GROUP MANAGEMENT REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2008 PREPARED IN ACCORDANCE WITH IFRSs

Raiffeisenlandesbank Niederösterreich-Wien

SURVEY OF KEY DATA

RLB NÖ-Wien Group MONETARY VALUES ARE IN €m	2008	+(-) CHANGE	2007 [1]
Income Statement			
Net interest income after impairment losses on loans and advances	104.2	(10.6%)	116.5
Net fee and commission income	59.0	(16.3%)	70.5
Net trading income	(3.3)	(123.7%)	13.9
Net income from investments accounted for using the equity method	162.7	(33.2%)	243.7
General administrative expenses	(163.5)	3.5%	(157.9)
Profit before tax	2.7	(99.1%)	303.7
Consolidated profit	29.1	(90.4%)	303.6
Balance Sheet			
Loans and advances to other banks	9,162	73.0%	5,295
Loans and advances to customers	8,514	23.7%	6,883
Deposits from other banks	11,359	52.3%	7,460
Deposits from customers	6,462	17.0%	5,521
Equity (incl. Profit)	1,920	1.2%	1,897
Assets	27,533	40.8%	19,549
Regulatory information			
Risk-weighted basis of assessment (*BWG*: Austrian banking act)	12,012	28.2%	9,368
Total own funds	1,568	35.8%	1,155
Own funds requirement	1,047	29.3%	810
Surplus own funds ratio	49.8%	7.3 ppt	42.5%
Tier 1 ratio	9.1%	1.6 ppt	7.5%
Own funds ratio	12.0%	0.6 ppt	11.4%
Performance			
Return on equity before tax	0.1%	(17.0 ppt)	17.1%
Consolidated return on equity	1.5%	(15.6 ppt)	17.1%
Cost:income ratio	43.4%	12.7 ppt	30.7%
Earnings per share	€14.56	(90.4%)	€152.39
Return on assets after tax	0.12%	(1.56 ppt)	1.69%
Risk:earnings ratio	30.4%	11.4 ppt	19.0%
Additional information			
Workforce on the balance-sheet date	1,232	3.6%	1,189
Branches and offices	72 [2]	2	70

1 The RLB NÖ-Wien Group is a subgroup of the *Raiffeisen-Holding NÖ-Wien Group*. The *Bankwesengesetz* (*BWG*) does not govern the regulatory own funds of subsidiaries that make up a subgroup. Consequently, the bank regulatory information provided with respect to the *Kreditinstitutsgruppe* (credit institution group) on a partially consolidated basis in accordance with *BWG* is provided for informational purposes only.

2 In April 2009.

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GROUP MANAGEMENT REPORT

BUSINESS PERFORMANCE AND ECONOMIC CONDITIONS

THE ECONOMIC ENVIRONMENT

The Austrian economy suffered a year of economic downturn in 2008. In 2007, it had still grown by over 3 per cent in real terms, which was the highest rate of growth in seven years, but it only grew by approximately 2 per cent in 2008.

Nonetheless, growth remained dynamic in the first half of 2008, with real GDP growing by 2.8 per cent. Growth was driven by good capacity utilization in the industrial sector and in the service industries that supply the corporate sector. However, the international economic decline spread to the Austrian economy in the second half. As a result, output of material goods, which is seen as a forward indicator, was already weakening significantly in the summer.

WIFO company surveys in the second half indicated that the state of the economy would deteriorate rapidly and severely. The economic downturn was depressing the investment climate. In addition, the effects of the financial markets crisis were impacting on the external and internal financing of investment projects. Capital expenditure on plant and machinery only grew by just under 2 per cent in 2008.

Austrian exporters have been the main pillar of the Austrian economy in recent years, but the demand for Austrian goods and services was increasingly weighed down by the slump in the international economy during 2008. As a result, real exports grew by just half as much as in 2007, increasing by about 4 per cent.

Domestic consumption remained weak, growing by roughly a mere 1 per cent in 2008. This was once again a much slower rate of growth than the long-term average as nominal incomes hardly grew.

High energy and raw material prices led to an average rate of inflation of 3.2 per cent in 2008. However, having been very high at the beginning of the year, crude oil and food prices fell sharply again towards year-end. Crude oil was thus trading at a very high price of over US$ 145 a barrel in July 2008 but reached a five-year low of just under US$ 40 a barrel in December 2008.

The economic slowdown had a time-lagged effect on the job market during 2008. There was still a strong increase in jobs in the year under review, and using the EUROSTAT definition, the jobless rate in Austria was static at 3.5 per cent and was one of the best in the European Union. However, the slump had a growing impact on the job market as a series of big companies put staff on short-time work and laid off subcontracted workers.

THE INTERNATIONAL ECONOMIC ENVIRONMENT

At the turn of 2008/2009, the eurozone economy was in recession, having already shrunk by 0.2 per cent on the previous quarter in the second and the third quarter of 2008. The eurozone's real GDP grew by just 1 per cent over 2008 as a whole, which was well below the previous year's figure of 3 per cent. The downturn affected every country. The sole relief came from public sector investment financed by the national economic programmes that had been put in place, but they will only take hold fully in years to come.

The Czech Republic and Slovakia — two countries in the *Centrope* region — continued to profit from the attractiveness of their locations during 2008. They were only affected by turmoil in the financial markets with a time lag, achieving slowing but still robust growth. Slovakia's stability-orientated policies and relatively strong GDP growth contributed to the ECOFIN Council's decision to allow Slovakia to join the euro on 1 January 2009.

Hungary, which is fighting hard to stabilize its budget deficit, was pulled furthest into the maelstrom of events in the global financial markets. The forint fell some 30 per cent against the euro in October. The International Monetary Fund, World Bank and European Union all granted sizeable loans to help stabilize the Hungarian economy.

Global economic growth also slowed substantially in 2008. Following unusually strong average growth of 5 per cent *per annum* between 2004 and 2007, the global economy only grew by roughly 3 per cent in 2008. The third and fourth quarter were particularly hard hit by the adverse effects of events in the global money economy on the global real economy. From the third quarter, growth also slowed in the United States and Japan, and the rate of growth in the emerging economies fell as well.

MONEY AND CAPITAL MARKETS

The international financial markets crisis got worse and worse as 2008 progressed, affecting the entirety of the global capital markets. The news of default by *Lehman Brothers* — until that time America's third-largest investment bank — sent a shock wave of enormous power into the financial and real economies on 15 September 2008.

The international interconnectedness of the banking industry intensified the crisis of confidence. Banks around the world were confronted with undreamt-of counterparty risks, and risk premiums on all assets classes increased dramatically. This necessitated large-scale liquidity support from the bigger central banks and extensive government financial support packages for banks in trouble in the property finance and investment banking fields. In 60 years, the US and European banking industries had never seen either impairment allowances in the wake of requisite mark-to-market valuations or capital increases and partial nationalizations of this kind or of the rapidity that was needed now.

The failure of Iceland's banks and the threatened insolvency of several countries further aggravated the situation. Since the beginning of November 2008, a sharp downturn in the industrialized economies with its roots in the financial sector has been a virtual certainty.

As a consequence, central banks around the world have cut their key interest rates. To take one example, in January 2009, the US Federal Reserve cut its rate to nearly zero in the pursuit of its growth-orientated targets. The ECB, which stuck to its declared goal of combating inflation, was late to cut its key rate. Having increased it by 0.25 percentage points to 4.25 per cent at the beginning of July, it lowered it in several steps to 2 per cent in the middle of January 2009. Despite central bank interventions, the markets were seriously distorted. For instance, rates in the interbank market — including, above all, rates for US dollars, but also rates for the euro in the third quarter of 2008 — were sometimes 4 and 2 percentage points, respectively, higher than rates for central bank money. Because counterparty risks had increased, most liquidity equalization took place through the central banks. At the same time, risk premiums rose sharply.

Investors abandoned high-return, high-risk asset classes in a process called deleveraging, making the day-to-day raising of funds much more expensive.

There were also big movements in the currency markets. For instance, by mid-October, the US dollar had strengthened by as much as 30 per cent against the euro from a low of US$1.60/€ at the end of July. By year-end, it had returned to US$1.39/€.

The international stock markets had a particularly poor year. All of the world's major stock indices suffered big losses, including the Vienna stock exchange's key ATX index. After years of rising prices, it retreated by 61 per cent during the year to stand at 1,751 points at year-end 2008.

AUSTRIA'S PARLIAMENT PASSES BANK SUPPORT PACKAGE

In step with the parliaments of other EU member states, Austria's *Nationalrat* enacted the *Finanzmarktstabilitätsgesetz* (financial markets stability act) during its session on 25 October 2008, enabling the Republic of Austria to give the Austrian banking industry support whenever banks come under pressure.

The government support package for the Austrian banks enacted by Parliament is worth €100 billion. €10 billion of the total is earmarked for deposit guarantees and another €75 billion for other government guarantees, these amounts being designed to ensure that banks lend each other money again. The framework for equity investments by the government or other measures to strengthen the financial sector's equity base is €15 billion. Little use was made of these funds in 2008.

In addition, the federally guaranteed clearing system — which channels surplus liquidity to banks threatened with a liquidity bottleneck via a clearing office, or through which banks can themselves issue government-guaranteed bonds — began operating.

CHANGE IN THE SCOPE OF CONSOLIDATION

In line with the RLB NÖ-Wien Group's increased strategic focus on the *Centrope* region as part of its extended home market and in accordance with the provisions of IAS 28, the *Centrope* banks — *Raiffeisenbank a.s.* (Czech Republic), *eBanka, a.s.* (Czech Republic), *Raiffeisen Bank Zrt.* (Hungary) and *Tatra banka a.s.* (Slovakia) — were added to the list of entities accounted for using the equity method as of 1 January 2008. *Raiffeisen International Bank-Holding AG* (*R-International*) likewise became one of the entities accounted for using the equity method as of 1 July 2008.

RLB NÖ-Wien AG holds a direct stake of 24 per cent in *Raiffeisenbank a.s.* It has an indirect stake of 16.23 per cent in *Raiffeisen Bank Zrt.*, held through *Raiffeisen-RBHU Holding GmbH*, a direct stake of 12.28 per cent in *Tatra banka a.s.* and a direct stake of 0.61 per cent in *R-International*. *RLB NÖ-Wien AG* has a significant influence over each of these entities within the meaning of IAS 28. The transition from the prior measurement of these investments as available for sale to their inclusion using the equity method gave rise to the recognition of negative goodwill of €123.0 million as a one-off effect in the Income Statement.

RESULTS FROM OPERATIONS IN 2008

In the 2008 financial year, and against the backdrop of turmoil in the money and capital markets, the RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN Group (RLB NÖ-Wien Group) registered a very respectable operating profit. However, because of revaluation losses and a drop in its earnings from the *RZB Group* compared with 2007, consolidated profit was, in the final analysis, disappointing:

- **Assets** of €27.5 billion reflected the Group's rapid growth, increasing by 40.8 per cent or €8.0 billion from a figure of €19.5 billion at year-end 2007.

- To strengthen the Group's **own funds** and ensure further business growth, the capital increase of €266.3 million already approved by the AGM in April 2008 was carried out in December 2008. In addition, the Group issued non-voting non-ownership stock (*Partizipationskapital*) in the amount of €76.5 million which has been recognized as subordinated debt capital (see Note 29).

- It proved possible to keep RLB NÖ-Wien's **profit from operating activities** at a high level of €213.4 million. Operating income fell by 26.8 per cent, while general administrative expenses increased by 3.6 per cent.

- The key items of income from the Bank's core operations developed well. For instance, **net interest income** came to €149.9 million, which was €6.1 million or 4.2 per cent more than in 2007.

- **Net fee and commission income** was €11.5 million or 16.3 per cent down on the previous year to €59.0 million. This was due to turbulence in the securities markets and a sharp drop in the turnover of securities. **Net trading income** also fell, dropping by €17.2 million to negative €3.3 million.

- A large part of the decline in profit from operating activities was attributable to **net income from investments accounted for using the equity method**, which reflected the *RZB Group*'s performance. It fell by €81.0 million to €162.7 million.

- **General administrative expenses** increased by €5.6 million or 3.6 per cent to €163.5 million. This compared with €157.9 million in 2007.

- **Consolidated profit for the year after tax and minorities** came to €29.1 million, compared with €303.6 million in 2007. Most of the fall of €274.5 million was due to the decline in net income from investments accounted for using the equity method and net income from financial investments.

- It proved possible to keep the Bank's **Tier 1 ratio** very high, at 9.10 per cent (see Note 50: *Regulatory own funds*).

NOTES ON THE GROUP'S ASSETS AND FINANCIAL POSITION AND THE RESULTS OF ITS OPERATIONS

PROFIT FROM OPERATIONS IN 2008 COMPARED WITH 2007

€'000	2008	2007
Net interest income	149,872	143,817
Net fee and commission income	59,049	70,544
Net trading income	(3,274)	13,940
Net income from investments accounted for using the equity method	162,676	243,669
Other operating profit	8,590	42,993
Operating income	**376,913**	**514,963**
Staff costs	(87,545)	(85,100)
Other administrative expenses	(73,109)	(69,789)
Depreciation/amortization/write-offs	(2,892)	(3,015)
General administrative expenses	**(163,546)**	**(157,904)**
Profit from operating activities	**213,367**	**357,059**

Despite a difficult market situation and the rise in funding costs, **net interest income** increased by €6.1 million or 4.2 per cent to €149.9 million in 2008. Customer business in particular made a big contribution to this good result thanks to strong growth in the portfolio of loans in core segments and widening interest margins in the *Corporate Customers* segment. Despite higher volatilities, uncertainty in the markets and some big increases in the cost of money, net *structural* income (profit from maturity transformation) also made a sizeable contribution to net interest income.

Our development in 2008 was shaped by continued brisk demand for credit among corporate and retail customers and by strong growth in our deposit operations, which are important to our liquidity position. In particular, there was further growth in savings deposit balances, which increased by 32.6 per cent. A risk-focused lending policy and steady growth in our lending to corporate customers increased our earnings from credit operations. The healthy development of volumes made up for the compression of margins on the deposits side of the equation.

Net fee and commission income came to €59.0 million, which was 16.3 per cent or €11.5 million down on the previous year's figure of €70.5 million. Most of the decline was due to a sharp drop in our earnings from securities operations caused by the generally poorer state of the economy. The increase in fee and commission income from payment services generated by a broadened customer base and the intensification of our customer relationships with existing customers failed to make up for the drop in earnings from securities operations.

Net trading income was sharply down on the previous year's figure of €13.9 million to negative €3.3 million. Extremely turbulent markets and higher volatilities made interest rate trading substantially more difficult than in prior years. In addition, net trading income was dented by unusually large fluctuations in foreign exchange rates.

Net income from investments accounted for using the equity method, which reflects the performance of the *RZB Group*, fell by €81.0 million from €243.7 million in 2007 to €162.7 million in the year under review. This figure contains our interest in the profits of the *RZB Group*, *R-International* and the *Raiffeisen* banking subsidiaries in Hungary, the Czech Republic and Slovakia, and a one-off effect of negative goodwill recognized in the amount of €123.0 million arising from the transition from the former classification of investments as available-for-sale assets to accounting for them using the equity method.

Other operating profit came to €8.6 million, or €34.4 million less than in 2007. The principal reason for the decrease was a fall in net revaluation gains and losses on derivative financial instruments neither held for trading nor designated as hedging instruments within the meaning of IAS 39.

General administrative expenses increased by €5.6 million or 3.6 per cent to €163.5 million. General administrative expenses comprised staff costs of €87.5 million, other administrative expenses of €73.1 million and depreciation/amortization/write-offs of property and equipment and intangible assets totalling €2.9 million. During 2008, considerable effort was made to improve processes and to brake the rise in costs with the help of a bank-wide cost optimization and efficiency programme.

As a result, we were able to keep the rise in staff costs during 2008 well below the average increase in prior years, limiting it to €2.4 million or 2.9 per cent. Other administrative expenses grew by €3.3 million or 4.8 per cent. The principal reasons for the increase were IT outlay on strategic projects and the rental costs associated with renting new premises.

Active cost management kept the rise in other costs in check.

Depreciation/amortization/write-offs of property and equipment and intangible assets fell by 4.1 per cent or €0.1 million to €2.9 million.

The RLB NÖ-Wien Group's **profit from operating activities** came to a very respectable €213.4 million. The year-on-year fall of 40.2 per cent was due to a drop in operating income, which declined by 26.8 per cent, in conjunction with an increase, albeit a small one, of 3.6 per cent in general administrative expenses.

CONSOLIDATED PROFIT IN 2008 COMPARED WITH 2007

€'000	2008	2007
Operating profit	**213,367**	**357,059**
Charge for impairment losses on loans and advances	(45,623)	(27,357)
Net income from financial investments	(165,070)	(25,960)
Profit before tax	**2,674**	**303,742**
Income tax	26,480	(184)
Profit after tax	**29,154**	**303,558**
Minority interests in profit	(23)	(7)
CONSOLIDATED PROFIT	**29,131**	**303,551**

The **charge for Impairment losses on loans and advances** included new allowances of €80.2 million, compared with €62.9 million in 2007, and reversals of €43.1 million, compared with €34.6 million in 2007. This line item also includes direct write-offs of receivables in the amount of €1.4 million, as against €0.8 million in 2007. Recoveries of receivables previously written off came to €2.3 million in 2008, compared with €1.1 million in the previous year. The corporate customers segment accounted for a large part of the increase in the need for allowances for impairment losses on loans and advances. Charges for impairment losses on outstanding bank exposures in Iceland totalled €14.1 million in 2008.

We refer the reader to the notes on the RLB NÖ-Wien Group's overall financial risks and its risk management goals and methodologies contained in the detailed Risk Report provided in the Notes (Note 31).

Revaluation losses on securities designated as at fair value through profit or loss were the principal reason for the Group's **loss from financial investments** of €165.1 million. This loss was €139.1 million bigger than in 2008. The international financial crisis led to sizeable corrections to the valuations of these financial instruments. The revaluation loss of €170.3 million therein was largely accounted for by fixed-interest securities. If there are no default losses, we can assume that these revaluation losses will reverse through profit or loss by the time the securities mature. The collapse of investment bank *Lehman Brothers* compelled the *RLB NÖ-Wien Group* to make a total of €18.6 million of provisions and allowances for impairment losses on securities. The charge for impairment losses on securities arising from direct and indirect bank exposures in Iceland totalled €15.9 million.

In 2008, the RLB NÖ-Wien's Group **tax income** came to €26.5 million (2007: tax expense of €0.2 million). Current tax income consisted mainly of the portion of *Körperschaftsteuer* (Austrian corporation tax) receivable by RLB NÖ-Wien pursuant to its *Steuerumlagenvereinbarung* (tax contribution agreement) with *Raiffeisen-Holding NÖ-Wien*, which is the parent of the *steuerliche Unternehmensgruppe* (taxable enterprises group).

Consolidated profit for the year after tax and minorities came to €29.1 million, compared with €303.6 million in 2007. The decrease of €274.5 million was attributable to the fall in net income from investments accounted for using the equity method and the loss on financial investments.

SEGMENT REPORT FOR 2008

The RLB NÖ-Wien Group is divided into the segments listed below. Our segment definitions focus on the customers being serviced. (Primary segment reporting in accordance with IAS 14 is based on the RLB NÖ-Wien Group's internal management reporting system.)

Personal and Business Banking Customers (Retail Banking)

Corporate Customers

Financial Markets

Investments

Management Services

The **Personal and Business Banking Customers (Retail Banking)** segment encompasses retail business carried on through the Group's branches in Vienna. It therefore covers the banking needs of personal banking customers in Vienna, including in particular their need for advisory services in the loan and investment fields. The Group's private banking teams provide professional advice to high net worth private banking customers in Vienna. Its centres of excellence for trade and business customers service small and medium-sized enterprises. Consulting offices are also open for customers outside normal banking hours. Thanks to our strategy of expansion in Vienna, this customer segment had a very good year. Substantial growth in business volumes — including above all growth in savings deposit balances, which increased by 32.6 per cent or €579.0 million, and a net increase of 18,230 in the customer base in Vienna — partly offset the narrowing of margins on deposits and the drop in fees and commission. Profit before tax in this segment came to €19.2 million, compared with €20.5 million in 2007. The result was a return on equity before tax of 18.3 per cent (2007: 19.5 per cent). The segment's cost:income ratio increased from 70.7 per cent in 2007 to 73.7 per cent in the year under review.

The **Corporate Customers** segment registered a good profit in 2008. The keys to this customer segment's success were specially tailored products and solutions and close attention to the needs of corporate customers in the *Centrope* region. The Group continued to pursue a systematic business acquisition strategy during the year under review. At the same time, it deepened its relationships with existing customers. Its profit-orientated business policies led to a strong increase in business volumes and another advance in net interest income. Net interest income after impairment losses on loans and advances held steady compared with 2007. However, turmoil in the securities markets caused a loss on financial investments. Consequently, the RLB NÖ-Wien Group's corporate customers segment turned profit before tax of €29.7 million, compared with €54.5 million in 2007. With average equity employed of €548.0 million, it thus delivered a return on equity of 5.4 per cent. Its cost:income ratio improved to 29.3 per cent from 30.1 per cent in 2007.

The **Financial Markets** segment was particularly hard hit by the massive distortions in the international money and capital markets. Asset Liability Management systematically carried out the risk and profit-optimized management of the Group's maturity transformation activities, making an important contribution to net interest income. Net trading income was unsatisfactory, at negative €13.4 million. The loss on interest rate trading was particularly severe, and foreign exchange trading also failed to profit from the big fluctuations in the market. This segment's profit was dented mainly by massive revaluation losses on securities designated as at fair value through profit or loss. However, if there are no further default losses, we can generally assume that these losses will be reversed again through profit or loss by the time the securities mature. Overall, profit before tax in this segment came to a very unsatisfactory negative €108.9 million. Above all, its results were severely affected by turmoil in the financial markets in the second half.

The **Investments** segment accounted for the biggest slice of consolidated profit for the year before tax, namely €109.8 million. The *RZB Group*'s profits slumped dramatically in 2008, so it effectively failed to contribute to the RLB NÖ-Wien Group's earnings. The first-time inclusion of the direct stakes held in *R-International* and the *Raiffeisen Network Banks* in Hungary, the Czech Republic and Slovakia had a one-off effect of €123.0 million.

The **Management Services** segment encompasses all the activities of the RLB NÖ-Wien Group within the scope of its role within the Austrian *Raiffeisen* organization — where it acts as the central institution serving the *Raiffeisen Banks* in Lower Austria — as well as income and expenses arising from the work it does to support activities in the market in the other customer segments. In 2008, this segment recorded a loss of €47.2 million, compared with a loss of €12.5 million in 2007. This was predominantly the result of write-downs that were necessary in connection with a money market fund acquired by RLB NÖ-Wien from the Lower Austrian *Raiffeisen Banks*.

BALANCE SHEET PERFORMANCE IN 2008

The RLB NÖ-Wien Group's assets grew by €7,984.1 million or 40.8 per cent to €27,533.4 million during the year under review, reflecting the outstanding growth of business volumes in 2008.

The principal contributors to growth on the assets side of the Balance Sheet were *Loans and advances to customers* and *Loans and advances to other banks*. Growth on the equity and liabilities side of the Balance Sheet was driven by an increase in *Deposits from other banks*, including in particular *RZB* and the Lower Austrian *Raiffeisen Banks*, and by growth in *Deposits from customers*.

Assets

Loans and advances to other banks grew by €3,867.3 million or 73.0 per cent to €9,162.4 million during 2008. The lion's share of the increase — €2,583.6 million — was accounted for by banks in the *Raiffeisen* organization.

Loans and advances to customers increased by €1,631.2 million or 23.7 per cent to €8,514.3 million. This was the commercially most important line item on the assets side of the Balance Sheet, accounting for about 30.9 per cent of total assets. Loans and advances to corporate and retail banking customers increased significantly, whereas lending to the public sector was virtually static on the year. Although this meant that lending to customers was expanding, qualitative growth was always the main priority. The Group remained true to its conservative risk policy and continued to actively manage the existing loan portfolio.

Other current financial assets increased by €216.8 million or 10.9 per cent to €2,213.1 million. Trading assets also grew, increasing by €1,084.0 million or 94.0 per cent on the previous year to €2,236.8 million. Derivatives operations contributed most to this increase.

Investments accounted for using the equity method grew as well, increasing by €168.2 million to €1,944.5 million. This was primarily attributable to the first-time inclusion of RLB NÖ-Wien's direct stakes in *R-International* and the *Raiffeisen Network Banks* in Hungary, the Czech Republic and Slovakia as investments accounted for using the equity method. RLB NÖ-Wien remained *RZB*'s biggest single shareholder, with a 31.4 per cent stake.

Liabilities

Deposits from other banks grew by €3,899.1 million or 52.3 per cent to €11,358.9 million. Deposits from *Raiffeisen Banks* in Lower Austria and *RZB* accounted for €5,232.0 million or roughly 46.1 per cent of total deposits from other banks. The structure of the RLB NÖ-Wien Group's equity and liabilities is a reflection of *RLB NÖ-Wien AG*'s role as the central institution of the *Raiffeisen Banking Group* in Lower Austria and Vienna. The *Raiffeisen Banks* in Lower Austria hold their statutory liquidity reserves at RLB NÖ-Wien. RLB NÖ-Wien does not itself carry on retail banking business in Lower Austria.

Deposits from customers grew by €940.8 million or 17.0 per cent to €6,462.1 million. Savings deposit balances accounted for €2,357.0 million of the total at year-end. This translates into a very satisfactory increase of 32.6 per cent. Sight deposit balances totalled €2,208.3 million, and time deposit balances came to €1,896.8 million.

Liabilities evidenced by paper came to €3,852.6 million, which was 40.4 per cent or €1,108.3 million more than at the end of the previous year.

Primary funds — comprising deposits from customers and all liabilities evidenced by paper — totalled €10,314.7 million to account for roughly 37.5 per cent of the RLB NÖ-Wien Group's balance sheet total.

Trading liabilities increased by €1,520.9 million to €2,187.4 million. Financial instruments held for trading accounted for the larger part of this increase.

Equity

Thanks to a capital increase, equity on the Balance Sheet of the RLB NÖ-Wien Group increased by a total of €266.3 million. Because of the Group's interest in changes in the equity of entities accounted for using the equity method in the amount of negative €186.4 million, which was not recognized in the Income Statement, and other changes in equity in the amount of negative €56.8 million, equity on the Balance Sheet before minority interests came to €1,920.0 million at the end of 2008.

FINANCIAL PERFORMANCE INDICATORS

PERFORMANCE

We were only able to keep some of the performance indicators that are in widespread international use at a genuinely satisfactory level:

The Group's cost:income ratio — operating expenses expressed as a percentage of operating income — came to 43.4 per cent, failing to match the figure of 30.7 per cent registered in 2007. However, it was still respectable by international standards.

The Group's return on equity after tax — its return on equity based on average consolidated equity — was disappointing in 2008, at 1.5 per cent. The RLB NÖ-Wien Group had still recorded a return on equity after tax of 17.1 per cent in 2007.

REGULATORY OWN FUNDS

At 31 December 2008, the RLB NÖ-Wien Group had total eligible own funds of €1,568.0 million. This compared with a regulatory own funds requirement of €1,046.8 million, giving the Group surplus own funds of €521.2 million, or 49.8 per cent of the required minimum, on its balance sheet date in 2008.

The Group was able to sustain both its Tier 1 ratio within the meaning of *Basel II* and its own funds ratio at very high levels, namely 9.10 per cent (regulatory minimum: 4.0 per cent) and 11.98 per cent (regulatory minimum: 8.0 per cent), respectively. (See Note 50, *Regulatory own funds*.)

MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

To date, there have been no business transactions or other occurrences that could be of particular public interest or that could materially affect the Annual Financial Statements for 2009.

BRANCHES AND OFFICES

At year-end 2008, some 600 customer advisors and sales assistants were servicing RLB NÖ-Wien's customers at 68 branches in Vienna. These comprised 47 retail banking branches, seven private banking units for high net worth personal banking customers and six special centres of excellence for trade and business customers.

Eight consulting offices are available to our customers. They are also open outside normal banking hours, so consultations take place when it suits the customer. Moreover, a customer can choose where a consultation session should take place, for instance at a consulting office or at his or her home. This modern, pioneering approach reflects both RLB NÖ-Wien's service-orientated advisory concept and its local roots.

The Group has neither offices nor branches abroad.

RESEARCH AND DEVELOPMENT

Because of the industry in which it operates, the Bank does not perform any relevant research or development activities.

NON-FINANCIAL PERFORMANCE INDICATORS

HUMAN RESOURCES

Continuity is central to RLB NÖ-Wien's personnel development activities. As a bank with a strong advisory focus, it continued to enlarge its workforce in every customer segment during 2008. It processed over 4,900 job applications, carried out 1,100 individual job interviews and held 45 assessment centre modules with over 200 participants. 202 new staff joined RLB NÖ-Wien during 2008.

When recruiting staff, RLB NÖ-Wien attaches particular importance to cooperating with secondary schools, universities and vocational colleges. Lectures by management personnel and RLB NÖ-Wien's presence at professional fairs help it meet its sizeable staffing requirements. The *Karrieretalk* sessions were a great success during 2008, bringing the organization into contact with 200 school pupils. During these sessions, professional experts at RLB NÖ-Wien gave young career starters career advice in cooperation with the *Fonds der Wiener Kaufmannschaft*. From their first day at work, staff members' development is promoted and encouraged by an intensive training programme made up of on-the-job training and seminars.

As in 2007, staff did a large number of training days during 2008, namely about 9,990. Further training for a new generation of team leaders and senior customer service staff was provided in the form of head-of-department training, the Group's pool programme for young management personnel, *Mehr[WERT]* "value added" training in the corporate customers segment, mentor training and our trainee programme for young college and university graduates. RLB NÖ-Wien's personnel management activities are particularly focused on staff satisfaction. This was reflected by a raft of activities during the year under review. They included an induction scheme for new staff members consisting of a Welcome Day and being greeted personally by the Managing Board on the day of one's induction.

The health and well-being of employees at the workplace are also important to RLB NÖ-Wien. 415 employees took advantage of our health checks, which made a big contribution to the health and well-being of the workforce. Staff members attended a series of expert lectures on a variety of health and fitness themes within the scope of the Group's *Wellness* Programme. To encourage staff to be physically fit, they are offered a broad range of sporting opportunities by *Turn- und Sportunion Raiffeisen NÖ-Wien*, and these have proven very popular. As in prior years, the *Wellness* Programme was rounded off by a company hike.

We continued to attach great importance to cultivating a feedback culture during 2008, giving us a particularly valuable instrument for promoting internal structured communication. During our *360° Feedback* process, the members of third tier management faced extensive analysis by their superiors and colleagues and those working with them.

THE ENVIRONMENT AND CLIMATE PROTECTION

An *RKI Manual for Enterprises and Staff* was drawn up within the scope of the *Raiffeisen* Climate Protection Initiative (RKI) set up by the Austrian *Raiffeisenverband*. The measures it contains have been in the implementation stage since the end of 2008. One of the measures being implemented by RLB NÖ-Wien is the distribution of regular information to every member of staff using weekly pop-ups on their PCs from 2009. These pop-ups will contain valuable tips about ways to save energy in the office and in one's free time.

One special measure that goes beyond this is RLB NÖ-Wien's payment of a so-called "green subsidy" to encourage staff to use public transport. It takes the form of a contribution towards the cost of an annual season ticket for Vienna's public transport system. In cooperation with city of Vienna, RLB NÖ-Wien also offers the city's population the use of bicycles free of charge as a form of public transport that is both novel and environmentally friendly.

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

In addition, RLB NÖ-Wien held Lower Austria's second *Energy Saving Day* and Vienna's first in 2008, offering visitors extensive information about building materials, construction ecology, subsidies, financing models, heating and building regulations in collaboration with the Province of Lower Austria, the City of Vienna and experts from the *Raiffeisen Banks*. Over 3,500 advice sessions took place during the events, which were held on 28 February 2008. This successful project will continue in 2009.

RLB NÖ-Wien also acts as a partner in the energy contracting field. This is a commercially compelling model for optimizing a building's energy consumption and energy (cost) efficiency. Measures taken to boost energy efficiency also benefit the environment as energy contracting reduces energy consumption without affecting comfort. The measurable benefit for the environment is a significant CO_2 saving.

CORPORATE SOCIAL RESPONSIBILITY

RLB NÖ-Wien's employees demonstrated their personal sense of social responsibility in 2008 by cooking for the clients of the *Gruft* — a facility for the homeless — within the scope of the sponsorship of the *Gruft* by *Raiffeisen* and the *Kurier* newspaper as part of the "Cardinal König" scheme. Since the beginning of this partnership in 2006, they have paid for and cooked over 80 evening meals at this charitable facility, feeding an average of about 120 men and women. A Christmas present collection for people staying in *Caritas* facilities was also met with a warm response.

This charitable work by members of the Group's staff mirrored the corporate social responsibility that is lived out by RLB NÖ-Wien, which did much in 2008 to improve the quality of life in the regions where its customers live.

