

**Raiffeisenlandesbank  
Niederösterreich-Wien**



**INTERIM  
REPORT 2008**

## SUMMARY OF KEY DATA

MONETARY VALUES ARE IN €m	2008	+ /(-) CHANGE <sup>1</sup>	2007 <sup>2</sup>
<b>Income Statement</b>	<b>1/1 – 30/6</b>		<b>1/1 – 30/6</b>
Net interest income after impairment losses on loans and advances and other credit risk provisions	49.4	(5.5%)	52.2
Net commission income	32.6	(9.2%)	35.9
Net trading income	(6.7)	(< 100%)	7.2
Profit from investments accounted for using the equity method	266.9	77.0%	150.8
General administrative expenses	(79.9)	4.5%	(76.5)
Profit before tax	230.4	14.2%	201.7
Consolidated profit (after minorities)	235.9	19.1%	198.0
<b>Balance Sheet</b>	<b>30/6</b>		<b>31/12</b>
Loans and advances to other banks	7,569	42.9%	5,295
Loans and advances to customers	7,496	8.9%	6,883
Deposits from other banks	9,292	24.6%	7,460
Deposits from customers	6,796	23.1%	5,521
Equity (incl. minority interests and profit)	2,150	13.2%	1,900
Assets	24,595	25.8%	19,554
<b>Regulatory information</b>	<b>30/6</b>		<b>31/12</b>
Risk-weighted basis of assessment (BWG: Austrian banking act)	11,187	19.4%	9,368
Total own funds	1,208	4.6%	1,155
Own funds requirement	984	21.4%	810
Surplus own funds ratio	22.7%	(19.8 ppt)	42.5%
Core capital ratio	7.3%	(1.4 ppt)	8.7%
Own funds ratio	10.4%	(1.3 ppt)	11.7%
<b>Performance</b>	<b>1/1 – 30/6</b>		<b>1/1 – 30/6</b>
Return on equity before tax	16.6%	(5.2 ppt)	21.8%
Consolidated return on equity (after minorities)	17.2%	(4.2 ppt)	21.4%
Cost/income ratio	22.8%	(3.5 ppt)	26.3%
Earnings per share, €	118.41	19.1%	99.40
Return on assets after tax	1.62%	(0.70 ppt)	2.32%
Risk/earnings ratio	21.4%	(7.7 ppt)	29.1%
<b>Additional information</b>	<b>30/6</b>		<b>31/12</b>
Workforce at the balance-sheet date	1,202	1.1%	1,189
Branches and offices	70	0.0%	70
<b>Moody's rating</b>	<b>Long term</b>	<b>Short term</b>	<b>Financial strength</b>
	Aa3	P-1	C

<sup>1</sup> ppt = percentage points.

<sup>2</sup> 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.

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# HIGHLIGHTS

## SATISFACTORY RESULTS IN THE FIRST HALF OF 2008

Despite difficult economic conditions, the RLB NÖ-Wien Group achieved satisfactory results in the first half of 2008. Consolidated profit for the year after tax and minorities grew by 19.1 per cent to €235.9 million (including a one-off increase of €113.8 million recognized in the Income Statement as a result of the first-time inclusion of the *Centrope* banks using the equity method). The Group's assets reached €24.6 billion, having increased by 25.8 per cent compared with 30 June 2007.

## RLB NÖ-WIEN GETS AA3 RATING IN ITS FIRST ASSESSMENT BY RATING AGENCY MOODY'S

*Raiffeisenlandesbank Niederösterreich-Wien AG* (RLB NÖ-Wien) underwent an intensive rating process by renowned international rating agency *Moody's Investor Service* for the first time, resulting in a Aa3 rating in July 2008. According to Moody's, the key reasons for the outcome of the rating process were, above all, RLB NÖ-Wien's market leadership in Lower Austria, its steady expansion in Vienna and its strong equity base. Two of the other deciding factors were RLB NÖ-Wien's stability and its risk-bearing capacity, not least as an important member of the Austrian *Raiffeisen Banking Group*.

