.12.2014
HYPO Steiermark Immobilienleasing GmbH, Graz	FI	75.00 %	724	501	31.12.2014
HYPO Steiermark Kommunal- und Gebäudeleasing GmbH, Graz	FI	75.00 %	1,330	-165	31.12.2014
HYPO Steiermark Leasing - Holding GmbH, Graz	FI	75.00 %	709	-5,170	31.12.2014
HYPO Steiermark PUNTI Grundstücksverwaltung GmbH, Graz	FI	75.00 %	-207	108	31.12.2014
Hypo-Leasing Steiermark d.o.o., Zagreb	FI	93.73 %	-446	-577	31.12.2014
Immobilienerwerbs- und Vermietungs Gesellschaft m.b.H., Graz	OT	100.00 %	73,220	876	31.12.2014
LAMINA Beteiligungs GmbH, Graz	H	100.00 %	38,159	772	31.12.2014
Landes-Hypothekenbank Steiermark Aktiengesellschaft, Graz	BA	75.00 %	129,083	-27,607	31.12.2014
Merula Beteiligungs GmbH, Graz	FI	100.00 %	-433	14	31.12.2014
NOVA HYPO Leasing GmbH, Graz	FI	75.00 %	-1,544	-2,603	31.12.2014
NWB Beteiligungs GmbH, Graz	H	100.00 %	9,345	556	31.12.2014
Optima-Vermögensverwaltungs- und Beteiligungsgesellschaft m.b.H., Graz	H	100.00 %	6,932	-3,348	31.12.2014
Raiffeisen Informatik Center Steiermark GmbH, Graz	OT	99.95 %	20,581	0	31.12.2014
Raiffeisen Rechenzentrum GmbH, Graz	OT	100.00 %	703	362	31.12.2014
Raiffeisen Rechenzentrum Holding GmbH, Graz	H	100.00 %	21,135	362	31.12.2014
RATIO Beteiligungsverwaltungs GmbH, Graz	FI	75.00 %	1,190	236	31.12.2014
RLB - Beteiligungs- und Treuhandgesellschaft m.b.H., Graz	H	100.00 %	94,655	5,244	30.09.2014
RLB-Hypo Group Leasing Steiermark GmbH, Graz	FI	100.00 %	5	-25	31.12.2014

	Type[1)]	Percentage held	Equity including untaxed reserves (TEUR)	Profit/loss[2)] (TEUR)	Date of annual financial statements
RLB-Stmk Management GmbH, Graz	H	100.00 %	44,732	772	31.12.2014
RSAL Raiffeisen Steiermark Anlagenleasing GmbH, Graz	FI	81.00 %	49	1,146	31.12.2013
RSIL Immobilienleasing Raiffeisen Steiermark GmbH, Graz	FI	81.00 %	-1,312	-101	31.12.2013
SOLUTIO Beteiligungsverwaltungs GmbH, Graz	H	100.00 %	2,079	-3,954	31.12.2014
Steirische Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Graz	FI	100.00 %	6,833	-2,021	31.12.2014

The RLB Steiermark Group's scope of consolidation includes a structured entity.

This entity consists of a special fund in which the RLB Steiermark Group holds a 100% interest. After consideration of the factors specified in IFRS 10.B60, it appears that the structured entity is acting as an agent.

	Type[1)]	Percentage held	Fund assets (TEUR)	Fund profit/loss (TEUR)	Date of annual statement of accounts
DASAA 8010, Graz	IF	100.00 %	220,654	12,667	31.10.2014

The following subsidiaries hold significant stakes in non-controlling interests:

Name	Type[1)]	Registered office	Equity attributable to non-controlling interests		Date of annual financial statements
			2014	2013	
Landes-Hypothekenbank Steiermark Aktiengesellschaft	BA	Graz	25.00 %	25.00 %	31.12.2014
HYPO Steiermark Leasing - Holding GmbH	FI	Graz	25.00 %	25.00 %	31.12.2014

[1)] Key:
BA = Bank
FI = Financial institution
H = Holding company
OT = Other company
IF = Institutional fund
BS = Company rendering banking-related ancillary services
[2)] Profit/loss before changes in reserves and profit transfer.