Above and beyond its commercial activities, RLB NÖ-Wien sponsors a range of cultural activities, including, for instance, the *Wiener Festwochen* festival, the *Designforum* and the *Neue Oper Wien* opera company, and within the scope of cooperation with *Niederösterreich-Kultur* (*NÖKU*) in Lower Austria, it also supports the *Donaufestival*, the *Festspielhaus St. Pölten* festival theatre and the *Kunstmeile Krems*.

In addition, RLB NÖ-Wien created very local focuses in individual corners of Vienna under the motto *Nachbar schafft Hilfe* (a helpful neighbour), both sponsoring and promoting various social and cultural initiatives. The attractiveness of one's neighbourhood also depends greatly on the leisure opportunities that it offers. Sponsoring sporting events, including above all running events like the *Business Run*, the *Frauenlauf* (women's run) and the *Friedenslauf* (peace run), was another important aspect of RLB NÖ-Wien's activities. The Group's commitment to sport is rounded off by its promotion of young athletes through its sponsorship of the *Austria Juniors* (who train young footballers).

Ensuring people's safety and security is becoming increasingly important, so there too, *RLB NÖ-Wien AG* is playing an active role working together with the police. Among other things, it sponsors the *Sicherheitsverdienst-preis* (security prize of honour) for Vienna and Lower Austria, which is awarded to both law enforcement officers and civilians.

OUTLOOK FOR 2009

The global economy is suffering from a widespread decline in economic activity in early 2009 that is affecting many areas of the world. Overall, global economic growth appears to have slowed significantly in 2009. According to interim forecasts published by the European Union in mid-January, it appears to have been running at 0.5 per cent, compared with roughly 3 per cent in 2008.

Every country in the eurozone will be affected by this slowdown. EU experts see the real rate of GDP growth across the European Union falling drastically from about 1 per cent in 2008 to slightly under negative 0.8 per cent in 2009. These numbers reflect the impact of present problems in the money and capital markets and the real economy. They have caused a sharp decline in world trade and industrial production — especially in the export sector — as well as corrections to property prices in some countries.

The major industrial nations are doing their utmost to ward off the impending economic collapse with the help of extensive economic programmes and investments. In coordination with these measures, central banks have done everything they can to stabilize the financial markets in order to keep the financial sector running; to restore the necessary confidence; and, by making money relatively cheap, to prevent another dramatic economic downturn.

Public sector investment should be able to make up for part of the fall in private and foreign demand. However, it will only become apparent in the next few quarters whether all the measures that have been taken will suffice to keep the recession short.

Austria's economy will not escape the effects of international developments during 2009, although thanks to its slightly more favourable starting position, those effects are likely to be slightly less severe. On the other hand, a number of Austria's trading partners, including in particular Germany and the high-growth Central European EU Member States in the *Centrope* region — Slovakia, the Czech Republic and Hungary — will be economically challenged in 2009.

Austria's new federal government, sworn in on 2 December 2008, has begun its tenure with energy. From the outset, measures to combat the financial crisis have been at the centre of its decisions. It has enacted economic stimulus packages for 2009 and 2010 of about €1 billion each as well as voting a total of another €1.9 billion for, among other things, investment incentives. In addition, it decided to carry out a tax reform in 2009 to reduce the strain on incomes.

The RLB NÖ-Wien Group will stay in its successful path, serving its customers as the *Best Advisor Bank*. Its principal focus will continue to be on satisfying the financial and investment needs of its personal and business banking customers in Vienna and the corporate customers it services in Vienna and the *Centrope* region.

Cooperating closely with the *Raiffeisen Banks* in Lower Austria and *Raiffeisen Holding NÖ-Wien* and playing an active role within the *Raiffeisen* organization as RZB's biggest equity holder remain RLB NÖ-Wien's highest priorities. RLB NÖ-Wien will not be taking advantage of the government rescue package. Based on its funding plan, RLB NÖ-Wien can look forward to having a satisfactory liquidity position without it.

RLB NÖ-Wien's cost optimization and efficiency enhancement programme will continue in 2009. In particular, processes will be improved and streamlined. In line with our medium-term plans, we anticipate another increase in business volumes. It will be driven by both corporate and retail banking operations. RLB NÖ-Wien will serve the economy as an active partner, supporting the implementation of regional economic programmes and, therefore, living up to its core responsibilities and applying its skills as a regional bank.

Despite higher allowances for impairments losses, every segment within the RLB NÖ-Wien Group should register an increase in profits. We will adapt our key initiatives in the marketplace — *Centrope* and *Wien erobern* — and our Treasury and equity investment activities to the changed market conditions and continue them resolutely. The RLB NÖ-Wien Group should thus achieve further sustainable growth in 2009, continuing its steady and positive business development. However — and not least because of the results that the *RZB Group* is likely to record — profit will not be at the same level as in 2006 and 2007.

As of the end of April 2009, Robert Gruber resigned as Deputy Chairman of the Managing Board of RLB NÖ-Wien. The Supervisory Board of RLB NÖ-Wien accepted his resignation during its meeting on 11 March 2009. Reinhard Karl was elected to the Managing Board of RLB NÖ-Wien as of 1 May 2009.

Vienna
23 March 2009

The Managing Board

CEO
Erwin HAMESEDER

Deputy CEO
Robert GRUBER

Member
Georg KRAFT-KINZ

Member
Gerhard REHOR

Member
Michael RAB

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

A. INCOME STATEMENT

€'000	NOTE	2008	2007 [1]
Interest income	(1)	990,876	704,638
Interest expenses	(1)	(841,004)	(560,821)
Net interest income	**(1)**	**149,872**	**143,817**
Charge for impairment losses on loans and advances	(2)	(45,623)	(27,357)
Net interest income after impairment losses on loans and advances		**104,249**	**116,460**
Fee and commission income	(3)	85,108	102,969
Fee and commission expenses	(3)	(26,059)	(32,425)
Net fee and commission income	**(3)**	**59,049**	**70,544**
Net trading income	(4)	(3,274)	13,940
Net income from investments in entities accounted for using the equity method	(5)	162,676	243,669
Net income from financial investments	(6)	(165,070)	(25,960)
General administrative expenses	(7)	(163,546)	(157,904)
Other operating profit	(8)	8,590	42,993
Profit before tax		**2,674**	**303,742**
Income tax	(10)	26,480	(184)
Profit after tax		**29,154**	**303,558**
Minority interests in profit		(23)	(7)
CONSOLIDATED PROFIT		**29,131**	**303,551**

	NOTE	2008	2007
Consolidated profit, €'000	(11)	29,131	303,551
Number of ordinary shares in issue		2,000,789	1,991,973
Undiluted earnings per share, €		**14.56**	**152.39**

There were no conversion or option rights in issue. Consequently, earnings per share were undiluted.

[1] Pursuant to the opinion on *Fragen der IFRS-Bilanzierung und –Berichterstattung im Zusammenhang mit der Einführung der Gruppenbesteuerung* (issues relating to IFRS-compliant accounting and reporting in connection with the introduction of group taxation) published by AFRAC (the Austrian Financial Reporting and Auditing Committee), deferred taxes should be measured applying the current corporation tax rate of 25 per cent. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008.

Since 1 January 2008, the charge for impairment losses on loans and advances has included a collective assessment of impairments of portfolios. Prior-year figures were restated accordingly.

B. BALANCE SHEET

ASSETS, €'000	NOTE(S)	2008	2007 [1]
Cash and balances with the central bank	(13)	45,423	47,146
Loans and advances to other banks	(14, 34, 35)	9,162,397	5,295,082
Loans and advances to customers	(15, 34, 35)	8,514,312	6,883,089
Impairment allowance balance	(16, 35)	(241,679)	(243,712)
Trading assets	(17, 34, 35)	2,236,810	1,152,770
Other current financial assets	(18, 34, 35)	2,213,147	1,996,264
Financial investments	(19, 34, 35)	2,787,195	2,073,650
Investments in entities accounted for using the equity method	(34)	1,944,460	1,776,250
Intangible assets	(20)	5,958	3,775
Property and equipment	(21)	10,270	9,749
Other assets	(22, 35)	855,099	555,239
Total assets		**27,533,392**	**19,549,302**

EQUITY AND LIABILITIES, €'000	NOTE(S)	2008	2007 [2]
Deposits from other banks	(23, 34, 35)	11,358,887	7,459,808
Deposits from customers	(24, 34, 35)	6,462,072	5,521,283
Liabilities evidenced by paper	(25, 34)	3,852,601	2,744,260
Trading liabilities	(26, 34, 35)	2,187,402	666,486
Other liabilities	(27, 35)	939,128	604,091
Provisions	(28, 35)	66,196	66,502
Subordinated debt capital	(29, 34)	747,108	590,022
Equity	(30)	1,919,998	1,896,850
Attributable to equity holders of the parent		1,919,918	1,896,787
Minority interests		80	63
Total equity and liabilities		**27,533,392**	**19,549,302**

[1] Since 1 January 2008, the impairment allowance balance has included a collective assessment of impairments of portfolios. Prior-year figures were restated accordingly.

[2] Pursuant to the opinion on *Fragen der IFRS-Bilanzierung und –Berichterstattung im Zusammenhang mit der Einführung der Gruppenbesteuerung* (issues relating to IFRS-compliant accounting and reporting in connection with the introduction of group taxation) published by AFRAC (the Austrian Financial Reporting and Auditing Committee), deferred taxes should be measured applying the current corporation tax rate of 25 per cent. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008. Prior-year figures were restated accordingly.

C. STATEMENT OF CHANGES IN EQUITY

€'000	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	CONSOLIDATED PROFIT	MINORITIES	TOTAL
Equity at 1 January 2008	**199,197**	**181,701**	**1,515,889**	**0**	**63**	**1,896,850**
Capital contributions	15,323	250,987				266,310
Consolidated profit for the period				29,131	23	29,154
Contractual profit transfer				(45,300)		(45,300)
Use of retained earnings			(16,169)	16,169		0
Distributions					(3)	(3)
Cash flow hedge reserve			(34,846)			(34,846)
Available-for-sale reserve			(18,646)		(3)	(18,649)
Enterprise's interest in changes in the equity of the entities accounted for using the equity method not recognized in profit or loss			(186,383)			(186,383)
Deferred taxes			12,865			12,865
Equity at 31 December 2008	**214,520**	**432,688**	**1,272,710**	**0**	**80**	**1,919,998**

€'000	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	CONSOLIDATED PROFIT	MINORITIES	TOTAL
Equity at 1 January 2007	**199,197**	**181,701**	**1,280,165**	**0**	**56**	**1,661,119**
Effect of measuring deferred taxes applying a corporation tax rate of 25 per cent [1]			(12,224)			(12,224)
Adjustment for the collective assessment of impairments of portfolios [2]			(4,468)			(4,468)
Equity at 1 January 2007, restated	**199,197**	**181,701**	**1,263,473**	**0**	**56**	**1,644,427**
Consolidated profit for the period				303,551	7	303,558
Contractual profit transfer				(63,850)		(63,850)
Transferred to retained earnings			239,701	(239,701)		0
Distributions					(5)	(5)
Cash flow hedge reserve			(2,299)			(2,299)
Available-for-sale reserve			(22,217)		1	(22,216)
Enterprise's interest in changes in the equity of the entities accounted for using the equity method not recognized in profit or loss			30,727			30,727
Deferred taxes			6,509			6,509
Other changes			(5)		4	(1)
Equity at 31 December 2007	**199,197**	**181,701**	**1,515,889**	**0**	**63**	**1,896,850**

[1] Pursuant to the AFRAC opinion, deferred taxes should be measured applying the current corporation tax rate of 25 per cent. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008. Prior-year figures were restated accordingly.

[2] Since 1 January 2008, the impairment allowance balance has included a collective assessment of impairments of portfolios. Prior-year figures were restated accordingly.

The share capital of RAIFFEISENLANDES-BANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) was €199,197,300.00 (year-end 2007: €199,197,300.00). Its subscribed capital comprised 2,145,201 (year-end 2007: 1,991,973) no-par bearer shares (*Stückaktien*) with a nominal value of €214,520,100.00 (year-end 2007: €199,197,300.00).

The cash flow hedge reserve and the available-for-sale reserve taken to retained earnings, in both cases prior to the deduction of deferred taxes, and deferred taxes taken directly to equity changed as follows:

€'000	CASH FLOW HEDGE RESERVE	AVAILABLE-FOR-SALE RESERVE	DEFERRED TAXES TAKEN TO EQUITY
At 1 January 2008	13,016	5,937	(2,360)
Net changes in the financial year	(34,846)	(18,649)	12,865
of which revaluation gains/(losses) taken directly taken to equity and not recognized in profit or loss	(33,122)	(14,524)	
of which the amount taken out of equity and recognized in profit or loss during the financial year	(1,724)	(4,125)	
At 31 December 2008	(21,830)	(12,712)	10,505

€'000	CASH FLOW HEDGE RESERVE	AVAILABLE-FOR-SALE RESERVE	DEFERRED TAXES TAKEN TO EQUITY [1]
Equity at 1 January 2007	15,315	28,153	(3,030)
Effect of measuring deferred taxes applying a corporation tax rate of 25 per cent			(5,839)
At 1 January 2007, restated	15,315	28,153	(8,869)
Net changes in the financial year	(2,299)	(22,216)	6,509
of which revaluation gains/(losses) taken directly taken to equity and not recognized in profit or loss	1,573	(7,251)	
of which the amount taken from equity and recognized in profit or loss during the financial year	(3,872)	(14,965)	
Equity at 31 December 2007	13,016	5,937	(2,360)

Amounts charged off against the cash flow hedge reserve through profit or loss were recognized in *Net interest income*.

[1] Pursuant to the opinion on *Fragen der IFRS-Bilanzierung und –Berichterstattung im Zusammenhang mit der Einführung der Gruppenbesteuerung* (issues relating to IFRS-compliant accounting and reporting in connection with the introduction of group taxation) published by AFRAC (the Austrian Financial Reporting and Auditing Committee), deferred taxes should be measured applying the current corporation tax rate of 25 per cent. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008. Prior-year figures were restated accordingly.

D. CASH FLOW STATEMENT

€'000	2008	2007 [1]
Profit before minorities	**29,154**	**303,558**
Non-cash items in profit and transition to net cash from operating activities:		
Write-downs/(write-ups) of property and equipment and financial investments	179,296	51,727
Revaluation (gains)/losses on investments in entities accounted for using the equity method	(162,676)	(243,669)
Net creation of provisions and impairment allowances	61,867	28,914
(Gains)/losses on disposals of property and equipment and financial investments	(10,421)	(24,807)
Other adjustments (net)	(159,854)	(162,511)
Subtotal	**(62,634)**	**(46,788)**
Change in assets and liabilities arising from operating activities after corrections for non-cash items:		
Loans and advances to customers and other banks	(5,499,921)	(1,233,357)
Trading assets	(1,084,040)	(393,607)
Other current financial assets	(376,242)	(952,311)
Other assets	(355,461)	(129,376)
Deposits from customers and other banks	4,839,868	2,263,647
Liabilities evidenced by paper	1,108,342	152,743
Trading liabilities	1,520,916	193,353
Other liabilities	363,972	154,147
Interest and dividends received	1,004,163	599,793
Interest paid	(790,087)	(458,746)
Income taxes paid	56	(607)
Net cash from operating activities	**668,932**	**148,891**

[1] Pursuant to the opinion on IFRS-compliant accounting in connection with the introduction of group taxation (*Gruppenbesteuerung*) published by AFRAC, deferred taxes should be measured applying the current corporation tax rate of 25 per cent. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008. Furthermore, since 1 January 2008, the charge for impairment losses on loans and advances has included a collective assessment of impairments of portfolios. Prior-year figures were restated accordingly.

€'000	2008	2007
Cash receipts from sales of:		
Financial investments and equity	2,688,968	133,612
Property and equipment and intangible assets	209	680
Cash paid for:		
Financial investments and equity	(3,713,576)	(288,876)
Property and equipment and intangible assets	(5,805)	(4,786)
Net cash from/(used in) investing activities	**(1,030,204)**	**(159,370)**
Net cash from capital increases	266,310	0
Net inflows of subordinated debt capital	157,087	38,912
Contractual profit transfer	(63,850)	(25,000)
Net cash from financing activities	**359,547**	**13,912**

€'000	2008	2007
Cash and cash equivalents at end of previous period	**47,146**	**43,745**
Net cash from/(used in) operating activities	**668,932**	**148,891**
Net cash from/(used in) investing activities	**(1,030,204)**	**(159,370)**
Net cash from financing activities	**359,547**	**13,912**
Effect of exchange rate changes	**2**	**(32)**
Cash and cash equivalents at end of period	**45,423**	**47,146**

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

E. NOTES

The enterprise

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) is the regional central institution of *Raiffeisen Bankengruppe NÖ-Wien*. It is registered in the companies register (*Firmenbuch*) at Vienna trade court (*Handelsgericht Wien*) under the number FN 203160 s. The company's address is *Friedrich-Wilhelm-Raiffeisen-Platz 1*, 1020 Vienna.

RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (*Raiffeisen-Holding NÖ-Wien*) is RLB NÖ-Wien's majority shareholder with a stake of 78.58 per cent. In accordance with Austrian disclosure regulations, the consolidated financial statements of *Raiffeisen-Holding NÖ-Wien* are lodged in the companies register and published in the *Raiffeisen* newspaper. The remaining shares of RLB NÖ-Wien are held by the *Niederösterreichische Raiffeisenbanken* (Lower Austrian *Raiffeisen* banks). As their central institution, RLB NÖ-Wien offers them support in every field of banking.

RLB NÖ-Wien is a regional bank. In its core business segment, it operates in its regional home market — eastern Austria — and thus in the *Centrope* region, where it provides professional advisory services and optimum banking products. Thanks to its stake in *Raiffeisen Zentralbank Österreich Aktiengesellschaft* (RZB), it also profits from the *Raiffeisen Banking Group*'s presence in Central and Eastern Europe.

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The foundation stones of RLB NÖ-Wien's banking activities are personal and business banking (retail banking), corporate banking and proprietary operations. It provides retail banking services at its branches and consulting offices in Vienna under the slogan "*Raiffeisen in Wien. Meine BeraterBank*" (*Raiffeisen* in Vienna. My bank advisor). RLB NÖ-Wien's core strategic operations are supplemented by its participation in syndicated loan projects and its equity investments in banks and other banking-related investments in Austria, Hungary, the Czech Republic and Slovakia.

THE FUNDAMENTALS OF CONSOLIDATED FINANCIAL REPORTING IN COMPLIANCE WITH IFRSs

Principles

The Consolidated Financial Statements for the financial year 2008 and the prior-year figures for 2007 were prepared in accordance with *EU Directive (EC) 1606/2002*, as issued by the Commission on 11 September 2002, in conjunction with *§ 245a UGB* (Austrian enterprises code) and *§ 59a BWG* (Austrian banking act). All the International Financial Reporting Standards and IFRIC interpretations whose application in connection with the Consolidated Financial Statements was mandatory were taken account of as adopted by the EU.

The basis for the Consolidated Financial Statements was provided by the separate financial statements of all consolidated entities, which were prepared applying uniform, Group-wide standards and in accordance with the provisions of IFRSs. The effect of the non-consolidated subsidiaries on the Group's assets, liabilities, financial position and profit or loss for the purposes of the framework in IAS/IFRS F 29 *et seq* was immaterial.

With the exception of two subsidiaries accounted for as of and for the periods ended 30 September and 31 October, respectively, and two companies whose reporting dates were 28 February or 31 March, for which interim financial statements were prepared as of and for the period ended 31 December, the consolidated companies and the entities accounted for using the equity method prepared their annual financial statements as of and for the period ended 31 December. Appropriate adjustments were carried out to allow for the effects of material business transactions and other events occurring between a company's reporting date and 31 December.

Unless specifically stated otherwise, the figures in these Financial Statements are in full thousands of euros (€'000). There may be rounding errors in the tables that follow.

Consolidation policies

The consolidation process involves eliminating intragroup investments and equity, balances, transactions, income and expenses.

In accordance with *IFRS 3 Business Combinations*, the elimination of intragroup investments and equity arising from combinations took place applying the *purchase method of accounting*, acquired assets and liabilities being recognized as at the date of acquisition applying their fair values on that date. The difference between cost and the fair value of the acquired net assets was, if positive, recognized as goodwill.

Pursuant to IFRS 3, par. 55, goodwill is not amortized. Instead, it is tested for impairment once a year. Following reassessment, negative goodwill is immediately recognized in profit or loss in accordance with IFRS 3, par. 56.

Investments in entities over which the RLB-NÖ-Wien Group had a significant influence were accounted for using the equity method and reported on the Balance Sheet in the line item *Investments in entities accounted for using the equity method*. The Group's interests in the annual profits/(losses) of entities accounted for using the equity method were reported in *Net income from investments in entities accounted for using the equity method*. The same rules were applied to investments in entities accounted for using the equity method (date of first-time consolidation, calculation of goodwill or negative goodwill) as to subsidiaries. The basis for recognition was provided by the financial statements of the entities accounted for using the equity method. If an entity accounted for using the equity method deviated from Group-wide recognition and measurement policies in respect of similar transactions and events, appropriate adjustments were carried out.

Investments in other entities were recognized at fair value, or if a fair value was not available or could not be determined reliably, at cost less any impairment losses.

During the elimination of intragroup balances, intragroup receivables and payables were eliminated.

Intragroup profits were eliminated unless their effect on line items in the Income Statement was immaterial. Banking business between the individual companies within the Group was usually transacted on arm's length terms.

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

Scope of consolidation

The scope of consolidation of the RLB NÖ-Wien Group included all of the following Group members, in which RLB NÖ-Wien held direct or indirect interests of more than 50 per cent or over whose operating and/or financial policies it had a controlling influence.

They were:

- *RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG* (Group parent)
- *RLB NÖ-Wien Holding GmbH*
- *RLB NÖ-Wien Sektorbeteiligungs GmbH*
- *RLB Ostbankenholding GmbH*
- *Tatra Holding GmbH*
- *"ARSIS" Beteiligungs GmbH*
- *"BARIBAL" Holding GmbH*
- *"EXEDRA" Holding GmbH*
- *"FIBULA" Beteiligungs GmbH*
- *Acceptia Holding GmbH*
- *VAKS – Veranstaltungskartenservice Ges.m.b.H.*
- *Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs AG*

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

	CONSOLIDATED		EQUITY METHOD	
NUMBER OF ENTITIES	2008	2007	2008	2007
At 1 January	**14**	**14**	**1**	**1**
First included in the year under review	2	0	5	0
Restructuring carried out during the year under review	(5)	0	(1)	0
At 31 December	**11**	**14**	**5**	**1**

As of 1 January 2008, the Group's investments in *Acceptia Holding GmbH*, Vienna, and *VAKS – Veranstaltungskartenservice Ges.m.b.H.*, Vienna, were included in the Consolidated Financial Statements on the grounds of materiality. During 2008, the number of consolidated entities was reduced by five (*RIBHA Holding GmbH*, *"CYGNA" Beteiligungs GmbH*, *"DEBINA" Holding GmbH*, *"GAVIAL" Holding GmbH*, *„HELIX Beteiligungs GmbH*, these companies having been merged in the course of intragroup restructuring).

Twenty subsidiaries (2007: 23 subsidiaries) were not consolidated because their effect on the Group's assets, liabilities, financial position and profit or loss was immaterial. They were accounted for in the line item *Financial investments* at cost less impairments as *Investments in subsidiaries*. The assets of excluded enterprises came to less than 1 per cent of the Group's aggregated assets.

Entities over whose operating and/or financial policies the RLB NÖ-Wien Group had a significant influence were accounted for using the equity method. In the 2008 financial year, this applied to RZB, *Raiffeisen International Bank-Holding AG*, *Raiffeisenbank a.s.* (Czech Republic), *eBanka, a.s.* (Czech Republic), *Tatra banka a.s.* (Slovakia) and *Raiffeisen Bank Zrt.* (Hungary).

In addition to a direct interest of 0.58 per cent (year-end 2007: 0.61 per cent), RLB NÖ-Wien AG held an indirect interest of 30.82 per cent (year-end 2007: 30.76 per cent) in RZB via *RLB NÖ-Wien Holding GmbH*.

As of 1 January 2008, the Group's banks in the *Centrope* region —*Raiffeisenbank a.s.* (Czech Republic), *eBanka, a.s.* (Czech Republic), *Tatra banka a.s.* (Slovakia) and *Raiffeisen Bank Zrt.* (Hungary) — were added to the list of associates accounted for using the equity method on the grounds of their material effect on the Consolidated Financial Statements. *Raiffeisen International Bank-Holding AG* was likewise added to the list of entities accounted for using the equity method as of 1 July 2008. The RLB NÖ-Wien Group held stakes of 24.00 per cent in *Raiffeisenbank a.s.* and *eBanka, a.s.* In the second half of 2008, *eBanka a.s.* was absorbed by *Raiffeisenbank a.s.* In addition, the RLB NÖ-Wien Group held a stake of 16.23 per cent in *Raiffeisen Bank Zrt.* (via *Raiffeisen-RBHU Holding GmbH*), of 12.28 per cent in *Tatra banka a.s.*, and of 0.61 per cent in *Raiffeisen International Bank-Holding AG*.

As the result of a strategy, newly adopted in August 2007, that aims to develop RLB NÖ-Wien into the *Centrope* region's foremost regional bank, our Bank greatly expanded its business relationships with these companies in the course of 2008. For this reason, the materiality of these entities, previously accounted for in the line item *Financial investments* as available-for-sale financial assets, was reviewed, as was the Group's ability to exercise a significant influence over them.

Because of the growing importance of our business relationships with *Raiffeisenbank a.s.* (Czech Republic) and *eBanka, a.s.* (Czech Republic), their categorization as being immaterial to the Consolidated Financial Statements was revised, and they are now deemed to be material to the Consolidated Financial Statements. The effect of the change was recognized in profit or loss in accordance with IAS 8, par. 36. The presumption that a significant influence does not exist where less than 20 per cent of the voting power is held pursuant to IAS 28, par. 6, had not previously changed in the case of *Raiffeisen Bank Zrt.* (stake of 16.23 per cent), *Tatra banka a.s.* (stake of 12.28 per cent) and *Raiffeisen International Bank-Holding AG* (stake of 0.61 per cent). However, since business relationships with these companies are also increasing significantly as a result of the change in the Group's strategy in Eastern Europe, it is possible that, all things considered, RLB NÖ-Wien could be deemed to have a significant influence over them as of the 2008 financial year. In accordance with IAS 28, the measurement and recognition of these banking entities was changed, taking them out of available-for-sale financial assets within the line item *Financial investments* and reclassifying them as entities accounted for using the equity method.

Thirteen associates (2007: 12 associates) were not accounted for using the equity method because their effect on the Group's assets, liabilities, financial position and profit or loss was immaterial. They were recognized in the line item *Financial investments* at cost less impairments. Viewed together and based on current data, the immaterial associates would have changed the Group's consolidated equity and consolidated assets by less than 1 per cent had they been accounted for using the equity method.

No financial statements prepared in a foreign currency required consolidation. A list of consolidated entities, entities accounted for using the equity method and other equity investments is provided in the *Overview of Equity Investments*.

RECOGNITION AND MEASUREMENT POLICIES

Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. According to IAS 39, all financial instruments must be recognized on the Balance Sheet at their fair value at the date of acquisition. This is usually the transaction price, which corresponds to the fair value of the consideration given or received. Financial instruments must be divided into defined categories. Their subsequent measurement will depend on the classification carried out.

The following measurement categories result:

At fair value through profit or loss: Financial assets or liabilities designated as at fair value through profit or loss are financial instruments either, on initial recognition, classified by the enterprise as held for trading or designated as at fair value through profit or loss.

- Financial assets and financial liabilities classified as financial instruments held for trading serve the purpose of generating a profit from short-term fluctuations in price or dealer's margin. Instruments held for trading were measured at fair value, revaluation gains and losses being recognized in profit or loss. Liabilities held for trading also belong to this measurement category.

- Upon initial recognition, financial assets, financial liabilities and groups of financial instruments (financial assets, financial liabilities or a combination of the two) were designated as financial instruments at fair value through profit or loss if more relevant information could be conveyed that way.

This requirement is met if such a designation eliminates or substantially reduces mismatches in measurement or approach (accounting mismatches).

Assignment to this category also took place if financial assets and/or financial liabilities (including derivatives) were managed on the basis of a documented risk management or investment strategy within the scope of portfolios measured to fair value whose performance was reported on a regular basis to the Managing Board as a body. If such derivatives have substantial financial effects, financial instruments with embedded derivatives can also be designated as at fair value through profit or loss. If derivatives embedded in financial instruments could not be measured separately, the entirety of such a financial instrument was assigned *a priori* to this class.

Classification took place as at the date of acquisition of the financial instrument. This irrevocable designation was documented by a summary in the portfolio, allowing separate risk monitoring in each case and, above all, management action directed at achieving defined profit goals. Responsibility for individual portfolios was regulated by clear assignments of responsibilities and the associated risk was limited by means of monitored lines and limits.

Financial assets and liabilities designated upon initial recognition as financial assets at fair value through profit or loss must subsequently be measured at fair value, with changes in value being recognized in profit or loss. The decisive criterion for assignment to this measurement category was that, at the time of acquisition or upon designation at the time of the first-time adoption of this standard, as amended, irrevocable designation to this class had taken place. Financial investments in equity instruments that did not have a quoted market price and whose fair values could not be determined reliably and derivatives whose values were dependent upon and required settlement by delivery of such equity instruments were not measured at fair value through profit or loss. Such financial instruments were classified as available for sale and were measured at cost less impairments.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not classified as held for trading, at fair value through profit or loss or available for sale. Such financial instruments result from the supply of money, goods or services. They were measured at amortized cost using the *effective interest rate method* taking account of any impairments.

Held-to-maturity: This category comprises financial assets with fixed or determinable payments that an entity has the positive intention and ability to hold to maturity. Such financial instruments were measured at amortized cost using the *effective interest rate method*. Premiums and discounts were recognized on a proportionate basis. Write-downs were carried out if there was an impairment of credit quality. If the reason for a write-down no longer applies, a write-back will take place up to the amount of the asset's amortized cost and will be recognized in the Income Statement.

Available-for-sale: Available-for-sale financial assets are non-derivative financial assets that are classified as available for sale and not as loans or receivables, held-to-maturity investments or financial assets designated as at fair value through profit or loss. Such assets were measured to fair value. Revaluation gains and losses are recognized in a separate item in equity until the asset is sold or an impairment occurs. If an increase in fair value is objectively determinable, impairments of debt instruments will be reversed and the reversal will be recognized in the Income Statement; impairments of equity instruments will also be reversed but the reversal will not be recognized in the Income Statement.

Equity and debt instruments not meeting the criteria for classification as held to maturity or as loans and receivables, that did not have a quoted market price and whose fair value could not be determined reliably were classified as available for sale and were carried at cost less impairments.

Financial liabilities not designated as at fair value through profit or loss or classified as held for trading were measured at amortized cost using the *effective interest rate method*. We refer the reader to the above comments regarding the recognition of financial liabilities designated as at fair value through profit or loss or classified as held for trading.

Reacquired securities issued by the enterprise were deducted on the equity and liabilities side of the Balance Sheet.

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of listed financial instruments is their market value. Where no market values were available, future cash flows from a financial instrument were discounted applying the pertinent yield curve at the measurement date using the methods of financial mathematics. If a fair value could not be determined reliably, measurement took place at cost less impairments.

Embedded derivatives outside the trading portfolio were separated from the host contract and accounted for as separate derivative contracts if the financial instrument was not measured in its entirety at fair value, if changes in fair value were not recognized in profit or loss, if the economic characteristics and risks of the embedded derivative were not closely related to the economic characteristics and risks of the host contract and if the embedded derivative really met the definition of a derivative contract. The host contract was then recognized according to its classification. The change in the value of the separated derivative, measured at fair value, was recognized in profit or loss. If an embedded derivative could not be valued either upon acquisition or on subsequent reporting dates, the entire structured product was designated as at fair value through profit or loss.

According to IAS 32, if an entity reacquires its own equity instruments (treasury shares), those instruments shall be taken from equity and not capitalized.

A financial asset or financial liability was recognized on the Balance Sheet if the Group was a party to the contractual arrangements for the financial instrument and, consequently, had a right to receive or a legal obligation to pay cash. Initial recognition on the Balance Sheet, measurement in the Income Statement and accounting for the disposal of a financial instrument took place using *trade date accounting*.

Financial assets were derecognized as of the time when the right to disposal of or the contractual rights under the asset were lost.

Derivatives

Financial derivatives not designated in a hedge accounting relationship or accounted for using the fair value option described above were recognized on the Balance Sheet at fair value. Changes in value were recognized in profit or loss.

Because of the different ways in which hedging relationships between hedged items and derivatives are accounted for under IAS 39, derivatives acquired for hedging purposes were divided into the following categories:

Fair value hedge: In the case of a fair value hedge, an existing asset or an existing liability is hedged against possible future changes in fair value attributable to a particular risk that would affect profit or loss. Using hedge accounting, the hedging instrument is measured at fair value, with changes in value being recognized in profit or loss. The carrying amount of the hedged item is adjusted through profit or loss by the amount of the revaluation gains or losses attributable to the hedged risk. These hedges are formally documented, continually assessed and expected to be highly effective. In other words, throughout the term of a hedge, one can assume that changes in the fair value of a hedged item will be nearly completely offset by changes in the fair value of the hedging instrument and that the actual risk offset will lie within a range of deviation of 80 — 125 per cent.