### Moody's Ratings:

Long Term	Aa3
Short Term	P-1
Financial Strength	C

## A STRONG VISION AS A REGIONAL BANK SERVING THE CENTROPE REGION

RLB NÖ-Wien has been operating beyond Austria's borders for 20 years. In its new Corporate Vision Statement, it has now defined the so-called *Centrope* region as its enlarged home market. Its claim to leadership of the banking industry in this growth region between Vienna, Prague, Bratislava and Budapest is underpinned by significant investments in banks in the Czech Republic, Slovakia and Hungary. This is why *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.

## SUSTAINABLE EXPANSION DRIVEN BY FRUITFUL COOPERATION WITH SHAREHOLDERS AND GROUP-MEMBERS

The RLB NÖ-Wien Group's fruitful cooperation with its shareholders (the 82 independent *Raiffeisen Banks* in Lower Austria and *Raiffeisen Holding Niederösterreich-Wien*) is the essential basis for its successful future development. Moreover, the RLB NÖ-Wien Group is extending its close cooperation with the RZB Group — cooperation that is making a sustainable contribution to its steady growth.

## RISK SITUATION

The international credit and financial markets crisis that began in the second half of 2007 has yet to end. RLB NÖ-Wien too has felt the effects of the massive price corrections and high volatility that it is causing in every market. They are particularly apparent in the Income Statement if one compares the Group's very good results in the first half of 2007 with its performance in the first half of 2008 without one-off effects. Although RLB NÖ-Wien had invested close to nothing in structured products, the financial markets crisis still had an impact on its Income Statement because of IFRS-compliant mark-to-market valuations. The resulting valuation losses may result in corresponding gains in subsequent periods.

## SUSTAINED SUCCESS

### RLB NÖ-WIEN — THE LEADING REGIONAL BANK IN THE CENTROPE REGION

RLB NÖ-Wien is part of a strong, forward-looking network comprising the bank itself, its shareholders and Group-members. *Raiffeisen-Holding NÖ-Wien* is RLB NÖ-Wien's majority shareholder with a stake of 78.58 per cent. The remaining shares are held by the *Raiffeisen Banks* in Lower Austria, which also make up *Raiffeisen-Holding NÖ-Wien*'s most important shareholder group. RLB NÖ-Wien's equity investments supplement its banking operations, with every investment making a significant contribution to its success. RLB NÖ-Wien's direct and indirect shareholdings in *Raiffeisen Zentralbank* (RZB) give it a total stake of 31.4 per cent. This makes it the largest shareholder of RZB, which acts as the central institution of the *Raiffeisen Banking Group* in Austria. RLB NÖ-Wien also has direct and indirect investments in banks in the Czech Republic, Slovakia and Hungary. Its other material equity investments include, amongst others, *Raiffeisen Bausparkasse*, *Raiffeisen Capital Management* and *Raiffeisen Leasing*. RLB NÖ-Wien is one of Austria's biggest banks, with assets of €24.6 billion at the end of the first half of 2008.

"The *Centropere* region between Vienna, Prague, Bratislava and Budapest is our home market." RLB NÖ-Wien has therefore defined itself as "the leading regional bank in the *Centropere* region" in its new Corporate Vision Statement. In the view of the Managing Board of RLB NÖ-Wien under Chairman Erwin Hameseder, this vision is the basis for the bank's success path. "We are part of a network of strong, independent cooperatives. Their strengths are not just combined but also multiplied by their community of interests — and these are strengths that benefit the customer."

### OVER 200,000 CUSTOMERS IN VIENNA

RLB NÖ-Wien has a diverse network of 48 retail banking branches, seven *Private Banking Centres*, six trade and business teams and nine consulting offices in Vienna. In addition, it offers a comprehensive range of products and services for corporate customers as well as the product line of a securities bank. RLB NÖ-Wien provides advice and support to more than 200,000 customers at 70 locations in Vienna.