Summary of financial information about subsidiaries with significant minority interests:

TEUR	Landes-Hypothekenbank Steiermark Aktiengesellschaft		HYPO Steiermark - Leasing Holding GmbH	
	2014	2013	2014	2013
Net interest income	60,380	57,176	-1	-3
Profit/loss for the year after taxes	-13,032	-10,262	-5,168	-3,854
Profit/loss for the year attributable to non-controlling interests	-3,258	-2,566	-1,292	-964
Other comprehensive income	1,885	1,208	111	0
Consolidated comprehensive income	**-11,147**	**-9,054**	**-5,057**	**-3,854**
Consolidated comprehensive income attributable to non-controlling interests	-2,787	-2,264	-1,264	-964

TEUR	Landes-Hypothekenbank Steiermark Aktiengesellschaft		HYPO Steiermark - Leasing Holding GmbH	
	2014	2013	2014	2013
Assets	4,951,065	4,997,828	1,861	3,121
Liabilities	4,729,881	4,765,756	1,041	2,092
Equity	**221,184**	**232,072**	**820**	**1,029**
Equity attributable to non-controlling interests	55,296	58,018	205	257

The following associates are of significant importance for the RLB Steiermark Group and are carried at equity:

Name	Relationship	Registered office	Percentage held	Date of annual financial statements
Raiffeisen Zentralbank Österreich AG	Central banking institution	Vienna	15.17 %	31.12.2014

Summary of financial information about companies carried at equity:

TEUR	2014	2013
Net interest income	4,024,113	3,931,058
Consolidated profit/loss after taxes	-432,293	755,533
Other comprehensive income	-1,223,581	-570,048
Consolidated comprehensive income	**-1,655,874**	**185,485**

TEUR	2014	2013
Assets	144,928,901	147,324,091
Liabilities	135,597,301	135,535,974
Equity	**9,331,600**	**11,788,117**

Reconciliation to carrying amounts of companies carried at equity:

TEUR	2014	2013
Consolidated equity Raiffeisen Zentralbank Österreich AG 31.12.	9,331,600	11,788,117
Equity attributable to non-controlling interests	4,004,054	4,819,810
Consolidated equity attributable to the shareholders of Raiffeisen Zentralbank AG	**5,327,546**	**6,968,307**
Equity attributable to the RLB Steiermark Group as at 31.12. (15.32%)	815,919	1,067,203
Goodwill	7,415	7,415
Companies carried at equity 31.12.	**823,334**	**1,074,618**

The balance sheet value of the companies carried at equity shown as at 31.12.2014 corresponds to a share of 15.32% (including minority interests) in the consolidated equity of Raiffeisen Zentralbank Österreich AG.

BOARDS AND OFFICERS

Managing Board

Chairman
CEO Martin SCHALLER

Members of the Managing Board
Member of the Managing Board Martin SCHALLER
Member of the Managing Board Matthias HEINRICH
Member of the Managing Board Rainer STELZER

Supervisory Board
Executive committee:
Wilfried THOMA, President
Chairman of RLB-Stmk Verbund eGen and Chairman of Raiffeisenbank Leoben-Bruck eGen

Herbert KOLB, First Vice President
Managing Director of Raiffeisenbank Gröbming eGen

Josef HAINZL, Second Vice President
Chairman of the Supervisory Board of Raiffeisenbank Aichfeld eGen

Members of the Supervisory Board:
Werner FÜRNSCHUSS
Chairman of the Supervisory Board of Raiffeisenbank Deutschlandsberg eGen

Alois PABST
Chairman of Lagerhaus Graz Land reg.Gen.m.b.H.