Cash flow hedge: Cash flow hedges are hedges of the exposure to variability in cash flows associated with a recognized asset or liability or a highly probable forecast transaction that would affect profit or loss. Within the scope of cash flow hedge accounting, derivatives are used to hedge against possible future changes in interest payments. The extent to which derivatives are used to hedge against the exposure to interest rate risk is decided within the scope of the asset liability management process, with future variable interest payments on variable-yield receivables and debt for the most part being swapped for fixed-rate payments using interest rate swaps. Hedging instruments were measured at fair value. Revaluation gains and losses must be separated into an effective portion and an ineffective portion. Hedging relationships are judged to be effective if changes in the cash flow arising from hedged items are nearly completely offset by changes in the cash flow arising from the hedges at the beginning of the transactions and throughout their term. During the first two years, cash flows are subdivided into monthly time bands up to the balance sheet date. From the third to the fifth year, they are subdivided into quarterly time bands, and from the fifth year into annual time bands.

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

2008 €'000	UP TO 1 YEAR	1 – 3 YEARS	3 – 5 YEARS	5 – 10 YEARS	> 10 YEARS
Cash inflows (assets)	1,834,002	2,781,644	2,558,336	1,315,976	1,440,348
Cash outflows (liabilities)	(145,000)	(279,940)	0	(358,040)	(88,480)
Net cash flows	**1,689,002**	**2,501,704**	**2,558,336**	**957,936**	**1,351,868**

2007 €'000	UP TO 1 YEAR	1 – 3 YEARS	3 – 5 YEARS	5 – 10 YEARS	> 10 YEARS
Cash inflows (assets)	541,420	823,923	294,085	343,060	590,348
Cash outflows (liabilities)	(453,670)	(489,321)	(148,162)	(950,183)	(375,714)
Net cash flows	**87,750**	**334,602**	**145,923**	**(607,123)**	**214,634**

The effective portion of the gain or loss on the hedging instrument is captured without being recognized in the Income Statement and taken to equity as a separate line item (*Cash flow hedge reserve*).

Gains and losses on these derivatives are set against the future compensating effects of the hedging relationships, whose recognition on the Balance Sheet is not yet allowed. The cash flow hedge reserve is reversed through profit or loss in the periods in wich the cash flows from a hedged item affect profit for the period. The ineffective portion of gains or losses on hedging derivatives must be recognized in profit or loss.

In the case of hedging instruments where the hedging relationship can only be determined to be partly effective, the ineffective portion of the gain or loss must immediately be recognized in profit or loss.

Receivables

Receivables were measured at amortized cost without deducting impairments. Accrued interest was reported in the relevant line item. Premiums and discounts were accrued over their terms to maturity.

Purchased receivables were also classified as loans and receivables.

In the case of receivables constituting hedged items in a fair value hedge, revaluation gains and losses on the hedged item were captured and the carrying amount of the receivable was adjusted accordingly (basis adjustment). Receivables not attributable to a core banking relationship were classified as loans and receivables and recognized in *Other assets*.

Impairment allowance balance

Allowance was made for credit risks by recognizing item-by-item charges for impairment losses.

Applying uniform Group-wide policies, impairment allowances in the amount of the expected losses were made for the recognizable counterparty risks associated with loans and advances to customers and other banks, were reversed insofar as the credit risk no longer existed, and were used if the loan was deemed to be irrecoverable and was charged off. A risk of default was deemed to exist if, taking account of collateral, the present value of expected repayments and interest payments was less than the carrying amount of the receivable.

For the first time, as of 31 December 2008, a collective assessment of impairments of portfolios was recognized in the Consolidated Financial Statements for losses incurred but not yet detected on the balance sheet date. Prior-year figures were restated accordingly. Because of action needed to implement *Basel II*, thanks to the development of historical data series and because of more reliable data collection in areas including default probabilities, it was now possible to present more meaningful summaries by risk class as well as the associated charges for impairment losses. As this meant that the financial statements could provide more relevant and reliable information about the effects of such transactions on the enterprise's assets, liabilities, financial position and profit or loss, we changed our recognition and measurement policies accordingly. As a result, a collective assessment of impairments of portfolios in the amount of €4,468 thousand was recognized on the opening balance sheet as of 1 January 2007.

The balance of impairment allowances for receivables recognized on the Balance Sheet was presented in a separate line item on the assets side of the Balance Sheet below receivables (*Loans and advances*). The impairment allowance for off-balance-sheet transactions was recognized as a provision.

As a rule, direct write-offs only took place if the waiver of a receivable had been agreed with a borrower or an unexpected loss had occurred.

Trading assets

Trading assets are held for the purpose of exploiting short-term fluctuations in market prices.

Securities and derivatives held for trading were measured at their fair values. In the case of listed products, fair values were based on exchange prices. In the case of unlisted products, prices close to market prices (*Bloomberg*, *Reuters*) were used. If such prices were not available, primary financial instruments and forwards were measured using internal prices based on present value calculations, and options were measured using appropriate option price models. Derivatives held for trading were also recognized as part of the trading portfolio. Where fair values were positive, these derivatives were classified as *Trading assets*, and where fair values were negative, they were reported on the Balance Sheet in the line item *Trading liabilities*, the fair values of derivatives being calculated without accrued interest (giving clean prices). Positive and negative fair values were not netted off against each other.

Receivables arising from accruals of interest on derivatives held for trading were also reported in the line item *Trading assets*. Changes in their clean prices were recognized in the Income Statement in the line item *Net trading income.*

Realized and unrealized gains and losses on trading assets and interest income and expenses arising from derivatives held for trading were recognized in the Income Statement in the line item *Net trading income*. Interest and dividend income arising from securities held for trading and the interest costs of funding them were recognized in the line item *Net interest income*.

Other current financial assets

This line item comprises financial instruments designated as at fair value through profit or loss within the scope of the fair value option. They are bonds and other fixed-interest securities, shares and other variable-yield securities. Accrued interest on such financial instruments was also reported in this line item on the Balance Sheet.

Realized and unrealized gains and losses were recognized in the Income Statement in the line item *Net income from* *financial investments*, and current investment income was recognized in the line item *Net interest income*.

Financial investments

The line item *Financial investments* includes all fixed-interest securities classified as held to maturity, fixed-interest securities not assigned to this category, variable-yield securities, investments in subsidiaries not consolidated on the grounds of immateriality, and other equity investments. The held-to-maturity portfolio was recognized on the Balance Sheet at amortized cost. Securities not classified as held to maturity, investments in subsidiaries and other equity investments were classified as available for sale. If listed, these financial assets were recognized at their exchange prices at the balance sheet date. Otherwise, they were measured at fair value. If their fair value could not be determined reliably, they were measured at cost. Revaluation gains and losses on assets classified as available for sale were taken to equity in a special reserve (available-for-sale reserve) and were not recognized in profit or loss. Gains and losses on their disposal were recognized in the line item *Net income from financial investments*. The available-for-sale reserve is reversed through profit or loss when the asset is disposed of. Impairments within the meaning of IAS 39 were recognized in the Income Statement.

Investments in entities accounted for using the equity method

Investments in entities accounted for using the equity method are presented in a separate line item. Profit from them is also reported separately in the Income Statement.

Intangible assets

Purchased intangible assets with a determinable useful life were measured at cost less straight-line, ordinary amortization. Straight-line amortization is based on expected useful lives of between three and 50 years.

Pursuant to IAS 36, if there is any indication that an asset may be impaired, insofar as the carrying amount of the asset exceeds its recoverable amount, an impairment loss must be recognized. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. If, in subsequent reporting periods, there are grounds to believe that the impairment no longer exists, IAS 36 requires a write-back up to the recoverable amount but not to more than the asset's amortized cost. A write-back of goodwill is not permitted.

At the balance sheet date, RLB NÖ Wien had no self-produced intangible assets with reliably determinable conversion costs that were likely to generate future economic benefits.

Property and equipment

Tangible assets were measured at cost of acquisition or conversion less depreciation. Depreciation is carried out on a straight-line basis assuming the following useful lives:

USEFUL LIFE	YEARS
Buildings	25 – 50
Office furniture and equipment	3 – 20

Fittings in rented premises are depreciated on a straight-line basis over the shorter of the lease term and their expected useful life, which is usually 10 years.

Pursuant to IAS 36, if there is any indication that an asset may be impaired, insofar as the carrying amount of the asset exceeds its recoverable amount, an impairment loss must be recognized. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. If, in subsequent reporting periods, there are grounds to believe that the impairment no longer exists, IAS 36 requires a write-back up to the recoverable amount but not to more than the asset's amortized cost.

Other assets

The line item *Other assets* consists mainly of receivables not resulting from core banking relationships (essentially, receivables resulting from supplies and services), tax assets, coin and inventories as well as the positive fair values of derivatives not held for trading and receivables arising from the accrual of interest on such derivatives.

Inventories were measured at the lower of their cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Payables

Financial liabilities not designated as at fair value through profit or loss or classified as held for trading were measured at amortized cost. Accrued interest was reported in the pertinent line item on the Balance Sheet. Premiums and discounts are accrued over their terms to maturity.

Insofar as the exposure to interest rate risk associated with payables was hedged against in a fair value hedge, carrying amounts were adjusted by the amount of the changes in value arising from the interest rate risk (basis adjustment).

Liabilities evidenced by paper

Any difference between the issue price and amortization amount of a liability evidenced by paper and measured at amortized cost is spread over the term of the liability as write-ups or write-downs. Zero-coupon bonds and similar obligations were measured on a present value basis.

The recognized total of liabilities evidenced by paper was reduced by the amount of reacquired securities issued by the enterprise. Insofar as the exposure to interest rate risk associated with such issuances was hedged against in a fair value hedge, carrying amounts were adjusted by the amount of the changes in value arising from the interest rate risk (basis adjustment).

Trading liabilities

Trading liabilities are held for the purpose of exploiting short-term fluctuations in market prices.

Derivatives held for trading were measured at fair value. In the case of listed products, fair values were based on exchange prices or prices close to the market price (*Bloomberg*, *Reuters*). If such prices were not available, forwards were measured using internal prices based on present value calculations and options were measured using appropriate option price models. Where fair values were positive, these derivatives were recognized in the line item *Trading assets*, and where fair values were negative, they were reported on the Balance Sheet in the line item *Trading liabilities*, their fair values being calculated without accrued interest (giving clean prices). Positive and negative fair values were not netted off against each other. Liabilities arising from accruals of interest on derivatives held for trading were also recognized in the line item *Trading liabilities*. The change in their clean price was recognized in the Income Statement in the line item *Net trading income*.

Realized and unrealized gains and losses on trading liabilities and interest income and expenses arising from derivatives held for trading were recognized in the Income Statement in the line item *Net trading income*.

Other liabilities

Other liabilities consists mainly of liabilities not resulting from core banking relationships. These were essentially payables resulting from supplies of goods and services, tax liabilities and other payables. Negative fair values of derivative financial instruments and liabilities arising from interest accruals in respect of such derivatives were reported in this line item. The obligation to transfer profits to *Raiffeisen-Holding NÖ-Wien* — the parent of RLB NÖ-Wien — under the profit-transfer agreement was also accounted for here.

Provisions

Provisions were created if there was a reliably determinable legal or actual obligation to a third party.

All provisions for so-called *social capital* (for post-employment, termination and jubilee benefits and for part-time work by older staff) were created in accordance with *IAS 19 Employee Benefits* using the *projected unit credit method*.

We distinguished between two kinds of post-employment benefit plan:

Defined contribution plan: Sums are transferred to a pension fund for a group of employees. The fund manages the money and pays the post-employment benefits. The enterprise does not have any further obligations. The investment risk associated with the pension fund's investment activities is borne by the employee. In other words, the enterprise merely makes a promise to the employee to pay the contributions to the pension fund and does not promise any amount of subsequent pension payments. In the case of such plans, payments to the pension fund are treated as current expenditure.

Defined benefit plan: The RLB NÖ-Wien Group has, with legal and binding effect and irrevocably, promised a group of employees defined benefit plans (by way of so-called *post-employment benefit statutes*, special agreements) defining the amounts of subsequent pensions. These plans are in part unfunded (i.e. the funds needed to pay for them remain within the enterprise) and partly funded (i.e. the funds are saved with the pension fund and/or insurers). In the case of benefit payments under post-employment benefit statutes financed via the pension fund, the entitlement is determined once, at the time the employee retires, and then transferred to a defined contribution plan. Such a removal from the scope of actuarial valuations is reported separately.

No allowance was made for rates of fluctuation in the provision for post-employment benefits because the Group's commitments were founded on promises made in individual contracts that were individualized and irrevocable with respect to the respective post-employment benefit.

To ascertain termination benefit obligations in the case of employees who joined the organization up to and including 2002, the present value of the total obligation and additional entitlements earned in the period under review were determined using the *projected unit credit method* in accordance with generally accepted actuarial practice. In the case of all employees joining the organization on or after 1 January 2003, the termination benefit obligations were assumed by a staff benefit fund and a defined contribution system is in place. The enterprise pays contributions to a staff benefit fund on the basis of legislative provisions. Having paid the contributions, the enterprise does not have any further benefit obligations.

Besides invalidity rates, mortality rates and factors arising in connection with the termination of employment upon the attainment of retirement age, the Group also applied annual years-of-service dependent rates of fluctuation based on internal statistical data for premature terminations of employment.

The same applies, *mutatis mutandis*, to the provision for jubilee benefits (after 25 and 35 years of service). When calculating the provision for part-time work by older staff, account was taken of the individual time span of each promise. No allowance was made for rates of fluctuation.

Allowance was made for gains and losses on provisions for termination and post-employment benefits using the *corridor method*. Applying this method, actuarial gains and losses were only recognized on the Balance Sheet if one of the limits laid down in the standard of 10 per cent of the present value of the defined benefit obligation (DBO) or 10 per cent of the present value of the plan assets had been exceeded at the end of the previous reporting period, the higher basis of assessment being relevant. Amounts outside the corridor are amortized over the average remaining period of service of the active employee as determined by an expert.

An interest rate of 5.5 per cent *per annum* (2007: 5.0 per cent) was applied in respect of valuations as at the balance sheet date. Plan assets were measured on the basis of an expected return on investment of 5.8 per cent *per annum* (2007: 5.8 per cent). We assumed future increases in salaries of 3.0 per cent *per annum* in the case of employees compensated outside the scope of collective agreements (2007: 3.0 per cent), of 4.0 per cent *per annum* in the case of employees compensated under collective agreements (2007: 4.0 per cent), and of 4.5 per cent *per annum* in the case of employees compensated under the transitional collective agreement (*Überleitungskollektivvertrag*) (2007: 4.5 per cent). An annual increase in pensioners' post-employment benefits of 2.5 per cent *per annum* was assumed (2007: 2.5 per cent). Increases in the salaries of members of the Managing Board were calculated separately. The biometrical basis for the computation of all provisions for "social capital" was provided by *AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung* (computational framework for post-employment benefit insurance) – *Pagler & Pagler* using the variant for salaried employees. Calculations took place on the basis of the earliest possible retirement ages of men and women. Individual retirement ages were only taken into account when calculating the provision for part-time work by older staff.

Expenditure on provisions for post-employment benefits was reported in the Income Statement in the line item *General administrative expenses*.

Other provisions were created for indefinite obligations to third parties in the amount of the expected claims. These provisions were not discounted because the interest effect of discounting them was unlikely to have any material effects on the Annual Financial Statements.

Subordinated debt capital

Subordinated liabilities were recognized at amortized cost. They comprised subordinated liabilities within the meaning of *§ 23 Abs 8 BWG*, supplementary capital within the meaning of *§ 23 Abs. 7 BWG* and non-voting non-ownership capital (*Partizipationskapital*) within the meaning of *§ 23 Abs. 4 BWG*. The capitalized amount was reduced by the amount of reacquired securities issued by the enterprise. Insofar as the exposure to the interest rate risk associated with such instruments was hedged against in a fair value hedge, carrying amounts were adjusted by the amount of the changes in value arising from the interest rate risk (basis adjustment). Associated accrued interest was also reported in this line item on the Balance Sheet.

If the performance and repayable amount of subordinated liabilities had been made dependent on the performance of a specific portfolio of assets, accounting mismatches were avoided by designating all the assets and liabilities as at fair value through profit or loss. Such liabilities were subordinated within the meaning of *§ 45 Abs. 4 BWG*.

Equity

Equity is made up of paid-in capital, this being capital contributed to the enterprise (subscribed capital and capital reserves), and earned capital (retained earnings, liable reserves [*Haftrücklagen*], profit carryforward, profit, profits and losses from cash flow hedges not recognized in the Income Statement, the available-for-sale reserve, the Group's interest in changes in the equity of entities accounted for using the equity method not recognized in profit or loss and deferred taxes taken directly to equity).

Minority interests in the equity of consolidated subsidiaries were reported separately in this line item.

Income tax

Income tax was recognized and measured in conformity with IAS 12 using the *balance sheet liability method*. Deferred taxes were calculated on the basis of temporary differences between carrying amounts in the Consolidated Financial Statements and the tax base that were going to balance out in subsequent periods. Deferred taxes were formed to adjust current tax expense as recognized in the Income Statement in the IFRS-compliant financial statements to the profit for the year reported therein as if that profit for the year were the basis of assessment for tax. The recognition of deferred tax assets or liabilities anticipated the future tax effects of present and past events. Deferred tax assets and liabilities were netted off against each other in respect of each taxable unit. Deferred tax assets resulting from tax loss carryforwards were recognized if the same taxable unit was expected to record taxable profits in an appropriate amount in the future.

Since the assessment year 2005, RLB NÖ-Wien has been a member of a taxable enterprises group (*steuerliche Unternehmensgruppe*) within the meaning of *§ 9 KStG* (Austrian corporation tax act) under group parent (*Gruppenträger*) *Raiffeisen-Holding NÖ-Wien*. It has signed a tax contribution agreement (*Steuerumlagen-vereinbarung*) with its group parent. The profit-transfer agreement, signed among other things because of prior group taxation rules (*Organschaft*), remains in place. In the assessment year 2008, the taxable enterprises group under the group parentage of *Raiffeisen-Holding NÖ-Wien* had 87 group members besides group member RLB NÖ-Wien (2007: 77). The basis of assessment for tax on the group as a whole is the sum of the earnings of the group parent and the allocated taxable profits of the group members taking account of the group parent's tax loss carryforwards to the extent allowed by law. RLB NÖ-Wien incurs group corporation tax (*Gruppenkörperschaftsteuer*), which is assessed at the level of the group parent *Raiffeisen-Holding NÖ-Wien*, on a proportionate basis. A contractually agreed tax contribution is payable to group parent *Raiffeisen-Holding NÖ-Wien* for the untaxed portion of the taxable profit of RLB NÖ-Wien. If RLB NÖ-Wien makes a tax loss, a negative tax contribution will be charged.

Previously, when measuring deferred tax assets and liabilities, the RLB NÖ-Wien Group applied the tax contribution rate (inclusive of corporation tax passed on) laid down in the *Gruppenbesteuerungsvertrag* (group taxation agreement). On 18 September 2007, the Austrian Financial Reporting and Auditing Committee (AFRAC) published an opinion on *Fragen der IFRS-Bilanzierung und Berichterstattung im Zusammenhang mit der Einführung der Gruppenbesteuerung* (issues relating to IFRS-compliant accounting and reporting in connection with the introduction of group taxation). Pursuant to this opinion, deferred tax assets and liabilities should be measured applying the corporation tax rate of 25 per cent in force on the balance sheet date. This made it necessary to change the method of recognizing these items. The RLB NÖ-Wien Group implemented the contents of the AFRAC opinion ahead of time as of 1 January 2008, leading to the adjustment of deferred tax liabilities on the Opening Balance Sheet as of 1 January 2007 by the amount of €12,224 thousand.

Deferred taxes were measured applying the corporation tax rate of 25 per cent in force on the balance sheet date. The gains and losses taken to equity (cash flow hedge reserve, available-for-sale reserve) were, likewise, adjusted by the amount of deferred tax on a proportionate basis.

Income tax assets and liabilities were recognized in *Other assets* or *Other liabilities*. Deferred tax assets and liabilities were recognized in *Other assets* or *Tax provisions*. Profit-based current and deferred taxes were recognized in the Income Statement in the line item *Income tax*. Non-profit based taxes were recognized in the Income Statement in the line item *Other operating profit*. Deferred taxes were not discounted.

Income Statement

Besides interest income and expenses, the line item *Net interest income* also includes all similar recurring and non-recurring income and charges. Interest and similar income and charges were measured on an accrual basis using the *effective interest rate method*. This line item also includes all interest and dividend income from securities and earnings from non-consolidated equity investments. Dividend income was recognized as of the time when the right to payment arose.

The line item *Charge for impairment losses on loans and advances* includes all expenses and income in connection with the revaluation of loans and advances to customers and other banks and in connection with other credit risks for which provisions were created.

The line item *Net fee and commission income* includes all income and expenses arising with legally binding effect in connection with the rendering of services.

Net trading income includes all realized and unrealized gains and losses arising from trading in securities, currencies and derivatives and interest income and expenses arising from derivatives held for trading. Interest and dividend income arising from securities held for trading and the costs of funding them were recognized in the line item *Net interest income*.

Net income from investments in entities accounted for using the equity method made a material contribution to consolidated profit. It was presented in a separate line item.

Net income from financial investments includes all realized and unrealized gains and losses on financial investments, securities classified as current financial assets and other financial instruments designated as at fair value through profit or loss within the scope of the fair value option. Consequently, to avoid any accounting mismatch, unrealized gains and losses on derivatives and subordinated liabilities designated as at fair value through profit or loss that bore an economic relationship to securities classified as *Other current financial assets* within the scope of the fair value option were reported in this line item in the Income Statement. Revaluation gains and losses arising from an impairment or reversal of an impairment were likewise recognized in this line item.

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

Other operating profit includes all revaluation gains and losses on "other" derivatives in the banking book as well as the Group's other operating profit.

Repo transactions

During "genuine" repurchase (repo) transactions, the Group sells assets to another party and undertakes at the same time to repurchase the same assets on a specified date at a specified price. The assets remain on the Group's Balance Sheet and were measured applying the rules governing the respective measurement category. At the same time, an obligation in the amount of the payments received is recognized as a liability.

During reverse repo transactions, assets are acquired subject to a simultaneous undertaking to sell them in the future subject to payment. Such transactions were recognized on the Balance Sheet in the line item *Loans and advances to other banks* or *Loans and advances to customers*. Interest expenses arising from repos and interest income from reverse repos are deferred over their term. They were recognized in the line item *Net interest income*.

In the case of a "non-genuine" or "pseudo" repo, the pledgor is obliged to repurchase the pledged asset but is not entitled to demand its sale. Retransfer is solely at the discretion of the secured party. The right to retransfer the asset constitutes a put option for the secured party in respect of which the pledgor acts as writer of the option. If the put option is deeply in the money, the securities will not be derecognized in the pledgor's accounts because the associated rewards and risks are retained. If the put option is deeply out of the money, repurchase is very unlikely and the pledged security must be derecognized. If the put option is neither deeply out of the money nor deeply in the money, one must ascertain whether the transferring entity (pledgor) still has power of disposal over the asset. If the security is traded in an active market, one can assume that power of disposal will be transferred and the pledged security will be derecognized. In the case of a financial asset not traded in an active market, the pledged security must continue to be recognized on the pledgor's balance sheet.

Trust activities

Transactions undertaken in the management or placing of assets for account of third parties were not recognized on the Balance Sheet. Commission payments arising from such transactions were recognized in the line item *Net fee and commission income*.

Leasing

During the period under review, the Group did not carry on any active leasing business as lessor. Lease relationships only existed in cases where the Group was lessee. The leases of material importance to the Group, namely vehicle leases, were operating leases for the purposes of IAS 17. The resulting lease instalments were recorded in the Income Statement as current expenditure in the line item *General administrative expenses*.

Foreign currency translation

Foreign currency translation took place in accordance with the provisions of IAS 21. As a result, non-euro monetary assets and liabilities were translated at the market exchange rates (usually ECB reference rates) ruling at the balance sheet date. Non-monetary assets and liabilities not measured at fair value were measured applying the rates ruling at the dates of their initial acquisition. Non-monetary assets and liabilities measured at fair value were translated at the market exchange rates (usually ECB reference rates) ruling at the balance sheet date

Items in the Income Statement were immediately translated into the functional currency as at the time they came into being applying the rates ruling at the date of the transaction.

Latitude of judgement and estimates

In the Consolidated Financial Statements, latitude of judgement was employed when applying recognition and measurement policies and, to a certain extent, when estimates and assumptions were made that affected the recognition of assets and liabilities, the statement of contingent liabilities at the balance sheet date and the reporting of income and expenses during the reporting period.

When applying recognition and measurement policies, Management exercised its latitude of judgement in the light of the purpose of the Annual Financial Statements, which is to provide meaningful information about the enterprise's assets, liabilities and financial position and profit or loss and about changes in its assets, liabilities and financial position.

Assumptions and estimates were, above all, made when determining the fair values of some financial instruments, recognizing impairments in respect of future losses on loans and advances and interest rebates, creating provisions for post-employment benefits, termination benefits and similar obligations as well as other provisions, determining discounted cash flows during impairment testing and determining the useful lives of non-current assets. Actual results may differ from estimates.

New standards and interpretations

The following new and revised standards and interpretations were applicable to financial years ending on or before 31 December 2008:

New Provisions		EFFECTIVE DATE	ADOPTED BY THE EU
Amendments to Standards			
IAS 39	Reclassification of Financial Instruments, Recognition and Measurement	1 July 2008	Yes
IFRS 7	Reclassification of Financial Instruments, Disclosures	1 July 2008	Yes
New Interpretations			
IFRIC 11	Group and Treasury Share Transactions	1 March 2007	Yes
IFRIC 14	The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IAS 19)	1 January 2008	Yes

The IASB's revision of *IAS 39 Financial Instruments: Recognition and Measurement* created new possibilities for reclassifying individual financial instruments to another measurement category. In this connection, IFRS 7 lays down new disclosure requirements. The changes are effective as of 1 July 2008, and financial instruments could also be reclassified retrospectively up to 31 October 2008. The RLB NÖ-Wien Group did not make use of the option of retrospective reclassifying financial instruments as of 1 July 2008. During the fourth quarter of 2008, some of the bonds held for trading were reclassified as held to maturity. The disclosures regarding these reclassifications as required by IFRS 7 are contained in *Note 19: Financial investments*.

Because of the lack of relevant transactions, the other changes to financial reporting standards listed above did not have any effect on the Consolidated Financial Statements.

The following standards and interpretations already issued by the IASB or IFRIC but not yet in force were not applied ahead of schedule in these Consolidated Financial Statements:

New Provisions		EFFECTIVE DATE	ADOPTED BY THE EU
New Standard			
IFRS 8	Operating segments	1 January 2009	Yes
Amendments to Standards			
IAS 1	Presentation of Financial Statements (revised September 2007)	1 January 2009	Yes
IAS 23	Borrowing Costs (revised March 2007)	1 January 2009	Yes
IAS 27	Consolidated and Separate Financial Statements (2008)	1 July 2009	No
IAS 27	Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate	1 January 2009	Yes
IAS 32	Puttable Financial Instruments and Obligations Arising on Liquidation (2008)	1 January 2009	Yes
IAS 39	Reclassification of Financial Instruments, Effective Date and Transition	1 July 2008	No
IAS 39	Clarification concerning the Assessment of Embedded Derivatives	1 July 2008	No
IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items (2008)	1 July 2009	No
IFRS 1	Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate	1 January 2009	Yes
IFRS 1	First Time Adoption of IFRSs (2008)	1 July 2009	No
IFRS 2	Share-Based Payment: Vesting Conditions and Cancellations	1 January 2009	Yes
IFRS 3	Business Combinations (2008)	1 July 2009	No
IFRS 7	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 2009	No
Various	Improvements to the International Financial Reporting Standards (2008)	Mainly 1 January 2009	Yes
New Interpretations			
IFRIC 12	Service Concession Arrangements	1 January 2008	No
IFRIC 13	Customer Loyalty Programmes	1 July 2008	Yes
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009	No
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008	No
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009	No
IFRIC 18	Transfers of Assets from Customers	1 July 2009	No
Amendments to Interpretations			
IFRIC 9	Clarification on the accounting treatment of embedded derivatives	1 July 2008	No

IFRS 8 supersedes *IAS 14 Segment Reporting*. In particular, it requires the adoption of the *management approach* when measuring segment performance.

As a result of the revision of IAS 23 *Borrowing Costs*, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset must be capitalized as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

The principal changes to IAS 1 can be summed up as follows: Income and expenses not recognized in profit or loss are no longer presented in the Statement of Changes in Equity. Instead, they are presented either in a comprehensive income statement or in two distinct statements (a traditional profit and loss account and a comprehensive income statement). Furthermore, in future, comparative information for two years must be disclosed if an accounting policy is changed or an error corrected.

When recognizing goodwill, the revision of IFRS 3 allows the option of using the *full goodwill method*, which means that when the parent acquires less than 100 per cent of another entity, it also recognizes all of the goodwill attributable to minority interests. In future, changes in the ownership interest without loss of control will not be recognized in profit or loss.

In February 2008, IAS 32 was amended with respect to the classification of puttable financial instruments and obligations that only arise on liquidation. As a result of the changes, a number of financial instruments that currently meet the definition of a financial liability are classified as equity if they represent ultimate residual rights to the enterprise's net assets.

The changes to *IAS 39 Financial Instruments: Recognition and Measurement* clarify how the principles underlying hedge accounting should be applied to the designation of inflation risk in a financial hedged item and the designation of a one-sided risk in a hedged item.

The RLB NÖ-Wien Group will be applying the revised standards in their amended form from 2009. IFRS 8 and the revision of IAS 1 will lead to corresponding changes in the Notes and the presentation of the Consolidated Financial Statements. We do not expect this to have any material effects on the Group's assets, liabilities, financial position or profit or loss.

DETAILS OF THE INCOME STATEMENT

(1) Net interest income

€'000	2008	2007
Interest income	**965,328**	**672,042**
from loans and advances to other banks	321,944	189,408
from loans and advances to customers	411,466	312,872
from other current financial assets	106,863	55,138
from trading assets	12,150	10,810
from financial investments	68,760	60,826
from derivative financial instruments	44,093	42,942
Other	52	46
Current income	**25,548**	**32,596**
from shares and other variable-yield securities	23,435	18,497
from equity investments in subsidiaries	207	302
from other equity investments	1,906	13,797
Total interest and similar income	**990,876**	**704,638**
Interest expenses	**(841,004)**	**(560,821)**
on deposits from other banks	(409,609)	(246,117)
on deposits from customers	(228,104)	(151,064)
on liabilities evidenced by paper	(140,196)	(120,927)
on subordinated debt capital	(30,626)	(25,980)
arising from derivative financial instruments	(32,402)	(16,581)
Other	(67)	(152)
Total interest expenses and similar charges	**(841,004)**	**(560,821)**
Net interest income	**149,872**	**143,817**

Interest and similar income and charges were measured using the *effective interest rate method* on an accrual basis. The distribution of premiums and discounts on investment securities on the accrual basis of accounting is also reported in *Interest income*.

Total interest income from and expenses on financial assets and liabilities not designated as at fair value through profit or loss requiring recognition using the effective interest rate method:

€'000	2008	2007
Interest income	802,222	563,152
Interest expenses	(808,602)	(544,240)

In 2007, *Current income from other equity investments* included dividend income of €11.4 million from the *Centrope* banks, these being *Raiffeisenbank a.s.*, *eBanka, a.s.*, *Tatra banka a.s.*, *Raiffeisen Bank Zrt.* (held through *Raiffeisen-RBHU Holding GmbH*) and *R-International*. Since 1 January 2008 or 1 July 2008, respectively, these equity investments have been accounted for using the equity method. Consequently, dividends arising from these equity investments were no longer recognized in the line item *Net interest income* in 2008.

(2) Charge for impairment losses on loans and advances

€'000	2008	2007 [8]
Item-by-item charges for impairment losses	**(44,930)**	**(27,445)**
Impairment losses	(95,062)	(64,276)
Reversal of impairment losses	49,213	36,568
Direct write-offs	(1,384)	(835)
Recoveries of loans and advances previously written off	2,303	1,098
Collective assessment of impairments of portfolios	**(693)**	**88**
Impairment loses	(735)	(323)
Reversal of impairment losses	42	411
Total	**(45,623)**	**(27,357)**

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

(3) Net fee and commission income

€'000	2008	2007
Payment services	14,396	12,918
Credit and guarantee operations	4,329	5,006
Securities operations	25,159	37,795
Foreign exchange, notes-and-coin and precious-metals business	4,785	5,273
Other banking services	10,380	9,552
Total	**59,049**	**70,544**

Fee and commission income came to €85,107 thousand (2007: €102,969 thousand). Fee and commission expenses came to negative €26,059 thousand (2007: negative €32,425 thousand). No fee and commission payments were received for trust activities.

[8] A collective assessment of impairments of portfolios was recognized from 1 January 2008. Prior-year figures were restated accordingly.