### A STRONG PARTNER IN LOWER AUSTRIA

RLB NÖ-Wien is the regional central institution for 82 independent *Raiffeisen Banks* in Lower Austria. They have a total of 564 outlets. The *Raiffeisen Banks* make up Lower Austria's leading banking group with a market share of approximately 40 per cent. In accordance with its charter and memorandum and articles of association, RLB NÖ-Wien gives the Lower Austrian *Raiffeisen Banks* strategic and operational advice and support and provides them with clearing and cash management services.

### ENJOYING THE CONFIDENCE OF CORPORATE CUSTOMERS AND INSTITUTIONS

RLB NÖ-Wien's expert but broad line of products and services for corporate and institutional customers plays a decisive role in its achievements. *Raiffeisen* is a strong partner to its corporate customers, the province of Lower Austria, the City of Vienna, local authorities and other institutions both in its core regional markets — Vienna and Lower Austria — and in the international marketplace. RLB NÖ-Wien believes in long-term, trusting relationships. Its employees feel responsible for their customers' business success and try to be their sparring partners. This means

identifying their needs, developing recommendations for action and proactively approaching them with suggestions. The comprehensive professional services provided by RLB NÖ-Wien's customer service staff, banking departments and risk managers are all part of this process.

## A BROAD RANGE OF INVESTMENTS

RLB NÖ-Wien is a stable partner for investors even when markets are turbulent. Its key strengths include trusting teamwork with the customer, prudent advice based on in-depth analyses of the business environment, the economy and developments in the financial markets, and innovative ideas. RLB NÖ-Wien's personal advisory services are taking account of the renaissance of the classical *Sparbuch* passbook while at the same time giving customers clear help assessing short-term bonds, equities and inflation-proof investments.

## INTERNATIONALLY NETWORKED

RLB NÖ-Wien has 1,600 correspondents. In addition, it is closely linked with *Raiffeisen Zentralbank Österreich* (RZB) — Austria's foremost corporate and investment bank — as its biggest shareholder. *Raiffeisen International* and RZB's banking subsidiaries, leasing companies and two representative offices cover a total of 17 European markets. The RZB Group services 13 million customers via a sales network of 3,000 branches.

RLB NÖ-Wien has built up a reputation as a professional partner to major international banks and special financial institutions like the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the International Finance Corporation (IFC). This network provides many benefits, for instance in the payments, L/C and guarantee fields and when financing export transactions in distant and difficult markets.

# INTERIM GROUP MANAGEMENT REPORT

## BUSINESS PERFORMANCE AND ECONOMIC CONDITIONS

### THE BANKING ENVIRONMENT DURING THE FIRST HALF OF 2008

The Austria economy carried a lot of momentum from 2007 into the first half of 2008. It continued to perform well, recording real GDP growth of 2.8 per cent. This growth was driven by full order books in the industrial sector and ancillary service industries. Nonetheless, Austria's economy had still grown by as much as 3.4 per cent in real terms in 2007. The softening of the economy in the first half of 2008 was accompanied by high rates of inflation fuelled by high oil and food prices alongside a job market that remained strong. According to *Eurostat* figures, Austria had a jobless rate of just over 4 per cent, which was among Europe's best.

However, the weakening international economy was already affecting Austrian exports, industrial output and equipment investment in the second quarter of 2008. As a result, Austria was no more able to isolate itself from global trends than the eurozone as a whole.

The countries of the *Centrope* region — Hungary, Slovakia and the Czech Republic — continued to profit from their attractiveness as business locations and from high levels of foreign direct investment. To date, turbulence in the financial markets has affected them less severely and they have recorded moderating but robust growth. In Slovakia, the stabilization policy and a high rate of GDP growth of about 7 per cent helped ECOFIN decide to introduce the euro on 1 January 2009. Meanwhile, the first lasting fruits of the stabilization policy in Hungary became apparent, and growth was only slightly below the *Centrope* average at 2.2 per cent. The Czech Republic managed to take its first successful steps towards stabilizing its public sector budgets, recording growth of roughly 4 per cent.