Eugen ROTH (until 28.02.2015)
Managing Director of Raiffeisenbank Leibnitz eGen

Josef SCHEROUNIGG
Managing Director of Raiffeisenbank Graz-Straßgang eGen

Hubert STIENINGER
Managing Director of Raiffeisenbank Mittleres Mürztal eGen

Franz STRAUSSBERGER
Managing Director of Raiffeisenbank Pöllau-Birkfeld eGen

Franz TITSCHENBACHER
Chairman of Raiffeisenverband Steiermark

Gernot REITER
Management Board Chairman of HYPO-VERSICHERUNG AG

Josef ZÜGNER
Chairman of Raiffeisenbank Großwilfersdorf eGen

Delegated by the employees' council:

Sabine FUCHS
Elmar GASSNER
Eva PILGER-BUCHEGGER
Harald KORSCHELT
Michael THIER
Bernhard WESENER

State commissioners:

Gabriele HERBECK
Gabriele HERMANN

CONCLUDING REMARKS BY THE MANAGING BOARD

The Managing Board approved the consolidated financial statements for publication on 14 April 2015.

Statement of all legal representatives

We confirm that, to the best of our knowledge, the consolidated financial statements, which have been prepared according to the applicable financial reporting standards, provide a true and fair view of the net assets, financial position and earnings situation of the Group, that the consolidated management report presents the business performance, business results and position of the Group in a manner that provides a true and fair view of the net assets, financial position and earnings situation of the Group, and that the consolidated management report describes the material risks and uncertainties to which the Group is exposed.

Graz, 14 April 2015

The Managing Board

CEO Martin SCHALLER, Chairman of the Managing Board (signed)
responsible for the management of the bank and the association, financing & controlling, capital markets and real estate

Member of the Managing Board Matthias HEINRICH (signed)
responsible for risk management, non-performing loan management and organisation

Member of the Managing Board Rainer STELZER (signed)
responsible for corporate customers, retail customers, marketing and sales, insurance and residential building savings schemes

AUDIT CERTIFICATE

Report on the consolidated financial statements

I have audited the enclosed consolidated financial statements of

Raiffeisen-Landesbank Steiermark AG, Graz,

together with the underlying accounting records, for the financial year starting on 1 January 2014 and ending on 31 December 2014. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ending on 31 December 2014 and the notes to the consolidated financial statements.

Responsibility of the legal representatives for the consolidated financial statements and the accounting records

The legal representatives of the company are responsible for the accounting records and for preparing consolidated financial statements that present a true and fair view of the net assets, financial position and earnings situation of the Group in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, as well as the additional requirements of §§ 245a UGB and 59a BWG. This responsibility includes: designing, implementing and maintaining an internal control system to ensure the preparation of consolidated financial statements that present a true and fair view of the net assets, financial position and earnings situation of the Group and are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting and valuation policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and description of type and scope of the statutory audit

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I have performed my audit in accordance with the statutory regulations and professional corporate auditing principles generally accepted in Austria. Those standards require that I comply with ethical requirements and plan and perform the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures contained in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the preparation of the consolidated financial statements and the presentation of a true and fair view of the Group's net assets, financial position and earnings situation, in order to define 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 system. An audit also includes evaluating the appropriateness of the accounting and valuation policies used and of the accounting estimates made by the company's legal representatives, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Audit opinion

My audit did not give rise to any objections. Based on the results of my audit, the consolidated financial statements, in my opinion, present fairly, in all material respects, a true and fair view of the net assets and financial position of the Group as at 31 December 2014, and of its earnings situation and cash flows for the financial year starting on 1 January 2014 and ending on 31 December 2014 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

Report on the consolidated management report

Pursuant to the applicable statutory provisions, the consolidated management report is to be audited to determine whether it is consistent with the consolidated financial statements and whether any of the other disclosures made in the consolidated management report give rise to any misconceptions about the position of the Group. The audit certificate also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to § 245a (2) UGB are appropriate.

In my opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to § 245a (2) UGB are appropriate.

Vienna, 14 April 2015

Auditor appointed by the Austrian Raiffeisen Association:
Wilhelm FORAMITTI – Official Auditor (Verbandsrevisor)

Publication or dissemination of these consolidated financial statements bearing my audit certificate shall only be permitted if the financial statements are identical with the audited version attached to this report. For any other versions (i.e. abridged versions or translations into other languages), the stipulations of § 281 (2) UGB shall apply.