(4) Net trading income

Net trading income captures interest income from and interest expenses on derivatives held for trading and realized and unrealized changes in the fair values of trading portfolios. Interest and dividend income and the interest costs of funding securities held for trading were recognized in *Net interest income*.

€'000	2008	2007
Interest rate contracts	**(8,549)**	**1,046**
of which from securities	1,584	(2,450)
of which from derivative contracts	(10,133)	3,496
Currency contracts	**(414)**	**7,588**
Equity and index contracts	**4,014**	**3,847**
of which from securities	3,706	3,794
of which from derivative contracts	308	53
Other contracts	**1,675**	**1,459**
Total	**(3,274)**	**13,940**

(5) Net income from investments in entities accounted for using the equity method

€'000	2008	2007
Group interest in annual profits or losses	187,880	243,669
Revaluation gains and losses	(25,204)	0
Total	**162,676**	**243,669**

This line item includes a one-off effect of €6.9 million caused by the first-time use of the equity method to account for the investment in *Raiffeisenbank a.s.* (stake held: 24.00 per cent) in accordance with IAS 8, and it also includes one-off effects totalling €116.1 million caused by the first-time use of the equity method to account for the investments in *Raiffeisen Bank Zrt.*, held through *Raiffeisen-RBHU Holding GmbH* (stake held: 16.23 per cent), *Tatrabanka a.s.* (stake held: 12.28 per cent) and *R-International* (stake held: 0.61 per cent) in accordance with IAS 28 as a result of recognizing negative goodwill.

(6) Net income from financial investments

€'000	2008	2007
Net income from financial investments classified as held to maturity	**27**	**(13,993)**
of which revaluation gains and losses	714	(14,002)
of which gains and losses on disposal	(687)	9
Net income from financial investments classified as available for sale, measured at fair value	**(5,205)**	**15,085**
of which revaluation gains and losses	(4,885)	0
of which gains and losses on disposal	(320)	15,085
Net income from financial investments classified as available for sale, measured at cost	**437**	**(89)**
of which revaluation gains and losses	(126)	(110)
of which gains and losses on disposal	563	21
Net income from investments in entities accounted for using the equity method	**(104)**	**0**
of which gains and losses on disposal	(104)	0
Net income from unlisted securities recognized as receivables and classified as loans and receivables	**(1,781)**	**(803)**
of which revaluation gains and losses	(1,781)	(803)
Net income from financial instruments designated as at fair value through profit or loss	**(159,358)**	**(24,105)**
of which revaluation gains and losses	(170,327)	(33,797)
of which gains and losses on disposal	10,969	9,692
Net income from liabilities measured at cost	**914**	**(2,055)**
Total	**(165,070)**	**(25,960)**

Net income from financial instruments designated as at fair value through profit or loss comprises net income from securities in this category classified as current financial assets and net income from other financial instruments designated as at fair value through profit or loss within the scope of the fair value option. Consequently, to avoid any accounting mismatch, revaluation gains and losses on derivatives and subordinated liabilities designated as at fair value through profit or loss that bore a close economic relationship to securities classified as *Other current financial assets* within the scope of the fair value option were reported in this line item in the Income Statement.

(7) General administrative expenses

€'000	2008	2007
Staff costs	**(87,545)**	**(85,100)**
of which wages and salaries	(62,750)	(62,643)
of which social security costs	(15,956)	(15,511)
of which voluntary fringe benefits	(1,612)	(1,384)
of which expenditure on termination and post-employment benefits	(7,227)	(5,562)
Other administrative expenses	**(73,109)**	**(69,789)**
of which building rental, maintenance and operating costs	(19,375)	(18,517)
of which IT costs	(20,951)	(20,094)
of which advertising and entertainment expenses	(13,148)	(13,102)
of which other items	(19,635)	(18,076)
Depreciation/amortization/write-offs of property and equipment and intangible assets	**(2,892)**	**(3,015)**
of which of property and equipment	(2,361)	(2,460)
of which of intangible assets	(531)	(555)
Total	**(163,546)**	**(157,904)**

Other administrative expenses includes rental and leasing expenses in the amount of €17,079 thousand (2007: €16,013 thousand).

(8) Other operating profit

Other operating profit includes, *inter alia*, income and expenses arising from non-banking activities and income and expenses arising from the disposal of property and equipment and intangible assets. Changes in the values of derivatives designated in a hedge accounting relationship that required recognition in profit or loss were recognized in this line item. Moreover, this line item also contains revaluation gains and losses on derivative financial instruments that were neither held for trading nor hedging instruments within the meaning of IAS 39.

€'000	2008	2007
Effect of hedge accounting	**(1,073)**	**1,902**
of which revaluation gains and losses on hedging instruments in fair value hedges	71,523	(32,749)
of which revaluation gains and losses on hedged items in fair value hedges	(72,596)	34,651
Net income from other derivatives	**(636)**	**25,255**
of which from interest rate derivatives	(1,812)	21,337
of which from currency derivatives	2,947	(1,186)
of which from equity and index derivatives	(1,855)	5,039
of which from credit derivatives	84	65
Other operating income	**16,448**	**16,986**
of which income from services and reimbursed costs	13,496	14,366
of which other items	2,952	2,620
Other operating expenses	**(6,149)**	**(1,150)**
of which damages	(1,393)	(74)
of which arising from the solidarity association (*Solidaritätsverein*)	(575)	(611)
of which other items	(4,181)	(465)
Total	**8,590**	**42,993**

(9) Net income from financial instruments

€'000	2008	2007
Net income from financial instruments designated as at fair value through profit or loss	**682**	**128,161**
Held for trading	30,384	81,902
Designated as at fair value through profit or loss	(29,702)	46,259
Net income from financial instruments classified as available for sale	**15,699**	**32,381**
of which the amount taken from equity and recognized in profit or loss for the period	4,125	14,965
of which the amount taken directly to the Income Statement for the financial year	11,574	17,416
Net income from financial instruments classified as held to maturity	**67,765**	**45,527**
Net income from financial instruments classified as loans and receivables	**686,058**	**474,078**
Net income from liabilities measured at cost	**(807,688)**	**(546,295)**
Total	**(37,484)**	**133,852**

Net income in each valuation category comprises realized and unrealized gains and losses, interest income, dividends and other distributions. Revaluation gains and losses on available-for-sale financial instruments, which were not recognized in profit or loss, are presented in C. (Statement of Changes in Equity).

(10) Income tax

€'000	2008	2007 [1]
Current income tax	**9,262**	**(2,158)**
of which tax attributed to the group parent	9,526	(1,913)
of which current domestic tax	(249)	(187)
of which current foreign tax	(15)	(58)
Deferred tax	**17,218**	**1,974**
Total	**26,480**	**(184)**

[1] Pursuant to the opinion on *Fragen der IFRS-Bilanzierung und –Berichterstattung im Zusammenhang mit der Einführung der Gruppenbesteuerung* (issues relating to IFRS-compliant accounting and reporting in connection with the introduction of group taxation) published by AFRAC (the Austrian Financial Reporting and Auditing Committee), deferred taxes should be measured applying the current corporation tax rate of 25 per cent. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008. Prior-year figures were restated accordingly.

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

€'000	2008	2007 [1]
Profit for the year before tax	2,673	303,743
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	(668)	(75,936)
Effect of the lower tax rate assigned to the group parent [2]	(13,612)	6,301
Reduction in the tax burden because of tax-exempt income from equity investments and other tax-exempt income	47,104	70,079
Increase in the tax burden because of non-tax-deductible expenses	(1,021)	(902)
Use of tax loss carryforwards and remeasurement of deferred tax items	(3,145)	(911)
Other	(2,178)	1,185
Actual tax burden	**26,480**	**(184)**

(11) Earnings per share

	2008	2007 [3]
Consolidated profit for the year, €'000	29,131	303,551
Number of ordinary shares in issue	2,000,789	1,991,973
Undiluted earnings per share, €	**14.56**	**152.39**

There were no conversion or option rights in circulation. Consequently, undiluted earnings per share were identical to diluted earnings per share.

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[1] Pursuant to the opinion on *Fragen der IFRS-Bilanzierung und –Berichterstattung im Zusammenhang mit der Einführung der Gruppenbesteuerung* (issues relating to IFRS-compliant accounting and reporting in connection with the introduction of group taxation) published by AFRAC (the Austrian Financial Reporting and Auditing Committee), deferred taxes should be measured applying the current corporation tax rate of 25 per cent. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008. Prior-year figures were restated accordingly.

[2] The tax contribution rates agreed within the scope of group taxation were lower than the domestic corporation tax rate. This line item shows the resulting effect on the actual income tax burden.

[3] Pursuant to the opinion on *Fragen der IFRS-Bilanzierung und –Berichterstattung im Zusammenhang mit der Einführung der Gruppenbesteuerung* (issues relating to IFRS-compliant accounting and reporting in connection with the introduction of group taxation) published by AFRAC (the Austrian Financial Reporting and Auditing Committee), deferred taxes should be measured applying the current corporation tax rate of 25 per cent. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008.

Since 1 January 2008, the charge for impairment losses on loans and advances has included a collective assessment of impairments of portfolios. Prior-year figures were restated accordingly.

(12) Segment reporting

Our segment reporting is based on the Group's internal performance calculations, which take the form of a multi-stage contribution income statement. Income and expenses are allocated on a cost-by-cause basis. The income items are *Net interest income*, *Net fee and commission income*, *Net trading income* and *Other operating profit*. Net interest income is calculated on a market-interest rate basis.

Interest earnings from equity are allocated to individual segments according to regulatory capital requirements on the basis of an assumed interest rate and reported in *Net interest income*. The *Charge for impairment losses on loans and advances* captures the net impairment allowance for counterparty risks and direct write-offs less recoveries of loans and advances previously written off. *General administrative expenses* includes direct and indirect costs. Direct costs (*Staff costs* and *Other administrative expenses*) are incurred by individual business segments, whereas indirect costs are allocated on the basis of predefined ratios.

Segments are presented as if they were autonomous enterprises with their own capital resources and with responsibility for their own results.

Segments are defined according to the RLB NÖ-Wien customers being serviced.

The basis for primary segment reporting for the purposes of IAS 14 is RLB NÖ-Wien's internal business segment accounting system, which reflects the management remits defined within the RLB NÖ-Wien Group.

Our segment reports distinguish between the following segments:

- The *Retail Banking* segment (personal and business banking customers), which encompasses the Group's retail operations in Vienna

This segment encompasses all business conducted with private individuals, small businesses and self-employed customers. Branches and offices in Vienna are arranged into branches for personal banking customers, offices for high net worth private customers (*Private Banking Wien*), special centres of excellence for trade and business (*Gewerbe*[1]) customers, and consulting offices. Consulting offices are also open for customers outside normal banking hours, and a customer can, in addition, choose where a consultation session should take place. This modern, pioneering approach reflects RLB NÖ-Wien's service-orientated advisory concept and its local roots.

Offerings in the *Retail Banking* segment consist mainly of standardized products like passbook accounts, savings deposits, time deposits, current and salary accounts, personal loans, overdrafts, mortgages and other special purpose loans.

RLB NÖ-Wien is the only institution in the *Raiffeisen Group* operating in this segment in Vienna. Its branch network also supports the activities of the other institutions within the *Raiffeisen* organization.

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

- The *Corporate Customers* segment, which encompasses business conducted with the public sector, institutional clients and corporate customers in the *Centrope* region

This segment covers classical credit services for corporate customers, corporate finance (project and investment finance, acquisition finance, property finance), trade and export finance, documentary services and the financing of local authorities and financial institutions.

Classical credit services include the provision of working capital, investment and trade finance using a wide variety of financing instruments (e.g. current account loans, fixed advances, direct loans, factoring, venture capital finance).

The Foreign Department — one of RLB NÖ-Wien's main departments — handles the subsidized export loans available from *Oesterreichische Kontrollbank AG* (e.g. special purpose financial loans for purchasers, concessionary finance for exporters). Its other tasks include furnishing Austrian and foreign clients with guarantees and letters of credit.

Corporate finance includes handling project and investment finance (specially tailored financing of specific business projects) in the Group's core market and processing all subsidized credit products. In addition, it includes transactions with the ERP Fund and the European Investment Bank (EIB).

- The *Financial Markets* segment, which encompasses the Group's treasury activities, including in particular its earnings from management of the banking book (profit from maturity transformation [*Strukturbeitrag*]) and from the trading book

The Treasury Department is responsible for the Group's proprietary positions in on-balance-sheet products (e.g. money-market deposits) and off-balance-sheet interest rate and price products (forwards, futures and options). These include interest rate and currency contracts, and the Treasury Department is likewise responsible for liquidity management and asset liability management (maturity transformation). Treasury operations also include the management of RLB NÖ-Wien's portfolios of bonds, funds and short-term and long-term alternative investments (combinations of securities products with derivatives).

Trading in financial instruments takes place centrally and is subject to strictly controlled limits. Whereas all proprietary trading was reported in this segment, the profit contributions made by customer treasury services were allocated to other segments. The portion of the contribution to profit made over and above market prices was allocated to customer segments.

- The *Investments* segment, which encompasses RLB NÖ-Wien's banking-related equity investments, including in particular its investment in RZB

This segment mainly encompasses RLB NÖ-Wien's portfolio of equity investments in banks and other financial institutions. This also includes its stake in the RZB Group — which is accounted for using the equity method — and all of the RZB Group's activities in Central and Eastern European countries as well as RLB NÖ-Wien's equity investments in the *Raiffeisen Banks* in the Czech Republic, Slovakia and Hungary and its directly held stake in *Raiffeisen International Bank-Holding AG*.

- The *Management Services* segment (which corresponds to the *Raiffeisen Banks and Management Services* and *Risk Management and Organization* divisions in the Group's organizational chart)

This segment encompasses any activities designed to support other segments in the marketplace. They consist, above all, of appropriate marketing activities. All activities in connection with the *Raiffeisenkasse* banks are presented within the scope of this segment. In addition, it encompasses income and expenses that cannot, by their nature, be allocated to any other segment.

The RLB NÖ-Wien Group employs two central steering benchmarks:

Return on equity expresses the relationship between profit before tax and average equity employed in the particular segment.

The *cost:income* ratio expresses a segment's cost efficiency. It is the ratio of *General administrative expenses* to the sum of *Net interest income*, *Net fee and commission income*, *Net trading income*, *Net income from investments in entities accounted for using the equity method* and *Other operating profit* (i.e. without *Net income from financial investments* and the *Charge for impairment losses on loans*).

The RLB NÖ-Wien Group operates primarily in the *Centrope* region, and within that region, mainly in Austria in the Vienna area. Consequently, all amounts stated in the Consolidated Financial Statements were attributable to this single geographical segment.

FINANCIAL YEAR 2008 €'000	RETAIL BANKING	CORPORATE CUSTOMERS	FINANCIAL MARKETS	INVESTMENTS	MANAGEMENT SERVICES	TOTAL
Net interest income	78,848	90,338	19,747	(44,436)	5,375	149,872
Charge for impairment losses on loans and advances	(11,196)	(31,416)	(3,011)	0	0	(45,623)
Net interest income after impairment losses on loans and advances	67,652	58,922	16,736	(44,436)	5,375	104,249
Net fee and commission income	31,601	17,143	1,781	0	8,524	59,049
Net trading income	3,838	2,817	(13,405)	0	3,476	(3,274)
Net income from investments in entities accounted for using the equity method	0	0	0	162,676	0	162,676
Net income from financial investments	0	(14,185)	(115,088)	2,317	(38,114)	(165,070)
General administrative expenses	(85,036)	(31,277)	(9,808)	(1,755)	(35,670)	(163,546)
Other operating profit/(loss)	1,159	(3,673)	10,929	(9,036)	9,211	8,590
Profit before tax	**19,214**	**29,747**	**(108,855)**	**109,766**	**(47,198)**	**2,674**
Average risk-weighted assets, €m	1,249	6,522	2,294	1,090	315	11,470
Average allocated equity, €m	105	548	193	1,037	26	1,908
Return on equity before tax, %	18.3%	5.4%	—	10.6%	—	0.1%
Cost:income ratio, %	73.7%	29.3%	51.5%	1.6%	134.2%	43.4%

In 2008, *Net income from investments in entities accounted for using the equity method* in the **Investments Segment** was subject to one-off effects. See point (5) *Net income from investments in entities accounted for using the equity method* for details.

FINANCIAL YEAR 2007 [1] €'000	RETAIL BANKING	CORPORATE CUSTOMERS	FINANCIAL MARKETS	INVESTMENTS	MANAGEMENT SERVICES	TOTAL
Net interest income	70,971	73,241	16,845	(22,452)	5,212	143,817
Charge for impairment losses on loans and advances	(13,251)	(14,154)	47	1	0	(27,357)
Net interest income after impairment losses on loans and advances	57,720	59,087	16,892	(22,451)	5,212	116,460
Net fee and commission income	38,726	15,805	2,765	(1,376)	14,624	70,544
Net trading income	3,597	2,977	6,290	(25)	1,101	13,940
Net income from investments in entities accounted for using the equity method	0	0	0	243,669	0	243,669
Net income from financial investments	0	(1,451)	(27,286)	14,890	(12,113)	(25,960)
General administrative expenses	(81,260)	(30,151)	(9,258)	(2,025)	(35,210)	(157,904)
Other operating profit/(loss)	1,721	8,267	19,349	(190)	13,846	42,993
Profit before tax	**20,504**	**54,534**	**8,752**	**232,492**	**(12,540)**	**303,742**
Average risk-weighted assets, €m	1,142	4,955	1,746	875	348	9,066
Average allocated equity, €m	105	455	160	1,026	32	1,779
Return on equity before tax, %	19.5%	12.0%	5.5%	22.7%	—	17.1%
Cost:income ratio, %	70.7%	30.1%	20.5%	0.9%	101.2%	30.7%

[1] Since 1 January 2008, the charge for impairment losses on loans and advances has included a collective assessment of impairments of portfolios. Prior-year figures were restated accordingly.

DETAILS OF THE BALANCE SHEET

(13) Cash and balances with the central bank

€'000	2008	2007
Cash	45,423	47,146
Total	**45,423**	**47,146**

(14) Loans and advances to other banks

€'000	2008	2007
Demand deposits	1,755,097	750,335
Time deposits	5,227,911	2,790,038
Other loans and advances	1,874,415	1,680,691
Debt instruments	269,923	31,612
Other	35,051	42,406
Total	**9,162,397**	**5,295,082**

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

€'000	2008	2007
Austria	7,369,882	4,562,753
Abroad	1,792,515	732,329
Total	**9,162,397**	**5,295,082**

With the exception of loans and advances hedged against the exposure to interest rate risks in a fair value hedge, the loans and advances accounted for here were classified as *Loans and receivables*.

(15) Loans and advances to customers

Loans and advances to customers broke down as follows:

€'000	2008	2007
Giro and current accounts	1,139,956	1,094,855
Cash advances	1,066,485	758,995
Loans	6,246,858	4,989,465
Debt instruments	27,162	8,642
Other	33,851	31,132
Total	**8,514,312**	**6,883,089**

Applying *Basel II* definitions, *Loans and advances to customers* broke down as follows, prior-year figures having been restated accordingly:

€'000	2008	2007
Sovereign exposures	388,854	351,802
Retail exposures	1,467,139	1,542,917
Corporate exposures	6,658,318	4,984,836
Other	1	3,534
Total	**8,514,312**	**6,883,089**

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

€'000	2008	2007
Austria	7,151,315	6,054,196
Abroad	1,362,997	828,893
Total	**8,514,312**	**6,883,089**

With the exception of loans and advances hedged against the exposure to interest rate risks in a fair value hedge, the loans and advances accounted for here were classified as *Loans and receivables*.

(16) Impairment allowance balance

2008 €'000	AT 1 JANUARY	ADDED	RELEASED	USED	AT 31 DECEMBER
Item-by-item allowances for impairment	**239,332**	**79,469**	**(43,050)**	**(39,145)**	**236,606**
Loans and advances to other banks	0	12,230	0	0	12,230
of which abroad	0	12,230	0	0	12,230
Loans and advances to customers	239,332	67,239	(43,050)	(39,145)	224,376
of which in Austria	231,310	65,935	(42,814)	(38,105)	216,326
of which abroad	8,022	1,304	(236)	(1,040)	8,050
Collective assessment of impairments of portfolios	**4,380**	**735**	**(42)**	**0**	**5,073**
Loans and advances to other banks	1,274	667	0	0	1,941
Loans and advances to customers	3,106	68	(42)	0	3,132
Impairment allowance balance (loans and advances) [1]	**243,712**	**80,204**	**(43,092)**	**(39,145)**	**241,679**
Risks arising from off-balance-sheet liabilities [2]	**10,098**	**15,594**	**(6,163)**	**0**	**19,529**
Total	**253,810**	**95,798**	**(49,255)**	**(39,145)**	**261,208**

2007 €'000	AT 1 JANUARY	ADDED	RELEASED	USED	AT 31 DECEMBER
Item-by-item allowances for impairment	**250,408**	**62,581**	**(34,198)**	**(39,459)**	**239,332**
Loans and advances to customers	250,408	62,581	(34,198)	(39,459)	239,332
of which in Austria	242,799	61,120	(33,151)	(39,458)	231,310
of which abroad	7,609	1,461	(1,047)	(1)	8,022
Collective assessment of impairments of portfolios [3]	**4,468**	**323**	**(411)**	**0**	**4,380**
Loans and advances to other banks	1,023	251	0	0	1,274
Loans and advances to customers	3,445	71	(411)	0	3,106
Impairment allowance balance (loans and advances) [1]	**254,876**	**62,904**	**(34,609)**	**(39,459)**	**243,712**
Risks arising from off-balance-sheet liabilities [2]	**10,773**	**1,695**	**(2,370)**	**0**	**10,098**
Total	**265,649**	**64,599**	**(36,979)**	**(39,459)**	**253,810**

[1] The balance of impairment allowances for impairment losses on loans and advances was reported on the Balance Sheet in the line item *Impairment allowance balance*.

[2] Risks arising from off-balance-sheet liabilities were reported on the Balance Sheet in the line item *Provisions*.

[3] Since 1 January 2008, the impairment allowance balance has included a collective assessment of impairments of portfolios. Prior-year figures were restated accordingly.

(17) Trading assets

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

€'000	2008	2007
Bonds and other fixed-interest securities	121,812	463,969
of which public-sector debt instruments eligible for rediscounting	0	5,780
of which bonds and similar securities issued by other issuers	121,812	458,189
Shares and other variable-yield securities	452	30,691
of which shares	0	66
of which units in investment funds	0	30,081
of which other variable-yield securities	452	544
Positive fair values of derivative contracts	1,382,508	263,066
of which interest rate derivatives	1,171,641	184,881
of which currency derivatives	210,268	77,481
of which equity and index derivatives	599	700
of which credit derivatives	0	4
Accruals arising from derivatives	732,038	395,044
of which interest rate derivatives	732,038	395,044
Total	2,236,810	1,152,770

(18) Other current financial assets

€'000	2008	2007
Bonds and other fixed-interest securities	1,856,581	1,651,064
Designated as at fair value through profit or loss	1,856,581	1,651,064
of which public-sector debt instruments eligible for rediscounting	36,636	29,367
of which other debt instruments issued by the public sector	46,577	34,107
of which bonds and similar securities issued by other issuers	1,773,368	1,587,590
Shares and other variable-yield securities	356,566	345,200
Designated as at fair value through profit or loss	356,566	345,200
of which shares	22,987	47,728
of which units in investment funds	310,374	181,196
of which other variable-yield securities	23,205	116,276
Total	2,213,147	1,996,264

(19) Financial investments

€'000	2008	2007
Bonds and other fixed-interest securities	**2,481,713**	**1,709,931**
Classified as held to maturity	**2,395,762**	**1,678,143**
of which public-sector debt instruments eligible for rediscounting	580,576	583,023
of which other debt instruments issued by the public sector	36,955	23,979
of which bonds and similar securities issued by other issuers	1,778,231	1,071,141
Classified as available for sale, measured at fair value	**85,951**	**31,788**
of which public-sector debt instruments eligible for rediscounting	27,905	2,315
of which bonds and similar securities issued by other issuers	58,046	29,473
Shares and other variable-yield securities	**221,177**	**101,239**
Classified as available for sale, measured at fair value	**192,477**	**72,539**
of which units in investment funds	168	228
of which other variable-yield securities	192,309	72,311
Classified as available for sale, measured at cost	**28,700**	**28,700**
of which other variable-yield securities	28,700	28,700
Equity investments	**84,305**	**262,480**
Classified as available for sale, measured at fair value	**0**	**15,648**
of which other equity investments	0	15,648
Classified as available for sale, measured at cost	**84,305**	**246,832**
of which equity investments in non-consolidated subsidiaries [1]	11,080	67,129
of which equity investments in associates not accounted for using the equity method	38,460	18,158
of which other equity investments	34,765	161,545
Total	**2,787,195**	**2,073,650**

No sales of available-for-sale financial instruments measured at cost are planned. During the financial year, such financial instruments with a carrying amount of €73 thousand (2007: €21 thousand) were derecognized, generating a gain on disposal of €564 thousand (2007: €21 thousand).

In the fourth quarter of 2008, RLB NÖ-Wien reclassified part of its bond holdings out of the held-for-trading category and into the held-to-maturity category. This was because the liquidity in the secondary market fell sharply in 2008. As a result, these positions could only have been reduced by granting unjustifiably large discounts. Reclassifications were therefore the consequence of a change in RLB NÖ-Wien's positive intention and ability to hold these financial instruments to maturity and not just short-term for trading. Use was not made of the option of retrospective reclassification as of 1 July 2008. Reclassifications took place at fair value as on the date of reclassification.

[1] This total includes non-voting non-ownership capital (*Partizipationskapital*) of *Raiffeisen-Holding NÖ-Wien* in the amount of €277 thousand (year-end 2007: €277 thousand).

As of 24 October 2008, bonds issued by Austrian and foreign banks with a nominal value of €157,740 thousand were reclassified with a fair value of €156,727 thousand. At 31 December 2008, the reclassified financial instruments had a carrying amount of €151,133 thousand and a fair value of €148,573 thousand.

On the date of reclassification, the estimated effective interest rates of the reclassified financial instruments lay between 3.0 and 5.9 per cent. The estimated amounts of cash flows we expected to recover came to €172,944 thousand.

Until the time of reclassification, valuation gains and losses on the reclassified financial instruments taken to *Net trading income* came to €378 thousand (2007: negative €213 thousand). Had the financial instruments not been reclassified as a result of a change in RLB NÖ-Wien's intentions with regard to holding them, valuation losses of €2,475 thousand would have been taken to *Net trading income* in 2008.

After reclassification, we registered interest income in the amount of €1,367 thousand and gains on disposal in the amount of €35 thousand. At 31 December 2008, the reclassified financial instruments were unimpaired.

(20) Intangible assets

€'000	2008	2007
Acquisition costs		
At 1 January	**40,119**	**37,658**
Additions	2,714	3,048
Disposals [1]	(3,154)	(587)
At 31 December	**39,679**	**40,119**
Amortization		
At 1 January	**(36,344)**	**(35,817)**
Disposals	3,154	28
Amortization during the financial year	(531)	(555)
At 31 December	**(33,721)**	**(36,344)**
Carrying amounts		
At 1 January	**3,775**	**1,841**
At 31 December	**5,958**	**3,775**

The elimination of intragroup investments and equity did not give rise to any goodwill.

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

(21) Property and equipment

€'000	LAND AND BUILDINGS USED BY THE GROUP FOR ITS OWN PURPOSES	OTHER PROPERTY AND EQUIPMENT
Acquisition costs		
At 1 January 2008	2,088	26,258
Additions	750	2,341
Disposals [1]	0	(2,029)
At 31 December 2008	2,838	26,570
Depreciation		
At 1 January 2008	(1,341)	(17,256)
Additions	0	1
Disposals	0	1,820
Depreciation during the financial year	(246)	(2,116)
At 31 December 2008	(1,587)	(17,551)
Carrying amounts		
At 1 January 2008	747	9,002
At 31 December 2008	1,251	9,019

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

€'000	LAND AND BUILDINGS USED BY THE GROUP FOR ITS OWN PURPOSES	OTHER PROPERTY AND EQUIPMENT
Acquisition costs		
At 1 January 2007	**2,006**	**25,682**
Additions	82	1,655
Disposals [1]	0	(1,079)
At 31 December 2007	**2,088**	**26,258**
Depreciation		
At 1 January 2007	**(1,124)**	**(15,971)**
Disposals	0	958
Depreciation during the financial year	(217)	(2,243)
At 31 December 2007	**(1,341)**	**(17,256)**
Carrying amounts		
At 1 January 2007	**880**	**9,712**
At 31 December 2007	**747**	**9,002**

The land and buildings used by the Group for its own purposes consisted exclusively of investments (structural adaptations) in such properties not belonging to the Group itself.

Liabilities arising from the use of property and equipment not recognized on the Balance Sheet in the ensuing financial year came to €17,148 thousand (2007: €16,571 thousand). Such liabilities in the ensuing five financial years totalled €84,423 thousand (2007: €81,756 thousand).

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

(22) Other assets

€'000	2008	2007
Tax assets	**20,890**	**2,015**
of which current tax assets	1,470	2,015
of which deferred tax assets	19,420	0
Positive fair values of derivative hedging instruments in fair value hedges	**83,651**	**17,984**
of which interest rate derivatives	73,785	15,299
of which equity and index derivatives	9,866	2,685
Positive fair values of derivative hedging instruments in cash flow hedges	**26,764**	**22,579**
of which interest rate derivatives	26,764	22,579
Positive fair values of derivative financial instruments designated as at fair value through profit or loss	**2,953**	**14,023**
of which interest rate derivatives	1,819	14,002
of which currency derivatives	240	19
of which credit derivatives	894	2
Positive fair values of other derivative financial instruments	**350,118**	**153,512**
of which interest rate derivatives	312,735	123,103
of which currency derivatives	15,269	22,834
of which equity and index derivatives	20,445	7,524
of which credit derivatives	1,669	51
Interest accruals arising from derivative financial instruments	**228,215**	**232,787**
of which interest rate derivatives	218,583	227,774
of which currency derivatives	7,514	3,300
of which equity and index derivatives	2,112	1,713
of which credit derivatives	6	0
Other assets	**142,508**	**112,339**
Total	**855,099**	**555,239**

Insofar as they met the requirements for hedge accounting for the purposes of IAS 39, derivative financial instruments were designated as hedges. The fair values of derivatives were measured without accrued interest (giving clean prices).

In accordance with IAS 39, this line item also includes the positive fair values of derivative financial instruments that were neither held for trading nor hedging instruments in a fair value or cash flow hedge for the purposes of IAS 39.

The derivative financial instruments designated as at fair value through profit or loss were those derivatives that bore an economic relationship to securities classified as *Other current financial assets* within the scope of the fair value option and were managed on the basis of a documented risk management or investment strategy within the scope of portfolios.

Deferred tax assets

Tax was deferred as follows:

€'000	2008	2007
Deferred tax assets	19,420	0
Provisions for deferred taxes	0	10,663
Net deferred tax assets/(liabilities)	**19,420**	**(10,663)**

Net deferred tax assets/(liabilities) resulted from the following items on the Balance Sheet:

€'000	2008	2007
Intangible assets	1,264	1,770
Other current financial assets	4,925	0
Deposits from customers	4,336	500
Trading liabilities	14,248	0
Other liabilities	109,776	58,328
Provisions	1,203	1,205
Other balance sheet items	12,022	6,160
Deferred tax assets	**147,774**	**67,963**
Financial investments	10,419	18,183
Other assets	109,470	40,768
Liabilities evidenced by paper	0	12,488
Other balance sheet items	8,465	7,187
Deferred tax liabilities	**128,354**	**78,626**
Net deferred tax assets/(liabilities)	**19,420**	**(10,663)**

Assets in the amount of €8,528 thousand (year-end 2007: €2,393 thousand) arising from as yet unused tax loss carry-forwards and deductible temporary differences were not capitalized in the Consolidated Financial Statements because, as things stood at the time, it seemed unlikely that it would be possible to realize them within a reasonable period.

(23) Deposits from other banks

These deposits broke down as follows:

€'000	2008	2007
Demand deposits	2,098,215	2,801,001
Time deposits	8,424,387	4,191,606
Borrowed funds	836,285	467,201
Total	**11,358,887**	**7,459,808**

€'000	2008	2007
Austria	10,239,790	6,542,115
Abroad	1,119,097	917,693
Total	**11,358,887**	**7,459,808**

With the exception of deposits hedged against the exposure to interest rate risks in a fair value hedge, the deposits accounted for here were measured at amortized cost.

(24) Deposits from customers

Deposits from customers broke down into product groups as follows:

€'000	2008	2007
Sight deposits	2,208,326	2,253,797
Time deposits	1,896,781	1,489,533
Savings deposits	2,356,965	1,777,953
Total	**6,462,072**	**5,521,283**

Applying *Basel II* definitions, *Deposits from customers* broke down as follows, prior-year figures having been restated accordingly:

€'000	2008	2007
Sovereigns	688,857	441,731
Retail	3,806,489	2,982,847
Corporates	1,724,283	1,845,329
Other	242,443	251,376
Total	**6,462,072**	**5,521,283**

These deposits broke down by region as follows:

€'000	2008	2007
Austria	5,886,188	5,143,844
Abroad	575,884	377,439
Total	**6,462,072**	**5,521,283**

With the exception of deposits hedged against the exposure to interest rate risks in a fair value hedge, the deposits accounted for here were measured at amortized cost.

(25) Liabilities evidenced by paper

€'000	2008	2007
Issued bonds	2,984,240	2,189,804
Other liabilities evidenced by paper	868,361	554,456
Total	**3,852,601**	**2,744,260**

With the exception of liabilities hedged against the exposure to interest rate risks in a fair value hedge, the liabilities accounted for here were measured at amortized cost.

(26) Trading liabilities

Trading liabilities contains the following derivative instruments held for trading:

€'000	2008	2007
Negative fair values of derivative contracts	**1,445,550**	**268,590**
of which interest rate derivatives	1,236,550	200,591
of which currency derivatives	208,400	67,295
of which equity and index derivatives	600	700
of which credit derivatives	0	4
Accruals arising from derivatives	**741,852**	**397,896**
of which interest rate derivatives	741,852	397,896
Total	**2,187,402**	**666,486**

(27) Other liabilities

€'000	2008	2007
Tax liabilities	**14,892**	**13,050**
of which current tax liabilities	14,892	13,050
Negative fair values of derivative hedging instruments in fair value hedges	**81,804**	**88,184**
of which interest rate derivatives	75,342	77,974
of which equity and index derivatives	6,462	10,210
Negative fair values of derivative hedging instruments in cash flow hedges	**58,011**	**19,955**
of which interest rate derivatives	58,011	19,955
Negative fair values of derivative financial instruments designated as at fair value through profit or loss	**39,440**	**6,189**
of which interest rate derivatives	39,418	6,096
of which equity and index derivatives	22	93
Negative fair values of other derivative financial instruments	**349,287**	**142,063**
of which interest rate derivatives	311,977	111,879
of which currency derivatives	12,680	22,655
of which equity and index derivatives	23,337	7,529
of which credit derivatives	1,293	0
Interest accruals arising from derivative financial instruments	**221,097**	**203,413**
of which interest rate derivatives	210,158	195,936
of which currency derivatives	9,699	6,459
of which equity and index derivatives	1,232	1,016
of which credit derivatives	8	2
Contractual profit transfer	**45,300**	**63,850**
Other liabilities	**129,297**	**67,387**
Total	**939,128**	**604,091**

Insofar as they met the requirements for hedge accounting for the purposes of IAS 39, derivative financial were designated as hedges. The fair values of these derivatives were measured without accrued interest (giving clean prices).

In accordance with IAS 39, this line item also includes the negative fair values of derivative financial instruments that were neither held for trading nor hedging instruments in a fair value or cash flow hedge for the purposes of IAS 39.

The derivative financial instruments designated as at fair value through profit or loss were those derivatives that bore an economic relationship to securities classified as *Other current financial assets* within the scope of the fair value option and were managed on the basis of a documented risk management or investment strategy within the scope of portfolios.

(28) Provisions

€'000	2008	2007 [1]
Termination benefits	**18,255**	**17,184**
Post-employment benefits	**18,767**	**19,173**
Jubilee benefits and part-time work by older staff	**3,773**	**4,267**
Taxes	**4,261**	**14,779**
of which current	4,261	4,116
of which deferred	0	10,663
Other	**21,140**	**11,099**
Total	**66,196**	**66,502**

Provisions for staff benefits

Termination benefit obligations changed as follows:

€'000	2008	2007
Present value of the defined benefit obligations at 1 January	19,311	17,548
Obligations assumed without being recognized in the Income Statement	(3)	0
Amortization of profit or loss	19	0
Service cost	1,158	1,070
Interest cost	991	797
Termination benefit payments	(1,093)	(1,335)
Actuarial (gain)/loss in the financial year	(1,714)	1,231
Present value of the defined benefit obligations at 31 December	**18,669**	**19,311**
Accumulated unrecognized actuarial gains/(losses)	(414)	(2,127)
Provision balance at 31 December	**18,255**	**17,184**

[1] Pursuant to the opinion on *Fragen der IFRS-Bilanzierung und –Berichterstattung im Zusammenhang mit der Einführung der Gruppenbesteuerung* (issues relating to IFRS-compliant accounting and reporting in connection with the introduction of group taxation) published by AFRAC (the Austrian Financial Reporting and Auditing Committee), deferred taxes should be measured applying the current corporation tax rate. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008. Provisions for deferred taxes recognized in the previous year were restated accordingly.

Post-employment benefit obligations changed as follows:

€'000	2008	2007
Present value of the defined benefit obligations at 1 January	61,738	59,505
Service cost	1,785	1,463
Interest cost	3,169	2,740
Transferred to defined contribution plan	(980)	(821)
Payments to beneficiaries	(2,840)	(2,586)
Actuarial (gain)/loss in the financial year	(3,891)	1,438
Present value of the defined benefit obligations at 31 December	**58,981**	**61,738**

Plan assets changed as follows:

€'000	2008	2007
Fair value of the plan assets at 1 January	32,412	36,956
Expected return on plan assets	1,853	2,108
Transferred to defined contribution plan	(842)	(775)
Contributions to plan assets	2,352	776
Retirement benefits paid from plan assets	(1,224)	(1,122)
Actuarial gain/(loss) in the financial year	(1,439)	(5,531)
Fair value of the plan assets at 31 December	**33,112**	**32,412**

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

€'000	2008	2007
Present value of the defined benefit obligations at 31 December	58,981	61,738
Fair value of the plan assets at 31 December	33,112	32,412
Net obligations	**25,869**	**29,326**
Accumulated unrecognized actuarial gains/(losses)	(7,102)	(10,153)
Provision balance at 31 December	**18,767**	**19,173**

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

€'000	2008	2007
Present value of the defined post-employment benefit obligations at 31 December	**58,981**	**61,738**
of which directly financed obligations	42,625	16,808
of which financial obligations financed via pension funds and/or insurers	16,356	44,930

The plan assets were structured as follows:

Per cent	2008	2007
Bonds and other fixed-interest securities	70.76	62.45
Shares and other variable-yield securities	16.24	29.73
Property	1.15	1.28
Other	11.85	6.54
Total	**100.00**	**100.00**

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

Return on the plan assets:

€'000	2008 [1]	2007
Actual return on the plan assets	(3,038)	30

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

€'000	2008	2007
Present value of the defined benefit obligations at 1 January	4,267	4,330
Service cost	240	255
Interest cost	209	189
Payments	(624)	(676)
Actuarial (gain)/loss in the financial year	(319)	169
Present value of the defined benefit obligations at 31 December	**3,773**	**4,267**

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

€'000	2008	2007	2006	2005
Termination benefits				
Obligations	18,669	19,311	17,548	15,768
Experience adjustments on obligations	508	(216)	(812)	(157)
Post-employment benefits				
Obligations	58,981	61,738	59,505	61,481
Plan assets	33,112	32,412	36,956	36,753
Net obligations	25,869	29,326	22,549	24,728
Experience adjustments on obligations	1,638	(407)	(425)	1,377
Experience adjustments on plan assets	1,439	5,531	1,087	(1,561)
Jubilees benefits and part-time work by older staff				
Obligations	3,773	4,267	4,330	3,570
Experience adjustments on obligations	84	44	(881)	158

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

€'000	2009
Post-employment benefits	(462)

Breakdown of expenditure on defined contribution plans:

€'000	2008	2007
Expenditure on defined contribution plans	**1,059**	**874**
of which on defined contribution plans (pension fund)	689	577
of which on staff benefit fund (*Mitarbeitervorsorgekasse*)	370	297

[1] The final allocation of the income from the plan assets attributable to the RLB NÖ-Wien Group will not be known until the Annual Financial Statements of *ÖPAG Pensionskassen AG* have been prepared. Consequently, the figure reported here is provisional.

Other provisions

The other provisions changed as follows:

€'000	2008	2007
At 1 January	11,099	12,626
Added	16,969	2,102
Released	(3,199)	(3,326)
Used	(3,729)	(303)
At 31 December	**21,140**	**11,099**

(29) Subordinated debt capital

€'000	2008	2007
Measured at amortized cost	**698,568**	**530,348**
Subordinated debt	253,095	199,300
Supplementary capital	368,973	331,048
Non-voting non-ownership capital (*Partizipationskapital*)	76,500	0
Designated as at fair value through profit or loss	**48,540**	**59,674**
Subordinated debt	48,540	59,674
Total	**747,108**	**590,022**

Genussrechte (profit-share certificates) furnished for an indefinite term but with the possibility of termination are included in this line item as subordinated debt designated as at fair value through profit or loss. These profit-share certificates evidence a contractual right to a portion of the assets in a specially created portfolio that is likewise designated as at fair value through profit or loss and is recognized in the line item *Other current financial assets*. In the event of termination, the repayment amount will be the fair value and, therefore, the carrying amount reported here. Changes in the fair value thereof are attributable in their entirety to changes in the fair value of the assets in the portfolio.

With the exception of liabilities hedged against the exposure to interest rate risks in a fair value hedge, the other liabilities accounted for here were measured at amortized cost.

(30) Equity

€'000	2008	2007 [1]
Attributable to equity holders of the parent	**1,919,918**	**1,896,787**
Subscribed capital	214,520	199,197
Capital reserves	432,688	181,701
Retained earnings	1,272,710	1,515,889
Minority interests	**80**	**63**
Total	**1,919,998**	**1,896,850**

According to a decision of the Annual General Meeting held on 30 April 2008, the Managing Board was authorized, subject to the Supervisory Board's approval, to increase *RLB NÖ-Wien AG*'s capital stock either once or several times in the period up to and including 30 April 2013 by up to €25,000 thousand through the issuance of up to 250,000 new, registered voting or non-voting no-par shares in return for cash contributions and to decide the nature of the new shares, their issue price and the other terms and conditions of their issuance by agreement with the Supervisory Board (authorized capital). By virtue of its authority, the Managing Board decided, in a resolution dated 17 November 2008, to increase *RLB NÖ-Wien AG*'s capital stock by €15,323 thousand from €199,197 thousand to €214,520 thousand through the issuance of 153,228 new, registered voting no-par shares (ordinary shares), each share representing an interest of €100.00 in the capital stock, at an issue price of €1,738.00 per share. The capital increase took place in return for cash contributions and subject to shareholders' subscription rights. The Supervisory Board endorsed the Managing Board's decision on 21 November 2008.

Because of the profit-transfer agreement in place with *Raiffeisen-Holding NÖ-Wien*, the principal equity holder of RLB NÖ-Wien, profit remaining after transfers to the contractually provided reserves is transferred to *Raiffeisen-Holding NÖ-Wien* in accordance with UGB/BWG (Austrian enterprises code and Austrian banking act). The transferable amount is booked as a liability. At the moment, the minority shareholders of RLB NÖ-Wien receive a guaranteed minimum dividend from *Raiffeisen-Holding NÖ-Wien* as recompense.

Equity management is an important component of the RLB NÖ-Wien Group's medium-term planning. This process is regularly reviewed and updated. The goal of equity management is to ensure a sustained supply of own funds so as to give timely support to the RLB NÖ-Wien Group's growth. The definition of equity is based on regulatory own funds requirements (see point (50) *Regulatory own funds*). Pursuant to *§ 39a BWG*, it is moreover one of the legislative duties of care on banks to ensure that they have sufficient equity to protect themselves against all material banking and operational risks (see our remarks on *Central risk management and risk-bearing capacity* in point (31)

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[1] Pursuant to the opinion on *Fragen der IFRS-Bilanzierung und –Berichterstattung im Zusammenhang mit der Einführung der Gruppenbesteuerung* (issues relating to IFRS-compliant accounting and reporting in connection with the introduction of group taxation) published by AFRAC (the Austrian Financial Reporting and Auditing Committee), deferred taxes should be measured applying the current corporation tax rate. The RLB NÖ-Wien Group implemented the contents of this opinion ahead of time as of 1 January 2008.
Since 1 January 2008, the impairment allowance balance has included a collective assessment of impairments of portfolios. Prior-year figures were restated accordingly.

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Risks arising from financial instruments [Risk Report]). There were no material changes in the equity management process compared with the previous year. The new capital adequacy requirements in *Basel II* have been satisfied since 1 January 2008. The minimum legislative requirements contained in BWG were adhered to throughout the financial year at both bank and group level at *Raiffeisen-Holding NÖ-Wien*.

NOTES ON FINANCIAL INSTRUMENTS

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

Disclosures of the nature and extent of risks arising from financial instruments in accordance with IFRS 7 (B6) are contained in the following notes on financial instruments.

Risk policy and risk management

The integrated risk management process at RLB NÖ-Wien is based on the risk policy laid down by the Managing Board and on the accompanying strategies. Risk policy also includes the approval of risk management principles, the setting of limits for every relevant risk and risk monitoring procedures.

The professional management of the risks arising from financial instruments is a core task and, therefore, a decisive competitive factor for every bank. The ability of a financial institution to capture and measure all material risks and to monitor and manage them on a real-time basis is paramount. RLB NÖ-Wien therefore sees risk management as a proactive corporate function. The primary focus is on optimizing risk and returns; in other words, on "managing opportunities and risks" and not just on "managing risks." Subject to the needs of customer-orientated banking operations within the framework of RLB NÖ-Wien's *Advisor Bank* concept and to the requirements of the legislative environment, RLB NÖ-Wien's risk policy and risk strategy are shaped by its conservative handling of banking and operational risks.

Risk management and risk controlling

RLB NÖ-Wien employs well-established methods of risk management and risk controlling to ensure the bank's profitability and security in the interests of its customers and its equity holders.

RLB NÖ-Wien's risk management activities are based on clear responsibilities. Risk policy is an integral part of the bank's central management procedures, so earnings and risk management in all business divisions are systematically interlinked. All relevant risks in the Bank are captured and subjected to an optimized strategic management process taking account of the Bank's own funds position and other covering assets.

Risk controlling and risk management units and special committees that act independently from front-office units support the Managing Board in the performance of its risk-related tasks. The working committee that analyzes the Bank's risk position and makes strategic risk decisions is called the Central Risk Committee (*Gesamtbank-risikorunde*). The Bank's overall risk position is evaluated on the basis of analysis of its risk-bearing capacity. Strategic risk decisions encompass the limits systems for the bank as a whole and for individual business divisions, and they also include the formulation of risk policy and the introduction of new risk measurement systems as well as the identification and valuation of standard credit risk costs. The Central Risk Committee comprises the Managing Board member responsible for the Risk Management and Organization Division, the Head of Credit Risk Management and the heads of the main departments that take risks, the Head of Accounts and Controlling and the Head of Internal Audit under the leadership of the Head of the Central Risk Department. This committee meets quarterly. Final decisions are made during meetings of the Managing Board and presented to the Supervisory Board by the Managing Board member responsible for risk on a quarterly basis.

The Central Risk Department (GBR: *Gesamtbankrisiko*) is part of the Risk Management and Organization Division. It reports directly to the responsible member of the Managing Board. This ensures that the Central Risk Department acts independently from front-office divisions. It is where all the pertinent risk analysis activities such as credit, market, liquidity, equity, equity investment and operational risk analysis converge. Within the scope of the risk controlling process, the Treasury Mid-Office Department — also a part of the Risk Management and Organization Division and therefore independent from the Treasury Department — carries out evaluations, checks adherence to limits and analyzes and reports on trading books on a daily basis and passes the results on to the Managing Board. Market risk limits for the banking book are likewise monitored and analyzed on a daily basis. The continuous monitoring of risks is one of the core tasks of the Central Risk Department. On this basis, the various individual risks (including, in particular, credit, equity investment, market, liquidity and operational risks) are presented in an overall, aggregated view within the scope of the risk-bearing capacity analysis process.

All the tasks, bodies, reports, procedures and organizational units involved in the risk management process are defined and described in detail in the *Raiffeisen Holding Group*'s Risk Management Manual (*Handbuch Risikomanagement*). It is updated annually by the Central Risk Department jointly with Credit Risk Management and the Group Controlling and Risk Management Department at *Raiffeisen-Holding NÖ-Wien* and adopted by the Managing Board of RLB NÖ-Wien and the management of *Raiffeisen-Holding NÖ-Wien*. This ensures that a coordinated process is in place within the Bank to capture, limit, measure, report and document risks.

As an integral part of the risk controlling and risk management system, the Internal Audit Department of RLB NÖ-Wien audits the effectiveness of RLB NÖ-Wien's internal control system. The Internal Audit Department's principal task is to audit and assess the effectiveness of workflows, processes and internal controls. The Internal Audit Department works without specific instructions, acting on the orders of RLB NÖ-Wien's Managing Board. This means that this department's audit procedures are carried out by staff members who are not involved in operational workflows and, therefore, are not responsible for the results of the processes being monitored. This ensures that evaluations and recommendations are objective.

Central risk management and risk-bearing capacity

RLB NÖ-Wien's central risk management procedures involve measuring the bank's existing sources of risk-bearing capacity (profit, equity and hidden reserves) against all the material risks (including, in particular, credit, market, liquidity, equity, equity investment and operational risks). These are captured using well-established methods and employing appropriate systems. The Bank's risks are subdivided into three scenarios (normal case, problem case and extreme case). Covering assets are divided into four pools, with covering assets in pools one to three earmarked to cover the risks assumed within the scope of the three risk scenarios. The ring-fenced cover pool No. 4 is reserved to ensure RLB NÖ-Wien's continued existence as a going concern in an extreme, crisis situation. The intention is to demonstrate that, given the assumptions that have been made, sufficient covering assets will be available even in an unlikely extreme situation. The Bank's risk-bearing capacity sets a ceiling on its aggregated overall bank risk. Detailed risk limits laid down for individual segments are also taken into account. As is consistent with the main focuses of RLB NÖ-Wien's business activities, credit risks and market risks are at the forefront of its risk management activities. Because of their materiality, due attention is also given to the equity investment risks arising from equity investments in banking-related fields.

Market risk in the trading and banking books is measured on the basis of *value at risk* (VaR: the value at risk is the potential for loss with a given probability over a specified holding period). Unexpected credit risk losses are assessed and analyzed both on a value at risk basis (for problem cases) and using scenario techniques (for extreme cases). Appropriate attention is also paid to settlement risk within the scope of credit risk, applying a suitable limits system, developing and extending netting agreements and settling transactions using settlement platforms. Equity investment risks are measured on the basis of expert assessments that cover both problem cases and extreme cases.

The central risk management process also captures liquidity and operational risks.

As we have said, the central instrument that brings together and plots all risk-related information is the quarterly analysis of the Bank's risk-bearing capacity. This analysis is the starting point for our risk policy, which limits risky activities to a level that is appropriate to the Bank.

Credit risk

RLB NÖ-Wien defines credit risk as the risk that it might suffer a loss if a customer or counterparty fails to discharge a contractual obligation. On the one hand, credit risk arises from traditional lending operations (loan losses, with the consequent management of the loan exposure in response to any decline in creditworthiness). On the other, it results from trading in and acquiring market risk instruments (counterparty default risk in the case of derivatives).

Country risks are also taken into account when capturing credit risk. Country risk is the risk of default caused by sovereign action by a state and default by sovereign debtors. This risk is limited separately. The counterparty risk associated with derivatives operations is also deemed to belong to this risk category.

RLB NÖ-Wien sees itself as a financier operating in the *Centrope* region, which is also one of the focuses of its business activities. RLB NÖ-Wien offers its customers all the usual credit products. As part of the strategic credit management process, the Managing Board formulates and implements all of the Bank's strategic goals and actions according to the risks concerned within the scope of a credit risk strategy. This strategy is an integral part of the Bank's corporate and segmental strategies and interacts with all other (sub-)strategies. It also specifies the segments within the Bank where loans can be granted and defines which products can be used to this end.

Credit risk is a major component of risk at RLB NÖ-Wien. Consequently, Credit Risk Management (KRM), a main department, has been created to service sales units. Its tasks are to provide support and to perform a controlling role during the measurement and management of credit risk and to take on the management of problem loans.

Credit risk is handled by Credit Risk Management (KRM). Its activities range from checking exposures before an application is made to handling crises to minimizing damage in the event of insolvency. Refining the *Raiffeisen* rating system and the scoring model is also one of this main department's remits.

Credit risks at RLB NÖ-Wien are monitored and analyzed both loan-by-loan for each customer and on a portfolio basis. Credit risk management and credit decisions are based on the risk policy approved by the Managing Board of RLB NÖ-Wien. Lending principles are laid down in writing in our Risk Policy Handbook and in our Risk Management Manual, which, in particular, contain business policy statements regarding credit scoring, collateral and return and risk requirements.

To safeguard its sustained market presence, RLB NÖ-Wien has an extensive credit limits system at the level of the Bank as a whole and spanning banks, countries and corporate customers. When looking at individual exposures, care is taken to ensure that the Bank's approval ceilings are kept below regulatory limits. This means that if exposures are greater than or equal to 7.5 per cent of RLB NÖ-Wien's own funds, they will already be submitted to the Supervisory Board for approval even though this is not a legislative requirement.

The risk content of an exposure is captured using an extensive rating system. Various model variants are employed, depending on what is required in the customer segment in question. When assessing creditworthiness, RLB NÖ-Wien employs the nationally developed *Raiffeisen* rating system as well as an additional scoring model for personal banking customers so as to classify risks and gauge default risk. The rating models use ten credit quality classes and ten collateral classes, satisfying the requirements of *Basel II*.

The credit process and the involvement of experts from Credit Risk Management and Credit Back Office, both main departments, encompass every necessary form of monitoring measure. Such measures are built directly or indirectly into the workflows being monitored. Before a loan involving a risky exposure is approved, the Material Credit Control Department, the organizational unit Country and Bank Analysis and, in the case of corporate customers, the Balance Sheet and Corporate Analysis Department, are integrated into exposure assessment procedures as part of the credit risk management process.

Alongside the determination of internal ratings within the scope of the loan approval process, collateral values are also checked based on a set collateral assessment catalogue containing predefined risk charges. This catalogue is regularly reviewed and revised. Collateral is captured within the scope of a separate collateral management system and continuously readjusted. RLB NÖ-Wien's derivatives operations are integrated into the existing limits system. The Financial Services Department (FIS) performs daily collateral management in connection with these operations. In risk areas, assessments are subjected to institutionalized plausibility checks in the course of the loan application process. The updating of internal ratings and the investigation and analysis of risk positions both take place at regular intervals.

The routine updating of ratings also includes regular evaluation of the need for any impairment allowances. Direct loan receivables that are highly unlikely to be recoverable must be revalued, taking furnished collateral into account, and/or provision must be made for claims under loans covering commitments. RLB NÖ-Wien has a default database that allows it to evaluate and analyze key risk parameters even more effectively. According to *Basel II*, a loan is overdue if a repayment (instalment) is past due for more than 90 days.

Besides portfolio data, the Credit Risk Report prepared by Credit Risk Management, a main department, also shows movements within the portfolio (migration analysis). Together with the results of risk-bearing capacity analysis, this provides the basis for appropriate steering and other measures.

The expected loss and the available collateral are mirrored by the Bank's standard risk costs. Together with liquidity, own funds and unit costs, they are key parameters in RLB NÖ-Wien's internal performance calculations, which are prepared on a market interest rate basis. Taking these factors into account places the necessary emphasis on the relationship between risk and return.

Various analyses of the Bank's current risk profile are fixed components of its reporting activities. When calculations are performed, separate allowance is made for the differing risk contents of the Bank's various lending activities.

The management of problem exposures is taken over by a separate organizational unit called Special Management (*Sondergestion*). Liquidations and the associated realization of collateral become the responsibility of the Risk Management Department (*Risikoverwaltung*).

Against the backdrop of the financial markets crisis and its effects, RLB NÖ-Wien has set up a special Problem Exposures Task Force. This group operates under the Head of Credit Risk Management, which is a main department. It is made up of members of both front-office and banking and back-office units. Its role is to ensure that crisis events (Iceland exposure, *Lehman* exposure, etc.) are monitored, processed and settled and that debts are collected. This body meets at least every 14 days.

Aggregated credit risk at an overall portfolio level is measured and managed using a portfolio model on the basis of credit value at risk. RLB NÖ-Wien's credit value at risk is calculated using Monte Carlo simulations. This task is carried out by the Central Risk Department (GBR). The credit value at risk is brought into the Bank's problem-case risk-bearing capacity analysis process. When calculating credit value at risk within the scope of risk-bearing capacity analysis, RLB NÖ-Wien bases its calculations on a risk horizon of one year and a problem case confidence interval of 95 per cent. In extreme cases, expert valuations are obtained.

The table below provides a breakdown of loans (credit exposures inclusive of guarantees and the positive fair values of derivatives) applying RLB NÖ-Wien's internal ratings (in thousands of euros):

INTERNAL RATING		2008	PER CENT	2007	PER CENT
0.5	Minimal risk	965,879	3.7	513,993	2.8
1	Excellent credit standing	5,660,122	21.5	4,625,756	25.2
1.5	Very good credit standing	11,893,781	45.2	7,601,762	41.4
2	Good credit standing	2,666,236	10.1	1,979,860	10.8
2.5	Average credit standing	1,790,385	6.8	1,006,857	5.5
3	Mediocre credit standing	1,462,747	5.6	1,067,819	5.8
3.5	Weak credit standing	905,460	3.4	492,754	2.7
4	Very weak credit standing	399,834	1.5	400,353	2.2
4.5	Doubtful/high default risk	220,324	0.8	155,831	0.8
5	Default	155,618	0.6	166,260	0.9
	Unrated	201,553	0.8	353,518	1.9
	Total	**26,321,939**	**100.0**	**18,364,763**	**100.0**

Based on the table above, item-by-item charges for impairment losses broke down as follows: Charges in the range from 0.5 to 3.0 (*Minimal risk* to *Mediocre credit standing*) came to €6,925 thousand in 2008, the equivalent figure for 2007 having been €20,621 thousand. Item-by-item charges for impairment losses in the rating classes 3.5, 4.0, 4.5 and 5.0 came to €17,600 thousand, €40,426 thousand, €67,290 thousand and €102,151 thousand, respectively, the equivalent figures for these rating classes in 2007 having been €17,083 thousand, €39,617 thousand, €43,931 thousand and €117,469 thousand. No item-by-item charges for impairment losses in connection with unrated customers were required in 2007, but item-by-item charges for impairment losses in respect of unrated customers came to €576 thousand in 2008.

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

INTERNAL RATING		2008	PER CENT	2007	PER CENT
0.5	Minimal risk	965,879	3.7	513,992	2.9
1	Excellent credit standing	5,659,397	21.9	4,623,502	25.8
1.5	Very good credit standing	11,891,469	46.0	7,595,962	42.4
2	Good credit standing	2,661,519	10.3	1,941,014	10.8
2.5	Average credit standing	1,764,692	6.8	985,724	5.5
3	Mediocre credit standing	1,445,011	5.6	1,005,455	5.6
3.5	Weak credit standing	850,102	3.3	443,364	2.5
4	Very weak credit standing	322,571	1.3	329,547	1.8
4.5	Doubtful/high default risk	83,387	0.3	102,387	0.6
5	Default	30,681	0.1	22,615	0.1
	Unrated	188,473	0.7	351,953	2.0
	Total	**25,863,181**	**100.0**	**17,915,515**	**100.0**

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

€'000	LOANS AND ADVANCES TO CUSTOMERS		LOANS AND ADVANCES TO OTHER BANKS		FINANCIAL INVESTMENTS	
	2008	2007	2008	2007	2008	2007
Loan exposure	8,514,312	6,883,089	8,923,998	5,295,082	2,965,413	1,811,170

Appropriate impairment losses were also recognized on problem exposures and exposures placed under observation (non-performing loans). By region, customer exposures thus broke down as follows:

	AUSTRIA		CENTROPE REGION		REST OF EU		OTHER	
€'000	2008	2007	2008	2007	2008	2007	2008	2007
Financial Institutions	4,333,570	3,117,909	84,618	53,580	862,079	350,154	299,881	228,272
Non-performing loans	0	0	0	0	0	0	13,102	0
Charge for impairment losses on loans and advances	0	0	0	0	0	0	12,230	0
Corporate Customers	5,260,258	4,193,041	379,714	188,294	559,381	262,595	368,482	342,637
Non-performing loans	162,952	183,288	0	1,368	7,062	16,481	1,888	0
Charge for impairment losses on loans and advances	129,564	139,364	0	0	0	5,995	1,664	1,359
Retail Customers	1,373,044	1,328,179	3,453	2,862	19,905	17,107	13,159	14,150
Non-performing loans	95,717	145,546	214	90	248	310	274	450
Charge for impairment losses on loans and advances	90,165	91,946	17	48	1,108	56	219	565
Sovereigns	392,848	310,620	0	0	0	0	56	81
Non-performing loans	0	0	0	0	0	0	0	0
Charge for impairment losses on loans and advances	0	0	0	0	0	0	0	0

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

INTERNAL RATING		2008	PER CENT	2007	PER CENT
0.5	Minimal risk	0	0	0	0
1	Excellent credit standing	681	0.3	2,255	0.7
1.5	Very good credit standing	1,276	0.5	4,668	1.4
2	Good credit standing	2,853	1.1	38,644	11.4
2.5	Average credit standing	21,263	8.6	19,770	5.8
3	Mediocre credit standing	11,965	4.8	49,475	14.6
3.5	Weak credit standing	17,091	6.9	37,974	11.2
4	Very weak credit standing	26,028	10.5	39,063	11.5
4.5	Doubtful/high default risk	68,590	27.7	22,058	6.4
5	Default	97,895	39.5	124,458	36.7
	Unrated	243	0.1	972	0.3
	Total	**247,885**	**100.0**	**339,337**	**100.0**

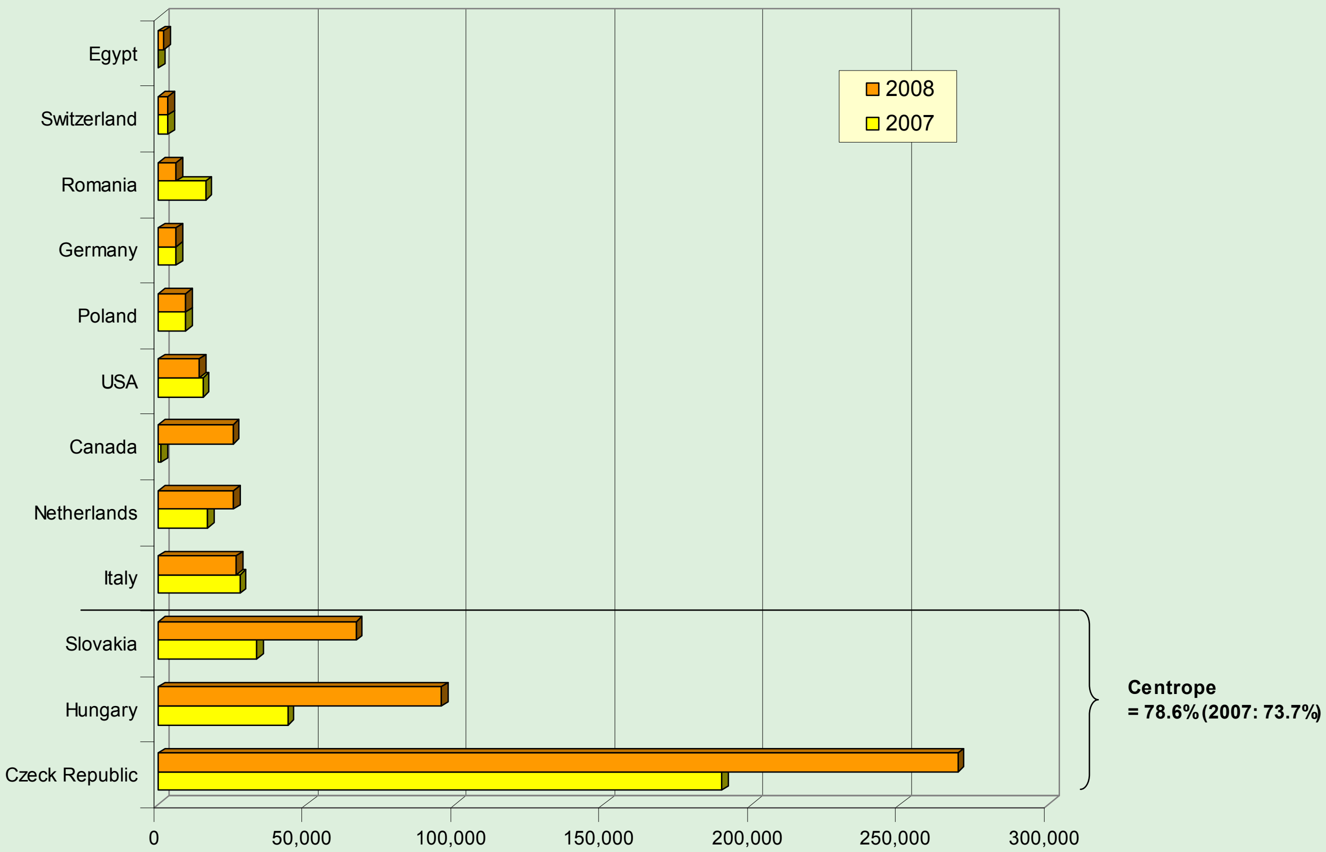
At the end of the 2008 financial year, impairment losses had not been recognized on past due customer balances totalling €67,879 thousand (year-end 2007: €126,074 thousand). The table below provides a breakdown by past due period of the past due credit exposures for which impairment losses had not been recognized:

PAST DUE	2008	PER CENT	2007	PER CENT
up to 30 days	28,055	41.3	25,970	20.6
31 – 60 days	4,242	6.3	34,740	27.6
61 – 90 days	5,372	7.9	4,644	3.7
> 90 days	30,210	44.5	60,720	48.2
Total	**67,879**	**100.0**	**126,074**	**100.0**

At year-end 2008, the proportion of real estate loans in RLB NÖ-Wien's total loan portfolio was high at €2,839,643 thousand (year-end 2007: €2,143,537 thousand).