AUDIT CERTIFICATE

Report on the consolidated financial statements

We have audited the enclosed consolidated financial statements of

Raiffeisen-Landesbank Steiermark AG, Graz,

together with the underlying accounting records, for the financial year starting on 1 January 2014 and ending on 31 December 2014. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ending on 31 December 2014 and the notes to the consolidated financial statements. § 275 UGB applies to our responsibility and liability as auditor in respect of the company and in respect of third parties.

Responsibility of the legal representatives for the consolidated financial statements and the accounting records

The legal representatives of the company are responsible for the accounting records and for preparing consolidated financial statements that present a true and fair view of the net assets, financial position and earnings situation of the Group in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, as well as the additional requirements of §§ 245a UGB. This responsibility includes: designing, implementing and maintaining an internal control system to ensure the preparation of consolidated financial statements that present a true and fair view of the net assets, financial position and earnings situation of the Group and are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting and valuation policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have performed our audit in accordance with the statutory regulations and professional auditing principles generally accepted in Austria and in accordance with the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures contained in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the preparation of the consolidated financial statements and the presentation of a true and fair view of the Group's net assets, financial position and earnings situation, in order to define 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 system. An audit also includes evaluating the appropriateness of the accounting and valuation policies used and of the accounting estimates made by the company's legal representatives, 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.

Audit opinion

Our audit did not give rise to any objections. Based on the results of our audit, the consolidated financial statements, in our opinion, present fairly, in all material respects, a true and fair view of the net assets and financial position of the Group as at 31 December 2014, and of its earnings situation and cash flows for the financial year starting on 1 January 2014 and ending on 31 December 2014 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

Report on the consolidated management report

Pursuant to the applicable statutory provisions, the consolidated management report is to be audited to determine whether it is consistent with the consolidated financial statements and whether any of the other disclosures made in the consolidated management report give rise to any misconceptions about the position of the Group. The audit certificate also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements and whether the disclosures pursuant to § 245a (2) UGB are appropriate.
In our opinion, the consolidated management report is consistent with the consolidated financial statements. The disclosures pursuant to § 245a (2) UGB are appropriate.

Linz, 14 April 2015

KPMG Austria AG

Martha KLOIBMÜLLER (signed) – Chartered Accountant

Ulrich PAWLOWSKI (signed) – Chartered Accountant

Publication or dissemination of these consolidated financial statements bearing our audit certificate shall only be permitted if the financial statements are identical with the audited version attached to this report. Publication or dissemination of these annual financial statements bearing our audit certificate shall only be permitted if the financial statements are identical with the audited version attached to this report. For any other versions, the stipulations of § 281 (2) UGB shall apply.

ANNEX – LIST OF EQUITY HOLDINGS OF THE RLB STEIERMARK GROUP

	Registered office	Percentage held	Equity including untaxed reserves (TEUR)	Profit/loss[1)] (TEUR)	Date of annual financial statements	
Fully consolidated entities						
Belua Beteiligungs GmbH	Graz	100.00 %	38,174	770	31.12	2014
Columbia Beteiligungs GmbH	Graz	75.00 %	-196	175	31.12	2014
"DÖHAU" Liegenschaftsges.m.b.H.	Graz	81.25 %	-626	38	31.12	2014
FUTURA LHB-RLB Leasing Holding GmbH	Graz	93.73 %	16	-2,523	31.12	2014
Grundstücksverwaltung Salzburg-Mitte GmbH	Graz	75.00 %	-472	-7	31.12	2014
Hotel Steirerhof Graz Gesellschaft m.b.H.	Graz	100.00 %	66,676	-1	31.12	2014
HSE Beteiligungs GmbH	Graz	75.00 %	31,318	-10,518	31.12	2014
HST Beteiligungs GmbH	Graz	75.00 %	31,318	-10,522	31.12	2014
HYPO Steiermark Beteiligungen GmbH	Graz	75.00 %	3,692	12	31.12	2014
Hypo Steiermark Immobilienleasing GmbH	Graz	75.00 %	724	501	31.12	2014
Hypo Steiermark Kommunal- und Gebäudeleasing GmbH	Graz	75.00 %	1,330	-165	31.12	2014
HYPO Steiermark Leasing - Holding GmbH	Graz	75.00 %	709	-5,170	31.12	2014
Hypo Steiermark PUNTI Grundstücksverwaltungs GmbH	Graz	75.00 %	-207	108	31.12	2014
Hypo-Leasing Steiermark d.o.o.	Zagreb	93.73 %	-446	-577	31.12	2014
Immobilienerwerbs- und Vermietungs Gesellschaft m.b.H.	Graz	100.00 %	73,220	876	31.12	2014

	Registered office	Percentage held	Equity including untaxed reserves (TEUR)	Profit/loss[1)] (TEUR)	Date of annual financial statements	
LAMINA Beteiligungs GmbH	Graz	100.00 %	38,159	772	31.12	2014
Landes-Hypothekenbank Steiermark Aktiengesellschaft	Graz	75.00 %	129,083	-27,607	31.12	2014
Merula Beteiligungs GmbH	Graz	100.00 %	-433	14	31.12	2014
NOVA HYPO Leasing GmbH	Graz	75.00 %	-1,544	-2,603	31.12	2014
NWB Beteiligungs GmbH	Graz	100.00 %	9,345	556	31.12	2014
Optima-Vermögensverwaltungs- und Beteiligungsgesellschaft m.b.H.	Graz	100.00 %	6,932	-3,348	31.12	2014
Raiffeisen Informatik Center Steiermark GmbH	Graz	99.95 %	20,581	0	31.12	2014
Raiffeisen Rechenzentrum GmbH	Graz	100.00 %	703	362	31.12	2014
Raiffeisen Rechenzentrum Holding GmbH	Graz	100.00 %	21,135	362	31.12	2014
RATIO Beteiligungsverwaltungs GmbH	Graz	75.00 %	1,190	236	31.12	2014
RLB - Beteiligungs- und Treuhandgesellschaft m.b.H.	Graz	100.00 %	94,655	5,244	30.9	2014
RLB-HYPO Group Leasing Steiermark GmbH	Graz	100.00 %	5	-25	31.12	2014
RLB-Stmk Management GmbH	Graz	100.00 %	44,732	772	31.12	2014
RSAL Raiffeisen Steiermark Anlagenleasing GmbH	Graz	81.00 %	49	1,146	31.12	2013
RSIL Immobilienleasing Raiffeisen Steiermark GmbH	Graz	81.00 %	-1,312	-101	31.12	2013
SOLUTIO Beteiligungsverwaltungs GmbH	Graz	100.00 %	2,079	-3,954	31.12	2014
Steirische Raiffeisen - Immobilien - Leasing Gesellschaft m.b.H.	Graz	100.00 %	6,833	-2,021	31.12	2014
Other equity holdings						
AIOLOS d.o.o.	Split	100.00 %	-1	2	31.8	2013
AK 13 Vermögensverwaltungs GmbH	Graz	100.00 %	51	18	31.12	2013
ALPHA-BAU Planungs-, Projektentwicklungs- und Baubetreuungs GmbH.	Graz	100.00 %	509	86	31.12	2013
APIS Vermögensverwaltungs GmbH	Graz	100.00 %	623	-36	31.12	2013
ARTEMIA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H.	Vienna	50.00 %	1,041	124	31.12	2013