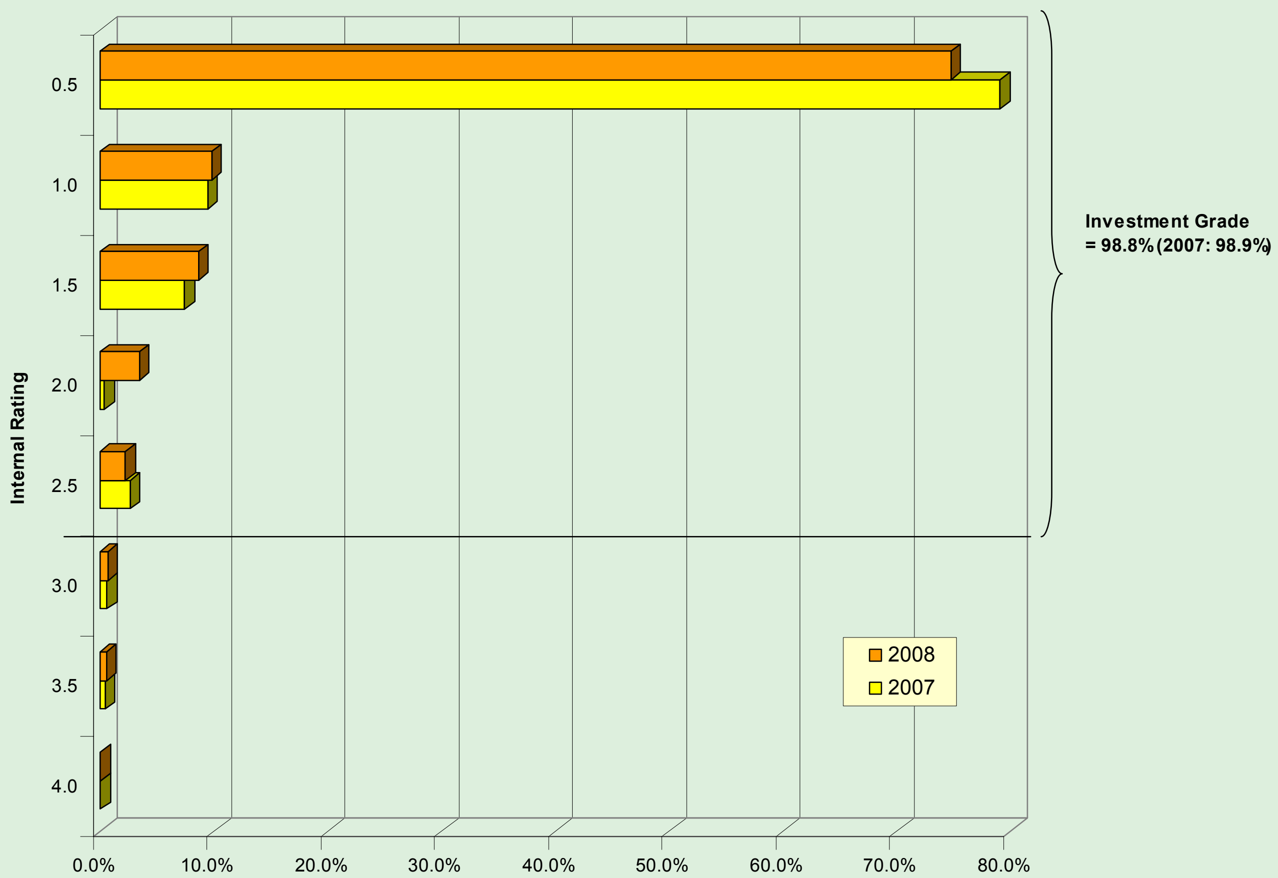
	2008				2007			
CATEGORY	AUSTRIA	PER CENT	ABROAD	PER CENT	AUSTRIA	PER CENT	ABROAD	PER CENT
Residential (subsidized)	461,503	20.1	—	—	322,384	18.1	3,938	1.1
Residential (financed without subsidies)	780,638	34.1	85,685	15.6	589,086	33.1	9,680	2.7
Commercial (tourism)	97,623	4.3	93,588	17.1	61,051	3.4	92,994	25.7
Commercial (shopping centres)	170,690	7.4	106,527	19.4	89,666	5.0	58,306	16.1
Commercial (offices)	272,278	11.9	98,793	18.0	255,388	14.3	40,828	11.3
Other	508,065	22.2	164,252	29.9	464,086	26.1	156,129	43.1
Total	**2,290,797**	**100.0**	**548,845**	**100.0**	**1,781,661**	**100.0**	**361,875**	**100.0**

At year-end 2008, most of the real estate loan exposure, namely 80.7 per cent, was Austrian (year-end 2007: 80.7 per cent). Just 19.3 per cent was foreign (year-end 2007: 19.3 per cent). A breakdown of this foreign real estate loan exposure shows a predominance of the *Centrope* region.

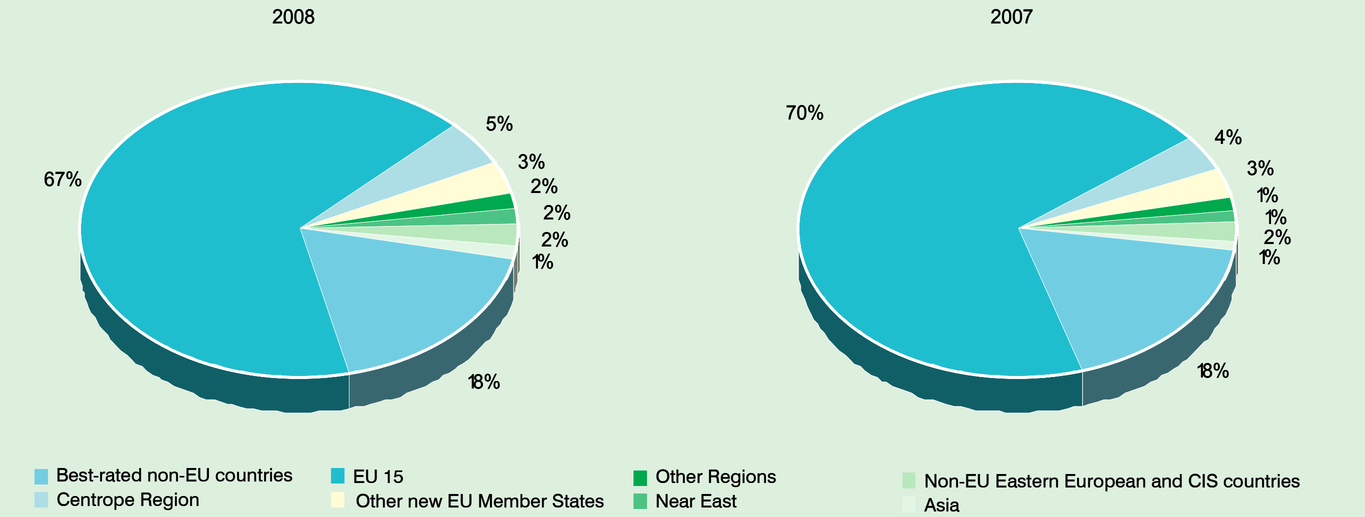


RLB NÖ-Wien monitors its risk concentrations within the scope of country risk measurements and limits them by way of special country limits. At the end of 2008, 98.8 per cent of the approved country exposures were in investment grade classes and a total of 93 per cent were assigned to one of the three best rating classes (0.5 to 1.5).

The chart below shows the percentage distribution of country limits based on internal ratings in the 2008 financial year and, by way of comparison, in 2007:

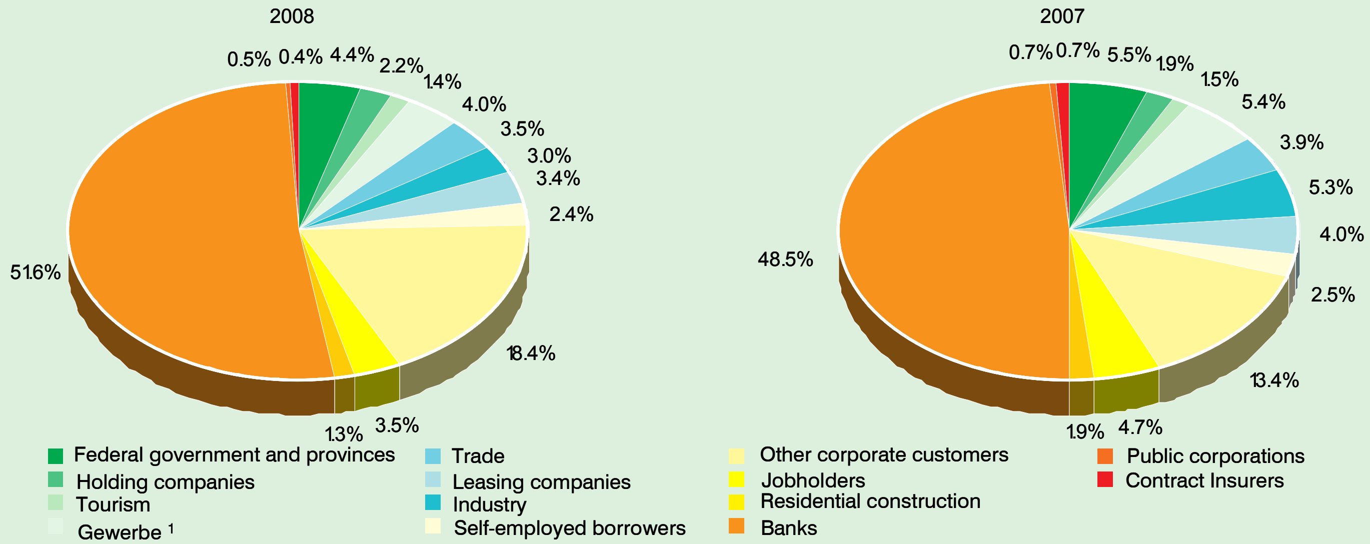


Subsequently, we also look at the regional distribution of country limits. The charts below shows the percentage distribution of country limits in 2008 and 2007. *Best-rated non-EU countries* includes countries like the United States, Japan and Singapore with *Moody's* ratings of at least Aa3.



We monitor branch and industry concentrations with the help of regular sector and industry analyses.

The following charts provide breakdowns of the Bank's loan exposures by sector and industry group (in per cent):



[1] Within the meaning of Austria's *Gewerbeordnung* (commercial code). Given the specific nature of some of the terms used in this breakdown, the reader is advised to refer to the German original if greater precision is required.

When assessing the country and bank risks captured by credit risk evaluations, RLB NÖ-Wien draws, *inter alia*, upon the professional support of RZB's Country and Bank Risk Management Department. Among other things, the resulting country ratings provide the basis for RLB NÖ-Wien's own country limits system. RLB NÖ-Wien's maximum limits system, likewise based on RZB's country ratings, is binding on every organizational unit within the enterprise. In 2008, exposures to other banks were subjected to additional, detailed scrutiny in the wake of the financial markets crisis. The resulting risks were also brought into the assessment of overall bank risk within the scope of the risk-bearing capacity analysis process.

RLB NÖ-Wien has reached contractual agreements regarding security in the form of guarantees and other assets with its customers in the corporate customers and retail banking segments. When assessing security, the Bank takes account of its type, quality and realizability and the duration of realization by carrying out appropriate write-downs on such security.

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

CATEGORY OF SECURITY	2008	PER CENT	2007	PER CENT
Land register	2,194,648	35.7	1,723,001	34.9
Securities	224,777	3.7	403,977	8.2
Financial products	962,233	15.7	251,346	5.1
Insurance	147,011	2.4	137,578	2.8
Other rights and claims	493,814	8.0	308,194	6.2
Guarantees	2,116,475	34.5	2,109,267	42.8
Total	**6,138,958**	**100.0**	**4,933,363**	**100.0**

RLB NÖ-Wien's statistical data only capture loan exposures arising within the scope of debt restructuring and the associated redefinition of terms and conditions if impairment allowances have already become necessary.

RLB NÖ-Wien does not purchase any collateral directly from customers. If collateral cannot immediately be realized, the Bank has subsidiaries through which such transactions take place. Any proceeds from the realization of collateral will be netted off against the corresponding loan accounts. The relevant components of a loan will be treated as having been secured prior to realization.

Market risk

Market risk results from movements in market prices, which lead to fluctuations in the fair values of or future cash flows from financial instruments. RLB NÖ-Wien defines interest rate risks, currency risks, other price risks and volatility risks as market risks.

RLB NÖ-Wien has a trading book of short-term interest rate and currency transactions. Medium-term and long-term transactions are captured by the banking book.

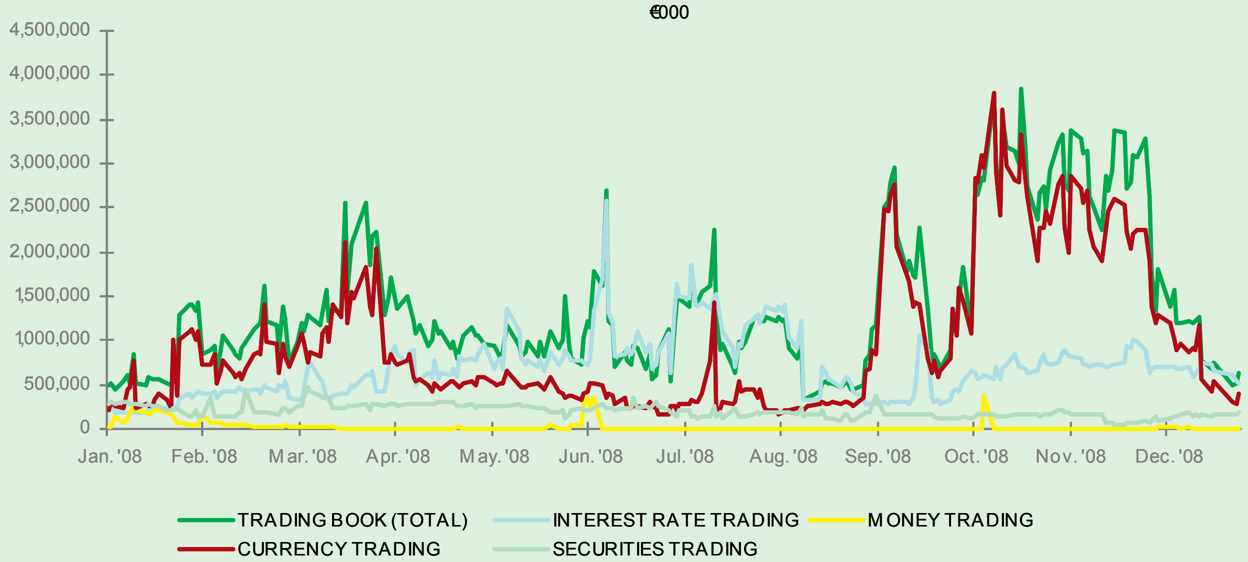
Market risk in the trading and banking books is measured using the customary *value at risk* approach (VaR: the value at risk is the potential loss with a given probability over a specified holding period). In addition, the banking book is subjected to gap analysis and we calculate basis point values (BPVs) per currency.

An extensive system of lines and limits (the Treasury Limits System) is applied to RLB NÖ-Wien's trading and banking books, limiting markets risk both for each type of transaction and for each organizational unit. In this risk category, a value at risk limit and sensitivity limits are defined to limit the amount of risk and a stop-loss limit is in place to limit the risk of losses.

Market risk in the trading book

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

VALUE AT RISK IN THE TRADING BOOK (2008)
€000



The chart shows day-to-day risk in the trading book and its various sections (interest rate trading, currency trading, securities trading and money trading) in terms of 99 per cent one-day value at risk. In addition, daily worst-case analyses are also carried out, providing information about losses in extreme cases and showing how big the risk of losses on money, currency and securities trading was in the course of 2008. To take an example, a value-at-risk figure of €200,000 means that, on the particular day of trading, the Bank would, with a probability of 99 per cent, not have been able to lose more than €200,000 on trading operations. This figure says nothing about the amount of the Bank's actual loss or gain on the day in question.

From the middle of the year, value at risk in the trading book was fuelled mainly by interest rate and currency trading. The effects of the financial markets crisis were particularly apparent from September/October, causing high bid-ask spreads in interest rate markets and very high volatilities in the currency markets. To reduce risks as much as possible, we cut all our trading book limits in September and reduced this position as far as we could. At the beginning of 2008, we closed the trading book's money trading portfolio and integrated it into the trading book's interest rate portfolio.

For nine years, we have been using daily backtesting to verify the reliability of the VaR approach, which is based on historical data, and to continuously improve it.

The table below presents the Bank's VaR at 31 December 2008 (99%, 1-day) and the comparative figures for 31 December 2007 as shown in the chart above.

€'000	VAR AT 31/12/2008	VAR AT 31/12/2007
Trading book (total)	624	480
Interest rate trading	522	217
Currency trading	399	167
Securities trading	177	302
Money trading	0	30

The value-at-risk figures that we obtain forecast maximum losses under normal market conditions but do not provide any information about the effects of exceptional, extreme market movements. Such events are taken account of using stress tests that capture the biggest daily market movements in the previous six years. This allows the simulation of crisis situations and major fluctuations in market parameters. These simulations are then applied to portfolio positions.

The table below shows the Bank's VaR (99%, 10-day) for market risk in the trading book.

€'000	VAR AT 31/12/2008	AVERAGE VAR	MINIMUM VAR	MAXIMUM VAR
Interest rate risk	1,290	2,124	672	7,876
Currency risk	1,245	1,482	138	6,693
Price risk	0	555	0	1,966

€'000	VAR AT 31/12/2007	AVERAGE VAR	MINIMUM VAR	MAXIMUM VAR
Interest rate risk	1,546	2,589	938	10,036
Currency risk	219	531	150	1,766
Price risk	60	194	30	519

Market risk in the banking book

Interest rate risk is managed centrally by Treasury, a main department, where all interest rate positions are systematically aggregated and managed. They are captured on the basis of internal contracts. In the case of large exposures, these are specifically agreed between customer account managers and the Treasury Department. Retail business is captured by the Bank's internal systems.

Interest rate risk is managed using gap analysis. VaR and scenario analyses take place on the basis of this maturity gap analysis. The scenarios we use follow the recommendations of the *Finanzmarktaufsicht* (Austrian Financial Market Authority) and *OeNB* (Austrian *Nationalbank*) and the Basel Committee on Banking Supervision. The Asset Liability Committee meets once monthly. During its meetings, market risks in the banking book are reported and the Bank's interest rates projection and interest rates policy are decided.

The following maturity gaps mirror the structure of the Bank's interest rate operations, which are a product of the Asset Liability Committee's interest rates projection. (Positive numbers mean that RLB NÖ-Wien, on balance, receives fixed rates; negative numbers mean that it pays them.)

RLB NÖ-Wien's maturity gaps at 31 December 2008:

€'000	6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	> 5 YEARS
EUR	(1,843,293)	199,155	58,975	345,657
USD	(8,863)	(182,037)	(10,001)	5,190
JPY	(122,635)	(1,512)	(59)	0
CHF	409,041	(1,670)	(5,658)	(148)
Other	(1,021)	(529)	(1,054)	0

RLB NÖ-Wien's maturity gaps at 31 December 2007:

€'000	6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	> 5 YEARS
EUR	(653,011)	(75,004)	(21,127)	151,076
USD	10,034	(2,567)	30,044	5,792
JPY	2,876	(50)	(1,292)	0
CHF	13,579	(1,551)	(5,934)	0
Other	(611)	(253)	(759)	0

Market risk is managed in line with the Bank's interest rates projection. Banking book performance and risk analyses take place on a *total return* basis. In other words, they also look at changes in the present value of RLB NÖ-Wien's banking book alongside profit from maturity transformation (*Strukturbeitrag*), ensuring the lasting flexibility and profitability of maturity transformation activities. To capture present value risk, maturity gaps are recognized and measured like fixed-interest bonds or fixed-rate funding: positive values are treated like bonds, and negative values are treated like funding costs. Present value risk is calculated using a value at risk model to gauge the possible impact of a change in interest rates on the enterprise's profit.

Changes in present value in RLB NÖ-Wien's banking book at 31 December 2008 given a parallel, one-basis-point rise in interest rates; a positive number means that a rise in interest rates will cause an increase in present value; a negative number shows the loss in present value caused by a one-basis-point rise in interest rates:

€'000	6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	> 5 YEARS
EUR	162.76	(38.26)	(6.54)	(387.04)
USD	0.88	35.65	3.81	(4.09)
JPY	9.02	0.30	0.02	0.00
CHF	(30.48)	0.33	2.17	2.20
Other	0.09	0.10	0.39	0.00

Changes in present value in RLB NÖ-Wien's banking book at 31 December 2007 given a parallel, one-basis-point rise in interest rates:

€'000	6 – 12 MONTHS	1 – 2 YEARS	2 – 5 YEARS	> 5 YEARS
EUR	51.08	14.05	6.57	(133.58)
USD	(0.70)	0.49	(7.72)	(4.48)
JPY	(0.27)	0.01	0.39	0.00
CHF	(1.16)	0.30	2.19	0.00
Other	2.54	0.05	0.27	0.00

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

Foreign currency positions are managed centrally within the Treasury Department, a main department, by Currency Trading and Sales (*Devisenhandel & Sales*). The resulting currency risks are limited by a detailed system of limits. The limits system is updated annually by the Managing Board on the basis of recommendations made by the Treasury Mid-Office Department (TMO). Adherence to this limits system is monitored daily by TMO to ensure that limits are observed. A VaR limit, sensitivity limits and a stop-loss limit are defined for this department

As a result, all foreign currency positions are continuously observed, controlled and managed.

Liquidity risk

Liquidity risk includes insolvency risk — i.e. the risk of being unable to meet due financial obligations in full or in time — and the risk that, in the event of a liquidity crisis, it may only be possible to raise funds at above previous market rates (funding risk) or sell assets at below previous market prices (market liquidity risk).

The latter type of risk also includes past due risks (late payments) and withdrawal risks (premature withdrawals).

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

In addition, the Central Risk Department calculates and reports RLB NÖ-Wien's short-term funding limit on a weekly basis, comparing current daily funding requirements with the available tenderable securities.

Being solvent at all times is RLB NÖ-Wien's central focus. To achieve this, RLB NÖ-Wien, *Raiffeisen-Holding NÖ-Wien* and the *Raiffeisen Banks* in Lower Austria jointly developed an appropriate limits system in 2007. RLB NÖ-Wien, having assumed responsibility for liquidity management for the *NÖ-Wien Raiffeisen Banking Group* (*Raiffeisen-Holding NÖ-Wien*, RLB NÖ-Wien and the Lower Austrian *Raiffeisen Banks*), regularly prepares liquidity profiles. In addition, appropriate emergency plans were put in place to deal with any crises. In the event of a crisis, they will be executed by the Liquidity Management (LIMA) Committee. To this end, RLB NÖ-Wien conducts periodical analyses of the assets that can be realized within a week. Liquidity is managed centrally by the Treasury Department, which is a main department.

The liquidity positions of RLB NÖ-Wien and *RBG NÖ-Wien* are captured by two models that are applied quarterly.

Operational Liquidity captures liquidity in a maturities range of between one and 24 months. However, this model is only applied with respect to RLB NÖ-Wien, from which *RBG NÖ-Wien* obtains short-term funds. The short-term liquidity risk calculated in this way is minimized by RLB NÖ-Wien's direct participation in the European Central Bank's tender operations and the potentially large tender volumes associated with them. The second model, ***Structural Liquidity***, captures the long-term liquidity positions of all the members of the *NÖ-Wien Raiffeisen Banking Group* from a maturity of two years to maturities of more than 15 years both on a member-by-member basis and in an aggregated form.

The table below presents RLB NÖ-Wien's structural liquidity in 2008 compared with 2007:

Normal Case €'000	31/12/2008 1/3 OF ASSETS	31/12/2008 TARGET MONITOR LIABILITIES > 1/3 OF ASSETS	31/12/2007 1/3 OF ASSETS	31/12/2007 TARGET MONITOR LIABILITIES > 1/3 OF ASSETS
≥ 2 YRS	3,531,568	0.70	2,887,025	0.70
≥ 3 YRS	2,883,374	0.69	2,397,120	0.69
≥ 4 YRS	2,334,608	0.71	1,950,646	0.66
≥ 5 YRS	1,775,272	0.70	1,479,315	0.67
≥ 6 YRS	1,579,626	0.73	1,199,281	0.76
≥ 7 YRS	1,309,465	0.75	1,034,395	0.79
≥ 8 YRS	1,097,281	0.74	890,823	0.78
≥ 9 YRS	911,209	0.70	735,636	0.70
≥ 10 YRS	768,678	0.70	573,434	0.61
≥ 15 YRS	428,592	0.81	304,131	0.66

Both models differentiate between **normal** and **problem** cases. The normal case describes the tie-up of capital associated with RBG NÖ-Wien's individual assets and liabilities as per its maturities manual (*Kapitalbindungs-handbuch*) while also taking account of fixed interest periods and statistical base effects. The problem case describes capital tie-ups as per the maturities manual in crisis scenarios while taking account of legally effective lock down periods.

If lock down periods have not been defined (e.g. for current accounts, freely withdrawable passbook account balances), modelling assumptions regarding remittances are made on the basis of expert estimates.

Point (34) contains a supplementary breakdown of terms to maturity at RLB NÖ-Wien that provides an overview of the Bank's liquidity structure.

Equity investment risk

Because of its focus on operating as a so-called *universal* bank, RLB NÖ-Wien holds equity investments within the *Raiffeisen* organization, all of which are strategic, as well as other equity investments that support its banking activities. All other equity investments, which include industrial and property investments, are held by Group parent *Raiffeisen-Holding NÖ-Wien*.

Equity investment risk can affect RLB NÖ-Wien in the form of the risk of losses caused by lost dividends, impairments of carrying amounts, losses on disposal, transferred losses and declines in hidden reserves.

Equity investment risk management and the management and control of equity investments are carried out by *Raiffeisen-Holding NÖ-Wien* under the *Geschäftsbesorgungsvertrag* (function allocation agreement). The equity investment risk management process begins with a due diligence audit as soon as a new investment is acquired. As a rule, it is performed by external experts (management consultants, auditors, lawyers). In addition, in the case of big projects and poorly rated equity investments, Risk Controlling at *Raiffeisen Holding* carries out an additional risk assessment of the asset being acquired based on assessments made by operational departments.

RLB NÖ-Wien exercises a significant influence over the operational activities of the entities in which equity investments are held by appointing officers of RLB NÖ-Wien to serve in the managements and as members of the supervisory and advisory boards of such entities.

The analysis and auditing of figures in financial statements and business plans and the assessment of strategic positions using SWOT (Strengths, Weaknesses, Opportunities and Threats) analyses are important means and measures used in the course of the Bank's regular equity investment and risk control activities.

The following table presents the carrying amounts of RLB NÖ-Wien's equity investments and their ratings at 31 December 2008 and 31 December 2007:

€'000	CARRYING AMOUNT 31/12/2008	PERCENTAGE HELD	RATING	CARRYING AMOUNT 31/12/2007	PERCENTAGE HELD	RATING
Investments in other banks	1,984,708	97.8%	1.5	1,959,155	96.1%	1.5
Investments in banking-related fields	44,057	2.2%	1.5	79,575	3.9%	1.5
Total equity investments	**2,028,765**	**100.0%**	**1.5**	**2,038,730**	**100.0%**	**1.5**

Although market conditions had become more difficult, at 31 December 2008, RLB NÖ-Wien's equity investments in other banks and its investments in banking-related fields had a rating of 1.5, giving us the same overall rating of 1.5 as in 2007. During 2009, the RZB Group's performance in Western Europe will depend mainly on economic developments and, consequently, on governmental economic support packages. Meanwhile, even if rates of growth in Central and Eastern Europe, Southeastern Europe and the CIS region are higher than in the West, macroeconomic conditions have become generally more uncertain.

Each quarter, the potential risks and covering assets associated with equity investments, as assessed (for both problem cases and extreme cases) by experts, are brought into the periodical risk-bearing capacity analyses carried out at the overall bank level.

Operational risk

RLB NÖ-Wien defines operational risk as the risk of losses resulting from failures of systems and processes or caused by staff or external risks. This definition includes legal risks.

Operational risks at RLB NÖ-Wien are constantly monitored and action is taken to mitigate them. This process is contributed to by continuous staff training, emergency plans, backup systems and ongoing process quality enhancement. Rules of procedure are implemented and instructions issued to minimize these risks. All action taken to mitigate operational risks must also take cost/benefit considerations into account.

RLB NÖ-Wien has a loss database containing historical data from 1999 onward as well as all current cases from 2001. This has created the foundations for an operational risk management approach that goes beyond the basic indicators approach. The Managing Board is given quarterly reports on the course of recorded loss events. RLB NÖ-Wien is a participant in projects to refine a variety of risk management systems being carried out within the *Raiffeisen* organization.

RLB NÖ-Wien carries out self-assessments spanning the entire organization at divisional and departmental level to identify potentially serious but improbable risks. Consciously grappling with loss events also has a learning effect that makes it possible to mitigate risks.

During both the self-assessment process and the capturing of loss events, classification takes place using internationally accepted methods. In mid-2009, RLB NÖ-Wien migrated the self-assessment process and the capturing of loss events to an SAS-based operational risk application, equipping RLB NÖ-Wien to benchmark versus a variety of data pools.

Operational risk is currently recognized using the *earnings volatility method* and taken account of during the risk-bearing capacity analysis process.

To safeguard against operational risk within the meaning of *§ 22i BWG*, RLB NÖ-Wien has undertaken to use the *basic indicator approach* within the meaning of *§ 22j BWG* to calculate its minimum own funds requirement and to make the requisite disclosures to the regulators. The basic indicator approach does not impose any additional obligation on the Bank to quantify its operational risks.

Customer deposit guarantee association (*Kundengarantiegemeinschaft*) of the *Raiffeisen* organization

Supplementing internal measures to capture, measure and manage risk, RLB NÖ-Wien is a member of the *Raiffeisen* customer deposit guarantee association (*Kundengarantiegemeinschaft*). This association of *Raiffeisen* banks, *Regional Raiffeisen Banks* (*Raiffeisenlandesbanken*) and RZB guarantees all customer deposits with those entities as well as securities issued by those entities, regardless of their amount, on a mutual basis. The customer deposit guarantee association is a two-tiered organization. It functions at a regional level, with, for instance, *Raiffeisen* banks in Lower Austria mutually guaranteeing customer deposits, and a second level of security is provided by the federal customer deposit guarantee association (*Bundeskundengarantiegemeinschaft*), which comes into play when any regional guarantee system proves insufficient. The customer deposit guarantee association of the *Raiffeisen* banks, *Regional Raiffeisen Banks* and RZB thus provides a double safety net to secure customer deposits.

The solidarity association (*Solidaritätsverein*) of *Raiffeisen-Bankengruppe Niederösterreich-Wien*

RLB NÖ-Wien and the Lower Austrian *Raiffeisen* banks have jointly set up this solidarity association to ensure that members in financial difficulties can be given suitable help. The solidarity association thus provides added security alongside the Austrian and Lower Austrian *Raiffeisen* deposit guarantee system described below.

Deposit guarantee facilities of the *Raiffeisen* organization

RLB NÖ-Wien and the Lower Austrian *Raiffeisen* banks are members of *Österreichische Raiffeisen-Einlagensicherung reg. Gen. mbH.* by way of *Raiffeisen-Einlagensicherung Niederösterreich-Wien reg. Gen. mbH*. This customer deposit guarantee cooperative is the “liability facility” (*Haftungseinrichtung*) for the whole of the Austrian *Raiffeisen Banking Group* for the purposes of *§ 93, § 93a und § 93b BWG*. The early-warning system set up to safeguard deposits within the *Raiffeisen* organization provides a high level of security for investors that goes far beyond the legislative requirements. This early-warning system is based on extensive income and risk performance reporting by all the *Regional Raiffeisen Banks* (including all the *Raiffeisen* banks within a particular province) to *Österreichische Raiffeisen-Einlagensicherung reg. Gen. mbH.* combined with appropriate, ongoing analysis and monitoring processes.

The Austrian Raiffeisen Banking Group

The Austrian *Raiffeisen Banking Group* (*Österreichische Raiffeisen-Bankengruppe*) is the country’s largest private banking group. Some 551 locally active *Raiffeisen* banks, eight *Regional Raiffeisen Banks* and RZB in Vienna make up the country’s densest banking network, with a total of 1,695 banking outlets. Roughly 1.7 million Austrians are members — and therefore also co-owners — of *Raiffeisen* banks.

Government deposit guarantees

To boost saver confidence, the Austrian government reacted to the investor uncertainty caused by the financial markets crisis by guaranteeing 100 per cent of personal deposit balances that are not covered by other guarantees facilities. This guarantee will remain in place until 31 December 2009; from 1 January 2010, the guaranteed amount will be limited to €100,000. At the same time, the government decided to guarantee the deposit balances of small and medium-sized enterprises up to a maximum of €50 thousand.

Personal losses up to €50 thousand are covered by other guarantee facilities, so the government guarantees will cover balances in excess of that amount. The package has earmarked €10 billion for these guarantees.

(32) Derivative financial instruments

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

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

€'000	NOMINAL AMOUNTS				FAIR VALUES	
2008	TERM TO MATURITY					
	UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER	TOTAL	POSITIVE	NEGATIVE
Total	**6,708,518**	**7,671,437**	**8,644,836**	**23,024,791**	**532,666**	**(645,423)**
a) Interest rate contracts	**4,427,436**	**7,156,224**	**8,385,002**	**19,968,662**	**453,402**	**(526,933)**
(contracts traded on a stock exchange)						
Interest rate futures	5,800	0	0	5,800	129	0
(OTC products)						
Interest rate swaps	4,255,436	5,950,414	7,251,492	17,457,342	447,579	(498,206)
Interest rate options – calls	115,236	492,828	90,982	699,046	5,693	0
Interest rate options – puts	48,964	692,882	1,042,528	1,784,374	0	(28,098)
Bond options - calls	2,000	20,100	0	22,100	0	(629)
b) Exchange rate contracts	**2,213,449**	**214,656**	**130,207**	**2,558,312**	**46,696**	**(82,185)**
(OTC products)						
Currency forwards	46,586	0	0	46,586	1,331	(2,260)
Cross-currency and cross-currency interest rate swaps	2,148,389	52,282	120,937	2,321,608	39,808	(74,368)
Currency options – calls	9,237	81,187	4,635	95,059	5,557	0
Currency options – puts	9,237	81,187	4,635	95,059	0	(5,557)
c) Securities contracts	**67,633**	**229,257**	**129,627**	**426,517**	**30,016**	**(35,017)**
(contracts traded on a stock exchange)						
Equity index futures	1,980	0	0	1,980	39	0
(OTC products)						
Equity and index options – calls	27,574	167,964	0	195,538	20,445	0
Equity and index options – puts	38,079	45,293	0	83,372	0	(23,337)
Other securities contracts	0	16,000	129,627	145,627	9,532	(11,680)
d) Credit derivatives	**0**	**71,300**	**0**	**71,300**	**2,552**	**(1,288)**
(OTC products)						
Credit default swaps – secured party	0	46,300	0	46,300	2,552	0
Credit default swaps – securing party	0	25,000	0	25,000	0	(1,288)

€'000	NOMINAL AMOUNTS				FAIR VALUES	
2007	TERM TO MATURITY					
	UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER	TOTAL	POSITIVE	NEGATIVE
Total	**8,035,619**	**6,219,846**	**6,358,884**	**20,614,349**	**239,436**	**(265,093)**
a) Interest rate contracts	**5,653,665**	**5,994,591**	**6,112,493**	**17,760,749**	**202,423**	**(217,870)**
(contracts traded on a stock exchange)						
Interest rate futures	9,100	0	0	9,100	12	(48)
(OTC products)						
Interest rate swaps	4,837,510	4,865,159	5,719,829	15,422,498	194,677	(208,384)
FRAs – calls	344,852	0	0	344,852	0	(457)
FRAs – puts	252,631	0	0	252,631	272	0
Interest rate options – calls	137,539	477,945	146,232	761,716	7,462	0
Interest rate options – puts	72,033	651,487	246,432	969,952	0	(8,981)
b) Exchange rate contracts	**2,209,293**	**173,254**	**114,715**	**2,497,262**	**24,738**	**(25,848)**
(OTC products)						
Currency forwards	72,805	0	0	72,805	746	(943)
Cross-currency and cross-currency interest rate swaps	1,954,928	123,082	111,781	2,189,791	22,821	(23,734)
Currency options – calls	92,280	25,086	1,467	118,833	1,171	0
Currency options – puts	89,280	25,086	1,467	115,833	0	(1,171)
c) Securities contracts	**172,661**	**42,001**	**125,176**	**339,838**	**12,222**	**(21,375)**
(contracts traded on a stock exchange)						
Equity index futures	18,267	0	0	18,267	0	(625)
(OTC products)						
Equity and index options – calls	64,198	0	4,400	68,598	9,687	0
Equity and index options – puts	90,196	0	4,401	94,597	0	(9,662)
Other securities contracts	0	42,001	116,375	158,376	2,535	(11,088)
d) Credit derivatives	**0**	**10,000**	**6,500**	**16,500**	**53**	**0**
(OTC products)						
Credit default swaps – secured party	0	10,000	6,500	16,500	53	0
Credit default swaps – securing party	0	0	0	0	0	0

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

€'000 2008	NOMINAL AMOUNTS TERM TO MATURITY UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER	TOTAL	FAIR VALUES POSITIVE	NEGATIVE
Total	**6,096,519**	**22,976,215**	**25,127,783**	**54,200,517**	**1,711,928**	**(1,782,801)**
a) Interest rate contracts	**3,001,460**	**22,863,900**	**25,127,783**	**50,993,143**	**1,501,100**	**(1,573,841)**
(contracts traded on a stock exchange)						
Interest rate futures	34,000	0	0	34,000	0	(108)
(OTC products)						
Interest rate swaps	2,740,460	22,361,900	24,983,599	50,085,959	1,495,025	(1,563,963)
Interest rate options – calls	1,000	251,000	52,092	304,092	6,075	0
Interest rate options – puts	226,000	251,000	92,092	569,092	0	(9,770)
b) Exchange rate contracts	**3,093,139**	**112,315**	**0**	**3,205,454**	**210,268**	**(208,400)**
(OTC products)						
Currency options – calls	1,475,659	55,814	0	1,531,473	208,463	0
Currency options – puts	1,563,678	56,501	0	1,620,179	0	(206,415)
Other currency contracts – calls	26,109	0	0	26,109	1,805	0
Other currency contracts – puts	27,693	0	0	27,693	0	(1,985)
c) Securities contracts	**1,920**	**0**	**0**	**1,920**	**560**	**(560)**
(OTC products)						
Equity and index options – calls	960	0	0	960	560	0
Equity and index options – puts	960	0	0	960	0	(560)
d) Credit derivatives	**0**	**0**	**0**	**0**	**0**	**0**

€'000	NOMINAL AMOUNTS				FAIR VALUES	
2007	TERM TO MATURITY					
	UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER	TOTAL	POSITIVE	NEGATIVE
Total	**21,623,268**	**8,430,720**	**14,180,395**	**44,234,383**	**305,858**	**(301,901)**
a) Interest rate contracts	**17,684,617**	**8,388,984**	**14,180,395**	**40,253,996**	**227,673**	**(233,902)**
(contracts traded on a stock exchange)						
Interest rate futures	251,368	0	0	251,368	1,539	(65)
(OTC products)						
Interest rate swaps	9,163,110	7,693,542	14,048,137	30,904,789	215,099	(220,678)
FRAs – calls	3,910,070	271,721	0	4,181,791	73	(10,363)
FRAs – puts	3,910,069	321,721	0	4,231,790	9,775	(75)
Interest rate options – calls	225,000	51,000	56,129	332,129	1,187	0
Interest rate options – puts	225,000	51,000	76,129	352,129	0	(2,721)
b) Exchange rate contracts	**3,927,435**	**31,736**	**0**	**3,959,171**	**77,481**	**(67,295)**
(OTC products)						
Currency options – calls	1,853,106	16,391	0	1,869,497	77,481	0
Currency options – puts	2,074,329	15,345	0	2,089,674	0	(67,295)
c) Securities contracts	**11,216**	**0**	**0**	**11,216**	**700**	**(700)**
(OTC products)						
Equity and index options – calls	5,608	0	0	5,608	700	0
Equity and index options – puts	5,608	0	0	5,608	0	(700)
d) Credit derivatives	**0**	**10,000**	**0**	**10,000**	**4**	**(4)**
(OTC products)						
Credit default swaps – secured party	0	5,000	0	5,000	4	0
Credit default swaps – securing party	0	5,000	0	5,000	0	(4)

These nominal and fair values are derived from the (non-netted) totals of all calls and puts. Fair values are stated herein at dirty prices (fair value inclusive of accrued interest).

All these instruments may be used both for proprietary trading and for trading on behalf of customers.

(33) Fair values of financial instruments

Fair value is the amount for which a financial instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction. Insofar as market prices were available (which mainly applied to securities and derivatives traded on an exchange or in functioning markets), these were used as fair values. All other financial instruments were valued using valuation models, including in particular present value models and accepted option price models based on observable market data. Fixed-interest loans and advances to and deposits from customers and other banks were only measured to fair values different from their carrying amounts on the Balance Sheet if they had a term to maturity of more than one year, and variable-rate loans and advances and deposits were only taken into account if they had an interest rate adjustment period of more than one year. Only in such cases does discounting based on an assumed interest rate in line with market rates have a material effect. The table below presents the fair values and carrying amounts of balance sheet items that are, as a rule, not measured at fair value. *Loans and advances to other banks* and *Loans and advances to customers* are reported net of impairment allowance balances.

Financial year 2008 €'000	FAIR VALUES	CARRYING AMOUNTS	DIFFERENCE
Assets			
Loans and advances to other banks	9,144,797	9,150,167	(5,370)
Loans and advances to customers	8,279,854	8,289,936	(10,082)
Financial investments	2,684,059	2,787,195	(103,136)
of which classified as held to maturity	2,292,626	2,395,762	(103,136)
of which classified as available for sale, measured at cost	113,005	113,005	0
of which classified as available for sale, measured at fair value	278,428	278,428	0
Liabilities			
Deposits from other banks	11,436,459	11,358,887	77,572
Deposits from customers	6,465,091	6,462,072	3,019
Liabilities evidenced by paper	3,796,503	3,852,601	(56,098)
Subordinated debt capital	739,461	747,108	(7,647)
of which classified at amortized cost	690,921	698,568	(7,647)
of which designated as at fair value through profit or loss	48,540	48,540	0

FINANCIAL YEAR 2007 €000	FAIR VALUES	CARRYING AMOUNTS	DIFFERENCE
Assets			
Loans and advances to other banks	5,295,927	5,295,082	845
Loans and advances to customers	6,632,229	6,643,757	(11,528)
Financial investments	2,022,178	2,073,650	(51,472)
of which classified as held to maturity	1,626,671	1,678,143	(51,472)
of which classified as available for sale, measured at cost	275,532	275,532	0
of which classified as available for sale, measured at fair value	119,975	119,975	0
Liabilities			
Deposits from other banks	7,477,491	7,459,808	17,683
Deposits from customers	5,532,653	5,521,283	11,370
Liabilities evidenced by paper	2,724,547	2,744,260	(19,713)
Subordinated debt capital	586,195	590,022	(3,827)
of which classified at amortized cost	526,521	530,348	(3,827)
of which designated as at fair value through profit or loss	59,674	59,674	0

If no reliable market values were available for equity instruments reported in the line item *Financial investments*, they were measured at cost. If the volume or frequency of trades gave reason to doubt a price's validity, listed equity instruments were measured at cost. In the case of unlisted equity instruments, there were no observable market transactions in identical or similar equity instruments on the basis of which reliable fair values could be deduced. Estimation of a reliable fair value or its determination within a range of fluctuation weighted on the basis of specific occurrence probabilities by means of a discounted cash flow measurement or similar methods was not productive in that fair values can only be calculated on the basis of an enterprise's internal data, from which, however, no market relevance can be reliably deduced.

ADDITIONAL INFORMATION

(34) Breakdown of terms to maturity

Breakdown of terms to maturity at 31 December 2008:

€'000	ON DEMAND OR OF UNSPECIFIED MATURITY	UP TO 3 MONTHS	FROM 3 MONTHS UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER	TOTAL
Loans and advances to other banks	1,998,689	5,282,193	440,624	1,115,934	324,957	9,162,397
Loans and advances to customers	280,182	1,857,825	1,062,474	2,453,815	2,860,016	8,514,312
Trading assets	0	497,013	475,670	458,041	806,086	2,236,810
Other current financial assets	362,483	195,770	351,899	876,406	426,589	2,213,147
Financial investments	181,264	35,422	358,871	1,522,384	689,254	2,787,195
Investments in entities accounted for using the equity method	1,944,460	0	0	0	0	1,944,460
Deposits from other banks	2,291,943	6,180,697	1,163,338	848,273	874,636	11,358,887
Deposits from customers	2,317,915	1,215,210	2,279,308	120,740	528,899	6,462,072
Liabilities evidenced by paper	0	324,719	657,084	1,953,067	917,731	3,852,601
Trading liabilities	0	463,780	483,242	430,032	810,348	2,187,402
Subordinated debt capital	125,040	39,940	42,174	90,152	449,802	747,108

Breakdown of terms to maturity at 31 December 2007:

€'000	ON DEMAND OR OF UNSPECIFIED MATURITY	UP TO 3 MONTHS	FROM 3 MONTHS UP TO 1 YEAR	FROM 1 TO 5 YEARS	FROM 5 YEARS AND OVER	TOTAL
Loans and advances to other banks	779,045	2,598,796	1,090,414	654,397	172,430	5,295,082
Loans and advances to customers	196,347	1,658,425	705,882	2,005,522	2,316,913	6,883,089
Trading assets	30,147	229,243	329,050	256,953	307,377	1,152,770
Other current financial assets	238,428	31,591	153,069	885,862	687,314	1,996,264
Financial investments	258,831	5,001	168,316	978,190	663,312	2,073,650
Investments in entities accounted for using the equity method	1,776,250	0	0	0	0	1,776,250
Deposits from other banks	2,821,724	3,002,630	471,309	476,075	688,070	7,459,808
Deposits from customers	2,323,390	1,088,215	1,396,564	251,844	461,270	5,521,283
Liabilities evidenced by paper	0	215,416	185,394	1,531,785	811,665	2,744,260
Trading liabilities	0	205,198	280,478	41,489	139,321	666,486
Subordinated debt capital	59,674	21,655	0	157,220	351,473	590,022

(35) Receivables from and payables and contingent liabilities to related parties

Receivables from, payables to and contingent liabilities to entities in which the RLB NÖ-Wien Group held equity investments and from or to *Raiffeisen-Holding NÖ-Wien* and its subsidiaries:

€'000	2008	2007
Loans and advances to other banks		
Parent	1,660,905	1,196,038
Entities accounted for using the equity method	3,200,385	1,638,761
Associates (not accounted for using the equity method)	3,222	6,604
Other equity investments	0	20,224
Loans and advances to customers		
Entities related via the parent	183,218	143,248
Non-consolidated subsidiaries	12,796	11,766
Associates (not accounted for using the equity method)	9,724	12,425
Other equity investments	0	481
Impairment allowance balance		
Non-consolidated subsidiaries	(1,658)	(1,133)
Trading assets		
Parent	38,245	246
Entities accounted for using the equity method	14,520	111,363
Other equity investments	37,404	38,521
Other current financial assets		
Entities accounted for using the equity method	263,750	17,924
Other equity investments	284,904	158,420
Financial investments		
Parent	277	277
Entities accounted for using the equity method	120,581	7,879
Other equity investments	168	0
Other assets		
Parent	38,073	34,207
Entities accounted for using the equity method	42,824	4,703
Associates (not accounted for using the equity method)	50	2

€'000	2008	2007
Deposits from other banks		
Parent	53,386	5,183
Entities accounted for using the equity method	1,599,803	44,632
Other equity investments	3,741,060	2,708,280
Deposits from customers		
Entities related via the parent	249,603	283,544
Non-consolidated subsidiaries	6,938	2,732
Associates (not accounted for using the equity method)	4,922	4,236
Other equity investments	3,721	1,936
Liabilities evidenced by paper		
Non-consolidated subsidiaries	157	0
Entities accounted for using the equity method	12,606	12,787
Other equity investments	3,871	156
Trading liabilities		
Parent	0	7,037
Entities accounted for using the equity method	6,820	0
Other equity investments	1,177	0
Other liabilities		
Parent	56,026	73,633
Entities related via the parent	5	84
Entities accounted for using the equity method	40,628	3,812
Associates (not accounted for using the equity method)	0	339
Provisions		
Parent	4,183	4,013
Entities related via the parent	11	84
Other equity investments	0	3
Subordinated debt capital		
Entities related via the parent	35,032	0
Parent	96,366	0
Entities accounted for using the equity method	43,970	49,137
Other equity investments	41,653	55,818

€'000	2008	2007
Contingent liabilities		
Parent	6,679	7,000
Entities related via the parent	11,244	9,817
Non-consolidated subsidiaries	14,388	41
Entities accounted for using the equity method	1,000	0
Associates (not accounted for using the equity method)	22	292
Other equity investments	18,087	22,814

RLB NÖ-Wien's parent is *Raiffeisen-Holding NÖ-Wien*. Business relations between RLB NÖ-Wien and *Raiffeisen-Holding NÖ-Wien* mainly involved the funding of *Raiffeisen-Holding NÖ-Wien* and derivative financial instruments.

Business relations with related parties were conducted on arm's length terms and conditions.

In view of the immaterial amounts involved, receivables from and payables to members of the Managing Board of RLB NÖ-Wien, members of the management of *Raiffeisen-Holding NÖ-Wien* and their relatives (related parties within the meaning of by IAS 24) were not disclosed. Those business relations did not have any material effects on the Consolidated Financial Statements.

(36) Remuneration of board members

Expenditure on the members of the Managing Board of RLB NÖ-Wien broke down as follows:

€'000	2008	2007
Expenditure on		
Short-term benefits	2,423	2,337
Post-employment benefits	996	1,977
Other long-term benefits	(2)	29
Termination benefits	0	305

€55 thousand was paid to the members of the Supervisory Board during 2008 (2007: €55 thousand).

Remuneration paid to erstwhile managing board members (including erstwhile board members of the former *RLB reg. Gen.m.b.H.*) and their surviving dependents came to €977 thousand (2007: €1,260 thousand).

(37) Disclosure of loans and advances to members of the Managing Board and Supervisory Board in accordance with *§ 266 Z. 5 UGB*

On the balance sheet date, loans outstanding to the members of the Managing Board came to €1,209 thousand (2007: €546 thousand). Loans and advances to members of the Supervisory Board came to €361 thousand (2007: €157 thousand).

No guarantees were in place on behalf of this group of persons. Loans and advances to the Supervisory Board also included loans and advances to employees appointed to the Supervisory Board by the Works Council.

Durations and interest rates were those generally on offer from banks. During the financial year, €49 thousand was repaid by the members of the Managing Board (2007: €395 thousand), and €55 thousand was repaid by members of the Supervisory Board (2007: €9 thousand).

(38) Foreign currency balances

The following balances of assets and liabilities denominated in a foreign currency were recognized in the Consolidated Financial Statements:

€'000	2008	2007
Assets	3,135,845	2,568,975
Liabilities	1,469,849	843,379

(39) Assets and liabilities abroad

Assets and liabilities vis-à-vis counterparties outside Austria broke down as follows:

€'000	2008	2007
Assets	6,386,759	4,384,774
Liabilities	2,149,709	1,880,192

(40) Subordinated assets

The line item *Assets* includes the following subordinated assets:

€'000	2008	2007
Loans and advances to other banks	245,337	30,871
Loans and advances to customers	3,689	6,764
Trading assets	1,064	4,486
Other current financial assets	26,146	147,175
Financial investments	230,653	115,842
Total	**506,889**	**305,138**

(41) Subordinated borrowings

Subordinated debt capital

The following subordinated debt instruments were issued during the financial year:

		CURRENCY	AMOUNT (€'000)	INTEREST RATE	MATURING ON	EXTRAORDINARY RIGHT OF TERMINATION
1	*Nachrangige variabel verzinste Raiffeisen Obligation 2008-2028/23 Privatplatzierung*	€	30,000	[1]	16 May 2028	Issuer can terminate
2	*Nachrangige variabel verzinste Raiffeisen Obligation 2008-2021/43 Privatplatzierung*	€	17,900	[2]	6 August 2021	Issuer can terminate

1 During the first coupon period (16 May 2008 – 15 May 2018), the coupon will be set annually at 2.00 percentage points above the 12-month EURIBOR; during the second coupon period (16 May 2018 – 15 May 2028), the coupon will be set annually at 3.50 percentage points above the 12-month EURIBOR. Coupon determination takes place two banking days before each interest commencement date.

2 During the first coupon period (6 August 2008 – 5 August 2016), the coupon will be set quarterly at 1.35 percentage points above the 3-month EURIBOR; during the second coupon period (6 August 2016 – 5 August 2021), the coupon will be set quarterly at 2.70 percentage points above the 3-month EURIBOR. Coupon determination takes place two banking days before each interest commencement date.

This is subordinated debt capital within the meaning of *§ 23 Abs. 8 BWG*.

These bonds are securities issued in a continuous manner.

Moreover, 38,000 debt status *Raiffeisen Centropa Regional Fund* profit-share certificates (*Genussrechte*) with a nominal unit value of €100.00 were issued during the 2008 financial year. These notes are listed in the Vienna stock exchange's official market segment (*amtlicher Handel*). The proceeds from their issuance were accounted for in a separate accounting domain. These profit-share certificates are valued monthly. The unit value of a profit-share certificate is calculated on the basis of the difference between assets and liabilities within the accounting domain. These profit-share certificates do not entitle the holder to regular interest payments or to a share of the proceeds from the liquidation of the issuer *Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs AG*. These profit-share certificates constitute unsecured debt of the Company that ranks junior to other creditors' claims. The holders of the profit-share certificates have provided this capital for an indefinite period. Holders of profit-share certificates may give notice to the Company by registered letter subject to at least three weeks' notice, ending on the valuation date in the month in question. The issuer has the same right of termination as the holders of the profit-share certificates.

Supplementary capital

The following supplementary capital instruments were issued during the financial year:

		CURRENCY	AMOUNT (€'000)	INTEREST RATE	MATURING ON	EXTRAORDINARY RIGHT OF TERMINATION
1	*Variable Raiffeisen Ergänzungskapital-Obligation 2008-2023/20*	€	31,950	1	9 May 2023	Issuer can terminate
2	*Variable Raiffeisen Ergänzungs-kapital-Obligation 2008-2028/33*	€	26,096	2	27 July 2028	Issuer can terminate
3	*Variable Raiffeisen Ergänzungs-kapital-Obligation 2008-2021/40*	€	8,200	3	24 July 2021	Issuer can terminate
4	*Raiffeisen Ergänzungskapital Fixzins-Obligation 2008-2023/42*	€	20,000	4	1 August 2023	Issuer can terminate

1 During the first coupon period (9 May 2008 – 8 May 2016), the coupon will be set annually at 1.50 percentage points above the 12-month EURIBOR; during the second coupon period (9 May 2016 – 8 May 2023), the coupon will be set annually at 2.50 percentage points above the 12-month EURIBOR. Coupon determination takes place two banking days before each interest commencement date.

2 During the first coupon period (27 June 2008 – 26 October 2008), the coupon was set at 6.561 per cent *per annum*; during the second coupon period (27 October 2008 to 26 July 2018), the coupon will be set quarterly at 1.55 percentage points above the 3-month EURIBOR; during the third coupon period (27 July 2018 to 26 July 2028), the coupon will be set quarterly at 3.55 percentage points above the 3-month EURIBOR. Coupon determination takes place two banking days before each interest commencement date.

3 During the first coupon period (24 July 2008 to 23 July 2016), the coupon will be set quarterly at 1.50 percentage points above the 3-month EURIBOR; during the second coupon period (24 July 2016 to 23 July 2021), the coupon will be set quarterly at 3.00 percentage points above the 3-month EURIBOR. Coupon determination takes place two banking days before each interest commencement date.

4 These bonds have a coupon of 6.90 per cent of their face value *per annum* payable retrospectively on 1 August of each year and for the first time on 1 August 2009.

This is subordinated debt capital within the meaning of *§ 23 Abs. 7 BWG*.

These bonds are securities issued in a continuous manner.

Non-voting non-ownership capital (*Partizipationskapital*)

In 2008, *RLB NÖ-Wien AG* issued 765,000 registered non-voting non-ownership "participation" certificates (*Partizipationsschein*) within the meaning of *§ 23 Abs. 3 Z. 8. und Abs. 4 BWG*. One such certificate has a face value of €100.00. The non-voting non-ownership capital has been furnished for the duration of the enterprise and rights of ordinary and extraordinary termination have been waived. This capital can only be reduced by virtue of the provisions of Austrian stock corporation law, applied *mutatis mutandis*, or in accordance with the provisions of *§ 102 BWG*. The return on the non-voting non-ownership capital will depend on there being a profit, the profit share being €5.00 per non-voting non-ownership certificate and financial year. This share of profit must be covered by *RLB NÖ-Wien AG*'s profit for the year for the purposes of UGB/BWG.

(42) Contingent liabilities and other off-balance-sheet liabilities and commitments

The following off-balance-sheet liabilities and commitments existed at year-end:

€'000	2008	2007
Contingent liabilities	**773,378**	**770,786**
of which arising from other guarantees	725,705	706,902
of which arising from letters of credit	47,561	63,772
of which other contingent liabilities	112	112
Commitments	**4,579,714**	**5,479,180**
of which arising from revocable loan promises (stand-by facilities)	4,579,714	5,474,452
up to and including 1 year	3,388,537	3,789,639
more than 1 year	1,191,177	1,684,813
of which arising from "non-genuine" or "pseudo" repurchase agreements	0	4,728

RLB NÖ-Wien is a member of *Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien* (Raiffeisen customer deposit guarantee association in Lower Austria and Vienna). Under the provisions of the association's memorandum and articles (*Vereinssatzung*), it thus guarantees the joint and several settlement of payables to customers (as per line item 2 of *Equity and liabilities* on the Balance Sheet) and payables to other banks (as per line item 1 of *Equity and liabilities* on the Balance Sheet) and securities issued by any insolvent member of the association up to a limit of the sum of the individual capacities of the other members of the association.

The capacity of any one member of the association will depend on its freely available reserves subject to the pertinent provisions of BWG.

Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien is, in turn, a member of *Raiffeisen-Kundengarantiegemeinschaft Österreich* (*Raiffeisen* customer deposit guarantee association in Austria), whose members are RZB and other *Raiffeisen* customer deposit guarantee associations in individual provinces. The purpose of the association is the same as that of *Raiffeisen-Kundengarantiegemeinschaft NÖ-Wien* with respect to RZB and the members of the *Raiffeisen Landeskundengarantiegemeinschaften* (regional customer deposit guarantee associations) that have joined it (see also point (31) *Risk Report*).

(43) "Genuine" repurchase agreements

The following repurchase and redelivery commitments existed at 31 December:

€'000	2008	2007
Genuine repurchase agreements, as pledgor		
Commitments made to other banks	139,175	0
Commitments made to customers	0	30,000
Total	**139,175**	**30,000**

At year-end, the carrying amount of the securities subject to a sale and repurchase agreement came to €140,047 thousand (year-end 2007: €30,000 thousand). No securities were purchased within the scope of a sale and repurchase agreement.

(44) Assets pledged as collateral

The following assets recognized on the Balance Sheet were pledged as collateral for the liabilities listed below:

€'000	2008	2007
Securities lodged in connection with ECB tenders	1,836,851	1,354,717
Collateral for derivative contracts	929,080	204,370
Cover pool for issued covered partial debentures	682,540	751,218
Receivables assigned to *OeKB*	595,264	380,167
Receivables assigned to the European Investment Bank	122,697	116,609
Bonds lodged with *OeKB* in connection with EIB loans	66,162	64,087
Collateral for securities transactions with *OeKB* (securities)	29,348	25,221
Cover pool for fiduciary savings deposit balances	11,238	6,055
Bonds lodged with *OeKB* as a clearing link for the *Deutsche Börse* (Xetrahandel)	8,355	2,999
Government bond pledged in favour of *Raiffeisen Wohnbaubank AG*	6,151	6,149
Deposit for HOAM.AT (*Home Accounting Module Austria*, formerly ARTIS) lodged with *OeNB*	5,183	7,468
Collateral for securities transactions lodged with *OeKB* (cash deposit)	54	52

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

€'000	2008	2007
Deposits from other banks	2,726,721	1,913,374
Deposits from customers	6,136	2,709
Liabilities evidenced by paper	590,797	569,967
Other liabilities	929,080	204,370
Total	**4,252,734**	**2,690,420**

(45) Trust activities

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

€'000	2008	2007
Loans and advances to customers	6,764	7,189
Fiduciary assets	**6,764**	**7,189**
Deposits from customers	6,764	7,189
Fiduciary liabilities	**6,764**	**7,189**

(46) Disclosure of bonds and other fixed-interest securities and of bonds issued by the Group in accordance with *§ 64 BWG Abs. 1 Z. 7 BWG*

Bonds and other fixed-interest securities and bonds issued by the Group maturing in the year following the balance sheet date broke down as follows:

€'000	2008	2007
a) Receivables arising from bonds and other fixed-interest securities	803,596	385,016
b) Payables arising from bonds issued by the Group	631,490	277,371

(47) Disclosure of securities admitted for trading on an exchange in accordance with *§ 64 BWG Abs. 1 Z. 10 BWG*

€'000	LISTED 2008	LISTED 2007	UNLISTED 2008	UNLISTED 2007
Bonds and other fixed-interest securities	3,765,196	3,150,684	0	0
Shares and other variable-yield securities	187,248	231,706	0	0
Equity investments	0	22,204	0	0

(48) Disclosure of financial investments in accordance with *§ 64 Abs. 1 Z. 11 BWG*

The securities included in the line items *Bonds and other fixed-interest securities* and *Shares and other variable-yield securities* that were admitted for trading on an exchange and were classified as investments broke down as follows:

€'000	2008	2007
a) Bonds and other fixed-interest securities	1,872,688	1,127,753
b) Shares and other variable-yield securities	138,707	75,832

Classification as *Financial investments* or *Current financial assets* was decided on a case-by-case basis by the responsible bodies.

(49) Disclosure of (nominal) holdings in the trading book in accordance with *§ 22 BWG*

€'000	2008	2007
Fixed-interest securities (face values)	123,343	470,409
Supplementary capital bonds (*Ergänzungskapitalanleihen*, face values)	450	550
Shares, investment certificates, participation notes (*Genussrechte*) (market prices)	0	30,147
Other financial instruments (derivatives, face values)	54,200,517	44,234,383

(50) Regulatory own funds

The RLB NÖ-Wien Group is a subgroup of the *Raiffeisen-Holding NÖ-Wien Group*. The calculation of regulatory own funds in accordance with *§ 24 BWG* in conjunction with *§ 30 BWG* is geared to the superordinate institution in the credit institution group (*Kreditinstitutsgruppe*). Consequently, regulatory own funds are reported in the consolidated financial statements of the *Raiffeisen-Holding NÖ-Wien Group*. BWG does not govern the regulatory own funds of subsidiaries that make up a subgroup. The following presentation of RLB NÖ-Wien's own funds within the meaning of BWG on the basis of consolidation within the credit institution group is therefore provided for informational purposes only. They were calculated in accordance with the valid provisions of BWG 1993 as amended in 2006 (*Basel II*). The figures as at 31 December 2007 were based on *Basel I* and were, therefore, not calculated on a comparable basis:

€'000	2008 BASEL II	2007 BASEL I
Paid-in capital	290,743	198,920
Earned capital	937,666	614,436
Minorities	125	2,774
Hybrid capital	0	0
Intangible assets	(5,958)	(3,775)
Tier 1 capital	**1,222,576**	**812,355**
Deductions from Tier 1 capital	(128,951)	(111,984)
Eligible Tier 1 capital (after deductions)	**1,093,625**	**700,371**
Supplementary capital within the meaning of *§ 23 Abs. 1 Z 5 BWG*	281,705	267,667
Hidden reserves	13,300	25,000
Supplement in respect of amounts guaranteed	0	0
Long-term subordinated debt capital	264,528	212,721
Additional own funds	**559,533**	**505,388**
Deductions from additional own funds	(128,950)	(111,984)
Additional own funds (after deductions)	**430,583**	**393,404**
Eligible own funds	**1,524,208**	**1,093,775**
Tier 2 capital available to be reclassified as Tier 3 capital	43,831	60,823
Total own funds	**1,568,039**	**1,154,598**
Surplus own funds	521,232	344,312
Surplus own funds ratio	49.79%	42.49%
Tier 1 ratio (credit risk)	**9.10%**	**7.48%**
Own funds ratio (credit risk)	**12.69%**	**11.68%**
Total own funds ratio	**11.98%**	**11.40%**

The Tier 1 ratio and own funds ratio are stated in relation to the risk-weighted basis of assessment pursuant to *§ 22 BWG*.