	Registered office	Percentage held	Equity including untaxed reserves (TEUR)	Profit/loss[1)] (TEUR)	Date of annual financial statements	
Bergbau Radmer GmbH	Radmer	100.00 %	13	-2	31.12	2013
BONITA HYPO Leasing GmbH	Graz	75.00 %	99	-676	31.12	2013
Bucula Beteiligungs GmbH	Graz	100.00 %	8	-2	31.12	2013
CADO Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H.	Vienna	50.00 %	3,447	194	31.12	2013
CALDO Grundstücksverwertungs-gesellschaft m.b.H.	Vienna	50.00 %	34	-5	31.12	2013
Caprea Liegenschaftsverwaltungs GmbH	Graz	100.00 %	82	2	31.12	2013
Ciconia Immobilienleasing GmbH	Graz	87.75 %	-370	-9	31.12	2013
Comm-Unity EDV GmbH	Lannach	51.00 %	2,629	1,056	31.12	2013
Cornix Beteiligungs GmbH	Graz	100.00 %	31	-1	31.12	2013
Corporate Center Betriebsservice GmbH	Graz	93.75 %	596	0	31.12	2013
CYGNUS Beteiligungs GmbH	Graz	75.00 %	-413	-519	31.12	2013
Dynamit Nobel Graz Gesellschaft m.b.H.	Graz	100.00 %	106	-1	31.12	2013
EBVG Liegenschafts-Erwerbs-, Betriebs- und Verwaltungsgesellschaft m.b.H.	Graz	75.00 %	143	419	31.12	2013
evolaris next level GmbH	Graz	50.00 %	291	82	31.12	2013
G + R Leasing Gesellschaft m.b.H. & Co. KG.	Graz	50.00 %	465	392	30.9	2014
Gesellschaft zur Standortsicherung in der Steiermark GmbH	Graz	100.00 %	66	-2	31.12	2013
GLE GmbH	Graz	95.00 %	1,702	-2,174	31.12	2013
GRM Vermögensverwaltungs- und Beteiligungs GmbH	Graz	100.00 %	4,046	-1,876	31.12	2013
Hypo Steiermark Kraftfahrzeug- und Maschinenleasing GmbH	Graz	75.00 %	13	-2,063	31.12	2014
Hypo Steiermark Leasing Real Estate Company d.o.o., Sarajevo	Sarajevo	75.00 %	-107	-78	31.12	2013
Hypo Steiermark Mobilienleasing GmbH	Graz	75.00 %	113	-20	31.12	2014
Hypo Steiermark Nekretnine d.o.o.	Zagreb	75.00 %	-16	-4	31.12	2013
INPRIMIS Beteiligungs GmbH	Graz	100.00 %	1,559	0	31.12	2013
JS Vermögensverwaltung GmbH	Graz	100.00 %	3	0	31.12	2013
KONKRETA Beteiligungsverwaltungs GmbH	Graz	100.00 %	10	-2	31.12	2013

	Registered office	Percentage held	Equity including untaxed reserves (TEUR)	Profit/loss[1)] (TEUR)	Date of annual financial statements	
KONKRETA Beteiligungsverwaltungs GmbH & Co OG	Graz	100.00 %	0	0	31.12	2013
KONSTRUKTA Unternehmensberatungs GmbH	Graz	100.00 %	157	6	31.12	2013
Liegenschaftsverwaltung Radmer-Frohnleiten GmbH	Graz	100.00 %	7,506	109	31.12	2013
LKH-Eingangszentrum Errichtungs- und Betreiber GmbH	Graz	75.00 %	1,109	236	31.12	2013
MILLENIA Beteiligungsverwaltungs GmbH	Graz	100.00 %	57	22	31.12	2013
Minos Liegenschaftsverwaltungs GmbH	Graz	100.00 %	462	147	31.12	2013
MIRUS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H.	Vienna	50.00 %	65	2	31.12	2013
Obst Hofer Handels-GmbH	Ludersdorf-Wilfersdorf	100.00 %	2,944	-659	31.7	2013
OCTANOS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H.	Vienna	50.00 %	59	9	31.12	2013
ORION Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H.	Vienna	50.00 %	8	-3	31.12	2013
Raiffeisen - Einlagensicherung Steiermark registrierte Genossenschaft mit beschränkter Haftung	Graz	53.92 %	2	0	31.12	2013
Raiffeisen Bauträger & Projektentwicklungs GmbH	Graz	100.00 %	1,224	1	31.12	2013
Raiffeisen-Immobilien Steiermark Gesellschaft m.b.H.	Graz	100.00 %	1,991	191	31.12	2013
RIL VI Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H.	Vienna	50.00 %	-35	-9	31.12	2013
RLO Beteiligungs GmbH	Graz	100.00 %	2,082	-3	31.12	2014
RVS Raiffeisen Vertrieb und Service GmbH	Graz	100.00 %	2,885	2,441	31.12	2013
SPICA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H.	Vienna	50.00 %	142	80	31.12	2013
STED EDV-Dienste Betriebsgesellschaft m.b.H.	Graz	100.00 %	3,151	250	31.12	2013
Steirerfrucht Betriebsgesellschaft m.b.H. & Co.KG	Unterfladnitz	100.00 %	2,851	-1,955	31.7	2013
Steirerfrucht Betriebsgesellschaft mbH	Graz	100.00 %	33	2	31.7	2014