The total own funds requirement was made up as follows:

€'000	2008 *BASEL II*	2007 *BASEL I*
Own funds requirement		
Credit risk pursuant to *§ 22 Abs. 2 BWG*	960,983	749,463
Trading book pursuant to *§ 22o Abs. 2 BWG*	43,831	60,823
Operational risk pursuant to *§ 22i BWG*	41,993	0
"Qualified" equity investments pursuant to *§ 29 Abs. 4 BWG*	0	0
Total own funds requirement	**1,046,807**	**810,286**
Basis of assessment (credit risk) pursuant to *§ 22 Abs. 2 BWG*	**12,012,288**	**9,368,285**

Information required to be disclosed pursuant to *§ 26 und § 26a BWG* and the *Offenlegungsverordnung* (Austrian disclosures directive) is published by the superordinate institution, *Raiffeisen-Holding NÖ-Wien*, on its website at www.rhnoew.at. The corresponding information pertaining to RLB NÖ-Wien is published on its website at www.rlbnoew.at.

(51) Average number of staff

The average number of staff employed during the financial year (full time equivalents) broke down as follows:

	2008	2007
White collar	1,168	1,118
Blue collar	0	0
Total	**1,168**	**1,118**

(52) Events after the balance sheet date and approval of the Consolidated Financial Statements

No extraordinary events took place after the balance sheet date that might necessitate additional disclosures.

The Consolidated Financial Statements were completed by the Managing Board during the Managing Board meeting on 23 March 2009, are being examined by the Supervisory Board and will be presented for approval during the Supervisory Board meeting on 14 April 2009.

OVERVIEW OF EQUITY INVESTMENTS (PURSUANT TO § 265 ABS. 2 UGB)

The tables below present the RLB NÖ-Wien Group's equity investments.

(53) Consolidated subsidiaries

Entity	SUBSCRIBED CAPITAL	CURRENCY	PERCENTAGE HELD	TYPE [1]
"ARSIS" Beteiligungs GmbH, Vienna (A)	140,000.00	€	100.00%	OT
"BARIBAL" Holding GmbH, Vienna (A)	105,000.00	€	100.00%	OT
"EXEDRA" Holding GmbH, Vienna (A)	70,000.00	€	100.00%	OT
"FIBULA" Beteiligungs GmbH, Vienna (A)	70,000.00	€	100.00%	OT
Acceptia Holding GmbH, Vienna (A)	35,000.00	€	100.00%	OT
Raiffeisen Centropa Invest Verwaltungs- und Beteiligungs AG, Vienna (A)	250,000.00	€	80.00%	OT
RLB NÖ-Vienna (A) Holding GmbH, Vienna (A)	70,000.00	€	100.00%	OT
RLB NÖ-Vienna (A) Sektorbeteiligungs GmbH, Vienna (A)	35,000.00	€	100.00%	OT
RLB Ostbankenholding GmbH, Vienna (A)	37,000.00	€	100.00%	OT
Tatra Holding GmbH, Vienna (A)	37,000.00	€	100.00%	OT
VAKS - Veranstaltungskartenservice Ges.m.b.H., Vienna (A)	37,000.00	€	100.00%	OT

(54) Entities accounted for in the Consolidated Financial Statements using the equity method

Entity	SUBSCRIBED CAPITAL	CURRENCY	PERCENTAGE HELD	TYPE [1]
Raiffeisenbank a.s., Prague (CZ)	6,564,000,000.00	Kč	24.00%	BA
Raiffeisen Bank Zrt., Budapest (H)	45,129,140,000.00	Ft	16.23%	BA
Raiffeisen International Bank-Holding AG, Vienna (A)	471,735,875.00	€	0.61%	FH
Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna (A)	443,713,864.00	€	31.41%	BA
Tatra banka a.s., Bratislava (SK)	1,154,373,200.00	Sk	12.28%	BA

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

€ per share	31 DECEMBER 2008
Raiffeisen International Bank-Holding AG	19.30

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

€'000	2008	2007
Assets	271,023,540	137,401,999
Liabilities	253,940,203	128,979,627
Net interest income	7,927,626	2,942,219
Profit for the year	1,284,536	778,280

(55) Non-consolidated subsidiaries

Entity	SUBSCRIBED CAPITAL	CURRENCY	PERCENTAGE HELD	TYPE [1]
"AKTUELL" Raiffeisen Versicherungs-Maklerdienst Gesellschaft m.b.H., Vienna (A)	73,000.00	€	100.00%	OT
"PRONEPOS" Immobilienentwicklungs- und Beteiligungs GmbH, Vienna (A)	35,000.00	€	100.00%	OT
"PRUBOS" Beteiligungs GmbH, Vienna (A)	35,000.00	€	100.00%	OT
"TEMISTO" Beteiligungs GmbH, Vienna (A)	35,000.00	€	100.00%	OT
"TOJON" Beteiligungs GmbH, Vienna (A)	70,000.00	€	100.00%	OT
AKTUELL-VERITAS Versicherungsmakler Gesellschaft m.b.H., Vienna (A)	40,188.00	€	90.42%	OT
Baureo Projektentwicklungs GmbH, Vienna (A)	35,000.00	€	100.00%	OT
B&E Projektmanagement GmbH, Vienna (A)	41,176.00	€	85.00%	OT
KREBEG Finanzierungsberatungs GmbH, Vienna (A)	35,000.00	€	95.00%	OT
MODAL-Gesellschaft für betriebsorientierte Bildung und Management GmbH, Vienna (A)	400,000.00	€	75.00%	OT
NÖ Raiffeisen Kommunalservice Holding GmbH, Vienna (A)	35,000.00	€	100.00%	OT
Raiffeisen-Einlagensicherung Niederösterreich-Wien (A) registrierte Genossenschaft mit beschränkter Haftung, Vienna (A)	41,936.00	€	98.40%	OT
Raiffeisen Versicherungs- und Bauspar-Agentur GmbH, Vienna (A)	70,000.00	€	100.00%	OT
RALV Holding GmbH, Vienna (A)	37,000.00	€	100.00%	OT
RLB Businessconsulting GmbH, Vienna (A)	35,000.00	€	100.00%	OT
RLB NÖ-W Factoring Beteiligungs GmbH, Vienna (A)	70,000.00	€	100.00%	OT
RLB NÖ-Vienna (A) Leasingbeteiligungs GmbH, Vienna (A)	35,000.00	€	100.00%	OT
TIONE Altbau-Entwicklung GmbH, Vienna (A)	37,000.00	€	100.00%	OT
TSC Telefon Info-Service Center GmbH, Vienna (A)	37,000.00	€	100.00%	BR
Veritas Treuhandgesellschaft für Versicherungsüberprüfung und -vermittlung m.b.H., Graz (A)	50,000.00	€	100.00%	OT

(56) Other equity investments

Associates not accounted for using the equity method:

Entity	SUBSCRIBED CAPITAL	CURRENCY	PERCENTAGE HELD	TYPE [1]
"SALUTANS" Holding GmbH, Vienna (A)	35,000.00	€	50.00%	OT
Central Danube Region Marketing & Development GmbH, Vienna (A)	200,000.00	€	50.00%	OT
ecoplus International GmbH, Vienna (A)	35,000.00	€	30.00%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna (A)	36,400.00	€	40.00%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H. & CO KG, Vienna (A) [2]	—	—	—	FI
e-force Internet-Entwicklungen für e-business GmbH, Linz (A)	39,375.00	€	20.28%	OT
NÖ Beteiligungsfinanzierungen GmbH, Vienna (A)	1,816,820.85	€	29.00%	BA
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna (A)	50,000.00	€	74.00%	FI
Raiffeisen Factoring Holding GmbH, Vienna (A)	35,000.00	€	35.77%	OT
Raiffeisen Informatik GmbH, Vienna (A)	1,460,000.00	€	47.75%	OT
Raiffeisen Software Solution und Service GmbH, Vienna (A)	773,000.00	€	37.83%	OT
RSC Raiffeisen Daten Service Center GmbH, Vienna (A)	2,000,000.00	€	25.01%	OT
STRATEGIE TEAM Strategieberatung GmbH, Vienna (A)	35,000.00	€	39.71%	OT

As a result of contractual agreements, *NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H.* and *Die Niederösterreichische Leasing Gesellschaft m.b.H. & Co. KG* were not controlled.

KEY:

[1] Enterprise type
- BA Bank
- BR Enterprise rendering banking-related ancillary services
- FH Financial holding company
- FI Other financial institution
- OT Other

[2] Partner with unlimited liability.

(57) Enterprises related via parent *Raiffeisen-Holding NÖ-Wien*

Of which consolidated subsidiaries of *Raiffeisen-Holding NÖ-Wien*

"ADELANTE" Holding GmbH, Vienna (A)
"BALURA" Holding GmbH, Vienna (A)
"BELLAGIO" Holding GmbH, Vienna (A)
"BORTA" Holding GmbH, Vienna (A)
"CRIOLLA" Beteiligungs GmbH, Vienna (A)
"DICUNIA" Beteiligungs GmbH, Vienna (A)
"DIMALO" Beteiligungs GmbH, Vienna (A)
"EMERIA" Beteiligungs GmbH, Vienna (A)
"ERCOM" Beteiligungs GmbH, Vienna (A)
"FILIUS" Holding GmbH, Vienna (A)
"KORMUS" Holding GmbH, Vienna (A)
"Küche & Kantine" Betrieb GmbH, (LLI AG subgroup), Vienna (A)
"LAREDO" Beteiligungs GmbH, Vienna (A)
"LOMBA" Beteiligungs GmbH, Vienna (A)
"MARMARIS" Holding GmbH, Vienna (A)
"MORUS" Beteiligungs GmbH, Vienna (A)
"Octavia" Holding GmbH, Vienna (A)
"OLIGO" Holding GmbH, Vienna (A)
"PROCAS" Holding GmbH, Vienna (A)
"PROKAP" Beteiligungs GmbH, Vienna (A)
"RASKIA" Beteiligungs GmbH, Vienna (A)
"RUMOR" Holding GmbH, Vienna (A)
"SEPTO" Beteiligungs GmbH, Vienna (A)
"TALIS" Holding GmbH, Vienna (A)
"TERRA NOE" Liegenschaftsverwaltungsgmbh, Vienna (A)
"URUBU" Holding GmbH, Vienna (A)
AMPA s.r.o., (LLI AG subgroup), Pardubice (CZ)
AURORA MÜHLE HAMBURG GmbH, (LLI AG subgroup), Hamburg (D)
AURORA MÜHLEN GMBH, (LLI AG subgroup), Hamburg (D)
AURORA POLSKA Sp. z o.o., (LLI AG subgroup), Kutno (PL)
BEATA, spol. s r.o., (LLI AG subgroup), Netolice (CZ)
BLR-Baubeteiligungs GmbH., Vienna (A)
Botrus Beteiligungs GmbH, Vienna (A)
cafe+co International Holding GmbH, (LLI AG subgroup), Vienna (A)
cafe+co Ital- és Ételautomata Kft., (LLI AG subgroup), Alsónémedi (H)
Delikomat Betriebsverpflegung Gesellschaft m.b.H., (LLI AG subgroup), Vienna (A)
Delikomat Deutschland Automaten Catering GmbH, (LLI AG subgroup), Regensburg (D)
DELIKOMAT d.o.o., (LLI AG subgroup), Maribor (SLO)
Delikomat Polska Sp. z o.o., (LLI AG subgroup), Bielsko-Biała (PL)
Delikomat s.r.o., (LLI AG subgroup), Brno (CZ)
Delikomat West Betriebsverpflegung Ges.m.b.H., (LLI AG subgroup), Zirl (A)
DELTA MLYNY s.r.o., (LLI AG subgroup), Kyjov (CZ)
DEVELOP Baudurchführungs- und Stadtentwicklungs-Gesellschaft m.b.H., St. Pölten (A)
DEVON GRUNDSTÜCKSVERWALTUNGS-GESELLSCHAFT MBH & Co. Mühlenobjekte KG, (LLI AG subgroup), Eschborn (D)
Diamant International Malom Kft., (LLI AG subgroup), Baja (H)
Diamant International Polska Mlyny Stanislawa Grygiera Sp.z o.o., (LLI AG subgroup), Poznań (PL)
DIAMANT STRADUNIA Sp.z o.o., (LLI AG subgroup), Stradunia (PL)
DZR Immobilien und Beteiligungs GmbH, Vienna (A)
Eidermühle GmbH, (LLI AG subgroup), Hamburg (D)
Erste Vienna (A)er Walzmühle Vonwiller Gesellschaft m.b.H., (LLI AG subgroup), Schwechat (A)
Estezet Beteiligungsgesellschaft m.b.H., Vienna (A)
Eudamonia Projektentwicklungs GmbH, Vienna (A)
FARINA Mühlen GmbH, (LLI AG subgroup), Raaba (A)

Fetzermühle GmbH, (LLI AG subgroup), Sontheim a.d. Brenz (D)
FIDEVENTURA Beteiligungs GmbH, Vienna (A)
Frischlogistik und Handel GmbH, Baden bei Wien (A)
Fritsch Mühlenbetriebsgesellschaft m.b.H., (LLI AG subgroup), Schwechat (A)
Gloria Mühlenwerke GmbH, (LLI AG subgroup), Hamburg (D)
HOLSATIAMÜHLE GmbH, (LLI AG subgroup), Hamburg (D)
KAMPFFMEYER Food Innovation GmbH, (LLI AG subgroup), Hamburg (D)
Kampffmeyer Mühlen GmbH, (LLI AG subgroup), Hamburg (D)
Kremser Landstrasse Projektentwicklung GmbH, Vienna (A)
LBD Lebensmittel Beratungsdienst GmbH, (LLI AG subgroup), Mannheim (D)
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (A)
LLI EUROMILLS GmbH., (LLI AG subgroup), Vienna (A)
Marchfelder Zuckerfabriken Gesellschaft m.b.H., (LLI AG subgroup), Vienna (A)
MAZ Beteiligungs GmbH, (LLI AG subgroup), Vienna (A)
Mecklenburger Elde-Mühlen GmbH, (LLI AG subgroup), Parchim (D)
Mona Hungary Kft., Budapest (H)
Müller's Mühle GmbH, (LLI AG subgroup), Gelsenkirchen (D)
NBV Beteiligungs- und Vermögensverwaltungsgesellschaft m.b.H., Vienna (A)
Niederösterreichische Milch Holding GmbH, Vienna (A)
NOBE Grundstücksverwaltung GmbH, (LLI AG subgroup), Hamburg (D)
NÖM AG, Baden bei Wien (A)
NOM DAIRY UK LIMITED, London (GB)
NÖM International AG, Baden bei Wien (A)
Nordland Mühlen GmbH, (LLI AG subgroup), Jarmen (D)
PANNONMILL Malomipari Zrt., (LLI AG subgroup), Komárom (H)
PANNONMILL -TAKARMANY Takarmanyipari Kft., (LLI AG subgroup), Komárom (H)
Raiffeisen Agrar Holding GmbH, (LLI AG subgroup), Vienna (A)
Raiffeisen Agrar Invest GmbH, (LLI AG subgroup), Vienna (A)
RAIFFEISEN-HOLDING NÖ-Vienna (A) Beteiligungs GmbH, Vienna (A)
RAIFFEISENLANDESBANK NIEDERÖSTERREICH-Vienna (A) AG, Vienna (A)
RARITAS Holding GmbH, Vienna (A)
R-FMZ Immobilienholding GmbH, Vienna (A)
RFT Beteiligungs GmbH, Vienna (A)
RH Anteilsverwaltungs GmbH, Vienna (A)
RH Büroimmobilien Holding GmbH, Vienna (A)
RH Finanzberatung und Treuhandverwaltung Gesellschaft m.b.H., Vienna (A)
RH Finanzbeteiligungs GmbH, Vienna (A)
RH Versicherungsholding GmbH, Vienna (A)
Rosenmühle GmbH, (LLI AG subgroup), Ergolding (D)
Rossauer Lände 3 Immobilienprojektentwicklung GmbH, Vienna (A)
Schmid-Mühle Betriebs GmbH, (LLI AG subgroup), Schwechat (A)
Schüttmühle Berlin GmbH, (LLI AG subgroup), Berlin (D)
Sofia Mel AD, (LLI AG subgroup), Sofia (BG)
St. Leopold Liegenschaftsverwaltungs- und Beteiligungsgesellschaft m.b.H., Vienna (A)
TITAN S.A., (LLI AG subgroup), Pantelimon (RO)
TOP-CUP Office-Coffee-Service Vertriebsgesellschaft m.b.H., (LLI AG subgroup), Klagenfurt (A)
TOV Regionprodukt, Gnidin (UA)
UNIMILLS a.s., (LLI AG subgroup), Prague (CZ)
UNIMILLS - MIX s.r.o., (LLI AG subgroup), Prague (CZ)
UNIMILLS - TRANS s.r.o., (LLI AG subgroup), Prague (CZ)
Vendare Warenhandelsgesellschaft m.b.H., (LLI AG subgroup), Vienna (A)
VK "Polen" GmbH, (LLI AG subgroup), Hamburg (D)
VK Mühlen Aktiengesellschaft, (LLI AG subgroup), Hamburg (D)
VK MÜHLEN POLSKA Sp.z o.o., (LLI AG subgroup), Grodzisk Wielkopolski (PL)
Zucker-Beteiligungsgesellschaft m.b.H., Vienna (A)
Zucker Invest GmbH, Vienna (A)
Zuckermarkt - Studiengesellschaft m.b.H., Vienna (A)
Zucker Vermögensverwaltungs GmbH, Vienna (A)

Of which non-consolidated entities in the *Raiffeisen Holding NÖ-Wien Group:*

"ALDOS" Beteiligungs GmbH, Vienna (A)
"ALMARA" Holding GmbH, Vienna (A)
"ARAGOS" Beteiligungs GmbH, Vienna (A)
"BANUS" Beteiligungs GmbH, (LLI AG subgroup), Vienna (A)
"BASCO" Beteiligungs GmbH, Vienna (A)
"BENEFICIO" Holding GmbH, Vienna (A)
"BONADEA" Immobilien GmbH, Vienna (A)
"CREMBS" Hotelbetriebsgesellschaft m.b.H., Krems (A)
"ELIGIUS" Holding GmbH, Vienna (A)
"ESTELEC" Beteiligunsg GmbH, Vienna (A)
"EUSEBIO" Beteiligungs GmbH, Vienna (A)
"GINAWE" Beteiligungs GmbH, Vienna (A)
"HELANE" Beteiligungs GmbH, Vienna (A)
"MAURA" Immobilien GmbH, Vienna (A)
"NESSOS" Beteiligungs GmbH, Vienna (A)
"PIANS" Beteiligungs GmbH, Vienna (A)
"PINUS" Liegenschaftsverwaltungs GmbH, Vienna (A)
"RUFUS" Beteiligungs GmbH, Vienna (A)
"SANSARA" Holding GmbH, Vienna (A)
"SERET" Beteiligungs GmbH, Vienna (A)
"SEVERUS" Beteiligungs GmbH, Vienna (A)
ABC Reiseservice GmbH, Vienna (A)
Beteiligungsgesellschaft Diamant Mühle Hamburg mbH, (LLI AG subgroup), Hamburg (D)
Big Push Vertrieb GmbH, (LLI AG subgroup), Vienna (A)
Bioenergie Orth a. d. Donau GmbH, Vienna (A)
Café+co Rus, ZAO, (LLI AG subgroup), Moscow (RU)
CAFE+CO Timisoara S.R.L., (LLI AG subgroup), Timişoara (RO)
C - Holding s.r.o., (LLI AG subgroup), Modřice (CZ)
CEZAR Sp. z o.o., (LLI AG subgroup), Warsaw (PL)
DELIKOMAT d.o.o., (LLI AG subgroup), Zagreb (HR)
DELIKOMAT d.o.o., (LLI AG subgroup), Tomislavgrad (BiH)
DELIKOMAT d.o.o., (LLI AG subgroup), Belgrade (RS)
Delikomat Slovensko, spol. s r.o., (LLI AG subgroup), Bratislava (SK)
Diana Slovakia, spol. s r.o., Bratislava (SK)
Drück- und Trink-Verpflegungsautomaten Betriebsgesellschaft m.b.H. (in liquidation), (LLI AG subgroup), Vienna (A)
Echion Projektentwicklungs GmbH, Vienna (A)
EFS Espresso Full Service GmbH (in liquidation), (LLI AG subgroup), Munich (D)
EOD - Obere Donaustrasse Immobilienprojektentwicklung GmbH & Co KG, Vienna (A)
Epsilon Beteiligungsgesellschaft m.b.H., Vienna (A)
Farina Marketing d.o.o., (LLI AG subgroup), Ljubljana (SLO)
Gesundheitspark St. Pölten Errichtungs- und Betriebs GmbH, Vienna (A)
Haldenhof Liegenschaftsverwaltungs- und -verwertungsges.m.b.H., Vienna (A)
Holz- und Energiepark Vitis GmbH, Vienna (A)
Intech Vertriebsgesellschaft mbH, (LLI AG subgroup), Hamburg (D)
Internationales Reisebüro Primus-GmbH, Vienna (A)
Kasernen Immobilienerrichtungsgesellschaft mbH, Vienna (A)
KASERNEN Projektentwicklungs- und Beteiligungs AG, Vienna (A)
LENTIA Immobilien- und Projektentwicklungs GmbH, Vienna (A)
MARKANT-Gesellschaft für Werbung, Kommunikationsberatung, Handel und Veranstaltungen Gesellschaft m.b.H., Vienna (A)
MID 5 Holding GmbH, Vienna (A)
Müfa Mehl und Backbedarf Handelsgesellschaft mbH, (LLI AG subgroup), Hamburg (D)
Neue Marktgasse Einkaufspassage Stockerau GmbH, Vienna (A)
Neuss & Wilke GmbH, (LLI AG subgroup), Gelsenkirchen (D)
Obere Donaustrasse Immobilienprojektentwicklung GmbH, Vienna (A)
PBS Immobilienholding GmbH, Vienna (A)
PBS Immobilienprojektentwicklungs GmbH, Vienna (A)
Pegasus Incoming Gesellschaft m.b.H., Vienna (A)
Raiffeisen Analytik GmbH, Vienna (A)

Raiffeisen-Fachmarktzentrum SIEBEN GmbH, Vienna (A)
Raiffeisen-Fachmarktzentrum VIER GmbH, Vienna (A)
Raiffeisen-Fachmarktzentrum ZWEI GmbH, Vienna (A)
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Raiffeisen MEDKF Projektentwicklungs GmbH, Vienna (A)
Raiffeisen PPP Infrastruktur Beteiligungs GmbH, Vienna (A)
Raiffeisen-Reisebüro Gesellschaft m.b.H., Vienna (A)
Raiffeisen Vorsorgewohnungserrichtungs GmbH, Vienna (A)
Raiffeisen Wohnbauprojektentwicklung GmbH, Vienna (A)
RBZ Holding GmbH, Vienna (A)
RENERGIE Carbex Trade GmbH, Vienna (A)
RENERGIE Carbon GmbH, Vienna (A)
RENERGIE Dorf Mecklenburg GmbH & Co. KG, Wetterzeube OT Trebnitz (D)
RENERGIE green solutions GmbH, Wetterzeube OT Trebnitz (D)
RENERGIE green solutions Management GmbH, Wetterzeube OT Trebnitz (D)
RENERGIE Lübars GmbH & Co. KG, Wetterzeube OT Trebnitz (D)
RENERGIE Raiffeisen Managementgesellschaft für erneuerbare Energie GmbH, Vienna (A)
R-FMZ "MERCATUS" Holding GmbH, Vienna (A)
RH WEL Beteiligungs GmbH, Vienna (A)
ROLLEGG Liegenschaftsverwaltungs GmbH, Vienna (A)
RomReal Immobilienprojektentwicklung GmbH (in liquidation), Vienna (A)
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Ströh & Kottmann Steinmetzmehl Vertriebsgesellschaft mbH, (LLI AG subgroup), Grevenbroich (D)
TECHBASE Science Park Vienna GmbH, Vienna (A)
Techno-Park Tulln GmbH, Wiener Neudorf (A)
THE AUTHENTIC ETHNIC FOOD COMPANY GmbH, (LLI AG subgroup), Gelsenkirchen (D)
Theranda Entwicklungsgenossenschaft für den Kosovo registrierte Genossenschaft mit beschränkter Haftung, Vienna (A)
TOP CUP Deutschland office-coffee Service GmbH, (LLI AG subgroup), Regensburg (D)
WALDSANATORIUM PERCHTOLDSDORF GmbH, Salzburg (A)
Waldviertel Immobilien-Vermittlung GmbH, Zwettl (A)
wertCorn GmbH Getreidespezialitäten, (LLI AG subgroup), Hameln (D)
Wirtschaftspark Eibesbrunn GmbH, Vienna (A)
ZEG Immobilien- und Beteiligungs registrierte Genossenschaft mit beschränkter Haftung, Vienna (A)

BOARDS AND OFFICERS

Managing Board:

Chairman:

Erwin HAMESEDER

Deputy Chairman:

Robert GRUBER

Members:

Georg KRAFT-KINZ
Michael RAB
Gerhard REHOR

Supervisory Board:

Chairman:

Christian KONRAD

Deputy Chairman:

Johann VIEGHOFER

Members:

Anton BODENSTEIN
Franz HUBINGER
Alfons NEUMAYER
Johann PLACHWITZ
Gerhard PREISS
Christian RESCH

Staff Council delegates:

Johann AMON
Anton HECHTL
Heinz PFEFFER
Sibylla WACHSLER

State commissioners:

Alfred LEJSEK
Silvia ZENDRON

The Managing Board of RLB NÖ-Wien completed these Consolidated Financial Statements on 23 March 2009 in accordance with the provisions of the International Financial Reporting Standards (IFRSs) as adopted by the European Union. The provisions of enterprise law that were, in addition, applicable under *§ 245a UGB* in conjunction with *§ 59a BWG* were taken into account. The Group Management Report was prepared in accordance with the provisions of Austrian enterprise law and is consistent with the Consolidated Financial Statements.

The Managing Board

CEO
Erwin HAMESEDER

Deputy CEO
Robert GRUBER

Member
Georg KRAFT-KINZ

Member
Gerhard REHOR

Member
Michael RAB

The Managing Board released the Consolidated Financial Statements for submission to the Supervisory Board on 23 March 2009.

DECLARATION BY THE MANAGING BOARD

We declare that, to the best of our knowledge, the Consolidated Financial Statements prepared in accordance with the applicable financial reporting standards present fairly, in all material respects, the assets, liabilities and financial position of the RLB NÖ-Wien Group and its profit or loss, that the Group Management Report presents the business performance, business results and position of the RLB NÖ-Wien Group in such a way that it presents fairly, in all material respects, the assets, liabilities and financial position of the Group and its profit or loss, and that the Group Management Report describes the material risks and uncertainties to which the Group is subject.

Vienna
23 March 2009

The Managing Board

CEO
Erwin HAMESEDER

Deputy CEO
Robert GRUBER

Member
Georg KRAFT-KINZ

Member
Gerhard REHOR

Member
Michael RAB

AUDITORS' REPORT (REPORT BY THE INDEPENDENT AUDITORS) [TRANSLATION]

Report on the Consolidated Financial Statements

We have audited the attached **Consolidated Financial Statements** of

RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG,
Vienna, Austria,

for the financial year from **1 January to 31 December 2008**. Those financial statements comprise the Consolidated Balance Sheet as at 31 December 2008 and the Consolidated Income Statement, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the financial year ended 31 December 2008 and a summary of material measurement and recognition policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Consolidated Financial Statements and fair presentation, in all material respects, of the Group's assets and liabilities and financial position and its profit or loss in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining an internal control system insofar as this is material to the preparation of consolidated financial statements and the fair presentation, in all material respects, of the Group's assets and liabilities and financial position and its profit or loss so as to ensure that these consolidated financial statements are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the laws and regulations applicable in Austria and the International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with rules of professional conduct and plan and perform the audit to obtain reasonable assurance as to whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence regarding the amounts and other disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including his assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system insofar as it is relevant to the preparation of consolidated financial statements and fair presentation, in all material respects, of the Group's assets and liabilities and financial position and its profit or loss in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluation of the appropriateness of the accounting policies used and the reasonableness of material accounting estimates made by Management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. Based on the results of our audit, in our opinion, the Consolidated Financial Statements satisfy the legislative requirements and present fairly, in all material respects, the assets and liabilities and financial position of the group as of 31 December 2008 and its profit or loss and cash flows in the financial year from 1 January to 31 December 2008 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on Other Legal Requirements

Austrian legislative provisions require us to perform audit procedures to ascertain whether the Group Management Report is consistent with the Consolidated Financial Statements and whether the other statements made in the Group Management Report give rise to misconception of the position of the group.

In our opinion, the Group Management Report is consistent with the Consolidated Financial Statements.

Vienna

23 March 2009

Österreichischer Raiffeisenverband

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Christian Loicht
Wirtschaftsprüfer

Wilhelm Kovsca
Wirtschaftsprüfer

Franz Frauwallner
Wirtschaftsprüfer

(Austrian Chartered Accountants)

GLOSSARY

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

Banking book — All positions not assigned to the trading book.

Basis of assessment — The risk-weighted basis of assessment within the meaning of *§ 22 BWG* (see *Risk-weighted assets*); based on *Basel II* since 1 January 2008.

BWG — [Austrian] federal banking act (*Bankwesengesetz*).

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

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

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

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

Tier 1 capital — Paid-in capital and reserves less intangible assets and balance-sheet losses and material losses during the current financial year; based on *Basel II* since 1 January 2008.

Tier 1 ratio — This ratio's numerator is Tier 1 capital and its denominator is the basis of assessment for the purposes of *§ 22 BWG*; based on *Basel II* since 1 January 2008.

Cost:income ratio — Indicator of an enterprise's cost efficiency based on the ratio of its expenses to its earnings. It is calculated by comparing general administrative expenses (comprising staff costs and other administrative expenses and depreciation/amortization/write-offs of property, equipment and intangible assets) with operating income (net interest income, net fee and commission income, net trading income, net income from investments in entities accounted for using the equity method and other operating profit).

Credit derivatives — Instruments used to transfer to another party the credit risks associated with loans, bonds, other risk assets and market risk positions.

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

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

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

Derivative — A contract whose value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or similar variable, that requires no initial net investment or little initial net investment and that is settled at a future date.

Dirty price — Price of an interest rate instrument including accrued interest.

Earnings per Share — Consolidated profit for the year divided by the average number of ordinary shares in issue.

Entities accounted for using the equity method — Entities over whose operating or financial policies an investor has a significant influence.

Fair value — The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial asset/liability held for trading — Financial asset/liability used to generate a profit from short-term fluctuations in price or dealer's margin.

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

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

Held-to-maturity investments — Financial assets with fixed or determinable payments and a fixed maturity that an enterprise has the positive intent and ability to hold to maturity.

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

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

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

Liquidity risk — The risk that an enterprise will be unable to raise funds to meet commitments associated with financial instruments. Liquidity risk may also result from an inability to sell a financial asset quickly and at any time at its fair value.

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

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

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

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

Own funds ratio — This ratio's numerator is eligible own funds within the meaning of BWG and its denominator is the basis of assessment pursuant to *§ 22 BWG*; based on *Basel II* since 1 January 2008.

Own funds within the meaning of BWG — These are made up of Tier 1 capital, supplementary and subordinated debt capital (Tier 2) and short-term subordinated debt capital and reclassified Tier 2 capital (Tier 3); based on *Basel II* since 1 January 2008.

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

Risk-weighted assets — The total of the assets, off-balance-sheet items and special off-balance-sheet items in the banking book weighted according to business and/or counterparty risk, determined in accordance with the Austrian *Bankwesengesetz* (banking act); based on *Basel II* since 1 January 2008.

ROE (return on equity) — Profit before tax or after tax in relation to average equity on the Balance Sheet (including minority interests).

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

Surplus own funds ratio — Surplus own funds in relation to the total own funds requirement; based on *Basel II* since 1 January 2008.

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

Trading book — Bank regulators' term for positions held by a bank for short-term resale to exploit fluctuations in prices and interest rates.

UGB — *Unternehmensgesetzbuch*: Austrian enterprises code.

Undiluted earnings per share — The amount of consolidated profit for the period attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

VaR — Value at risk expresses the potential loss that will, with a 99 per cent probability, not be exceeded in the portfolio in question within the specified holding period.

INFORMATION IN THE INTERNET

Raiffeisenlandesbank Niederösterreich-Wien's website provides detailed, up-to-date information about *Raiffeisen* at www.raiffeisenbank.at.

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Note and Disclaimer:

A few market participants tend to attempt to derive claims from statements regarding expected future developments and assert those claims in court. Because of the occasional but serious effects of such actions on the company concerned and on its equity holders, many companies keep statements about their expectations regarding future developments to the mandatory minimum required by legislation. However, the RLB NÖ-Wien Group does not see the publication of its financial reports merely as a duty. It would also like to use them as an opportunity for open communication. To ensure that this will continue to be possible, we stress the following: The forecasts, plans and forward-looking statements contained in this Report are based on the RLB NÖ-Wien Group's state of knowledge and assessments at the time of its preparation. Like all forward-looking statements, they are subject to risks and uncertainties that could cause actual results to differ substantially from those being predicted. No guarantee can be given that forecasts, planned values and forward-looking statements will prove accurate. We prepared this Financial Report with the greatest possible care and checked the data. Nonetheless, we cannot rule out rounding, transmission, typesetting or printing errors. This Report was written in German. The English report is a translation of the German report. The German version is the only authentic version.