	Registered office	Percentage held	Equity including untaxed reserves (TEUR)	Profit/loss[1] (TEUR)	Date of annual financial statements	
Steirerfrucht Verwaltung eGen	St. Ruprecht an der Raab	100.00 %	5,171	1	31.07.	2013
Steirisches Raiffeisen-Reisebüro Gesellschaft m.b.H.	Graz	51.00 %	338	20	31.12	2013
SUNTOURS SL Sailing GmbH	Graz	100.00 %	25	-17	31.12	2013
SUPRA HYPO Leasing GmbH	Graz	75.00 %	-224	13	31.12	2013
Tinea Beteiligungs GmbH	Graz	100.00 %	33	-2	31.12	2013
Topf Kunststofftechnik Gesellschaft m.b.H.	Graz	100.00 %	119	-68	31.12	2013
TSI-Terminal und Software Installationen GmbH	Graz	75.00 %	136	854	31.12	2014
Companies carried at equity						
Raiffeisen Zentral Bank (RZB)*	Vienna	15.17 %	9,331,600	-432,293	31.12.	2014
Associates						
Apfel-Land Fruchtlogistik GmbH	St. Ruprecht an der Raab	24.00 %	-920	-591	31.7	2013
DILIGENTA Holding GmbH in liquidation	Graz	49.00 %	-16,415	-19,132	31.12	2013
EVA Handels GmbH	St. Ruprecht an der Raab	23.12 %	54	5	31.7	2014
G + R Leasing Gesellschaft m.b.H.	Graz	37.50 %	21	-1	30.9	2014
ILION-Immorent Grundverwertungsgesellschaft m.b.H.	Vienna	41.25 %	-2,388	-59	31.12	2013
IMMORENT - ANDROMEDA Grundverwertungsgesellschaft m.b.H.	Vienna	33.20 %	335	542	31.12	2013
Joseph Brodmann GmbH	Vienna	42.05 %	-1,778	-532	31.1	2013
Lignum GmbH in liquidation	Graz	25.14 %	25	9	31.12	2013
ÖWGES Gemeinnützige Wohnbaugesellschaft m.b.H.	Graz	30.00 %	256,997	14,456	31.12	2013
Raiffeisen Software Solution und Service GmbH	Vienna	29.63 %	1,963	-271	31.12	2013
Steirische Kommunalgebäudeleasing Gesellschaft m.b.H.	Graz	25.00 %	352	183	31.12	2013
VN-Industrie Immobilien GmbH	Vienna	26.00 %	45	-17	31.12	2013
VN-Wohn Immobilien GmbH	Vienna	26.00 %	175	94	31.12	2013

[1] Profit/loss before changes in reserves and profit transfer.
*) Figures taken from the consolidated financial statements of RZB as at 31 December.

RAIFFEISEN-LANDESBANK STEIERMARK AG

Established in 1927

Regional headquarters, credit and financing institution as well as service provider and information centre of the Raiffeisen Banking Group Styria

Business locations
Headquarters
8010 Graz, Kaiserfeldgasse 5
Phone: +43 316/80 36-0, fax: +43 316/80 36-30 89

Raaba site
8074 Graz-Raaba, Raiffeisen-Platz 1
Phone: +43 316/40 02-0, fax: +43 316/40 02-87 02

Mailing address
P.O. box 847, 8011 Graz
E-mail: info@rlb-stmk.raiffeisen.at
www.raiffeisen.at/rlb-steiermark

Bank sort code 38000
S.W.I.F.T. code RZSTAT2G

Published and distributed by: Raiffeisen-Landesbank Steiermark AG. Responsible for content: Management of Raiffeisen-Landesbank Steiermark AG, Kaiserfeldgasse 5, 8010 Graz. Concept: josefundmaria communications. Management report and annual financial statements produced in-house using FIRE.sys. English translation by: www.kraus-translation.at

www.raiffeisen.at/rlb-steiermark