Four factors caused a sharp decline in economic growth throughout Europe: the oil price shock and the rise in commodity prices; the financial markets crisis and associated reassessment of risks; the downturn in the world economy; and appreciation of the euro. Indeed, a number of European countries such as Spain, Italy, the United Kingdom and Ireland, are threatened by recession. It is above all the perceptible losses of real income in the face of rising rates of inflation that are responsible for the gradual collapse of economic growth and consumer confidence throughout Europe.

Furthermore, the continuing international crisis of confidence in the financial sector reached another critical point in March 2008 when one of the most important credit spread benchmarks — the *iTraxx Europe* — reached previously undreamt-of peaks. Central banks had to provide liquidity support with as much determination as governments were forced to step in with extensive aid packages for crisis-ridden banks in the property finance and investment banking sectors.

The high impairment allowances caused by the requisite mark-to-market revaluations and the massive capital increases necessitated by the crisis had not been seen on this scale in the US and European banking industries in two decades.

The US Federal Reserve, pursuing its economic growth targets, responded by cutting the Fed Funds rate four times, taking it from 4.25 to 2 per cent. In contrast, the ECB stuck to its declared goal of fighting inflation and increased its reference rate by 0.25 percentage points to 4.25 per cent at the beginning of July. The big rates gap and opposing movements in interest rates reinforced the



euro's appreciation. The eurozone yield curve was flat to inverted and tight liquidity led to some very high money market rates, greatly increasing funding costs.

The international stock markets came under severe pressure. With the exception of commodity markets, equity prices fell sharply across the board. At the same

time, bond markets failed to perform. For private investors, classical passbooks paying appropriate rates of interest regained their old attractiveness, which had been believed long-lost.

## CHANGES TO THE SCOPE OF CONSOLIDATION

Mirroring the RLB NÖ-Wien Group's closer strategic orientation towards the *Centrope* region as an enlarged home market and in accordance with the provisions of IAS 28, the Group's *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.

The RLB NÖ-Wien Group held direct stakes of 24 per cent in *Raiffeisenbank a.s.* and *eBanka, a.s.* Its indirect stake in *Raiffeisen Bank, Zrt* came to 16.23 per cent, and it held a direct stake of 12.57 per cent in *Tatra banka a.s.* RLB NÖ-Wien has a significant influence over every Group-member for the purposes of IAS 28. Negative goodwill of €113.8 million was recognized in the Income Statement as a one-off effect caused by the transition from the former measurement of these investments at cost (as available-for-sale assets) to accounting for them using the equity method.

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

## INCOME STATEMENT FOR THE FIRST HALF OF 2008

The RLB NÖ-Wien Group's **Net interest income** in the first six months of this year came to €62.8 million, which was €10.9 million or 14.8 per cent less than in the same period of 2007. However, this figure includes the effect of the change in the method used to account for the Group's earnings from the *Centrope* banks, namely *Raiffeisenbank a.s.* (Czech Republic), *eBanka, a.s.* (Czech Republic), *Raiffeisen Bank, Zrt* (Hungary) and *Tatra banka a.s.* (Slovakia). Since 1 January 2008, these have been accounted for using the equity method.

The Group's development during the first half of 2008 was shaped by continued strong demand for loans on the part of our corporate and retail banking customers and by powerful growth in deposits, which are an important source of funds. Savings deposits in particular continued to grow well. The general rise in interest rates slightly reduced margins on the assets side of the account, while margins on deposits fell in response to the overall liquidity situation in the marketplace. Thanks to the Group's rate gap management activities, so-called *structural income* (profit from maturity transformation) made another important contribution to its profit.

The allowance for **Impairment losses on loans and advances and other credit risk provisions** was much smaller than in the first half of 2007 at €13.4 million. Above all, our risk position in the corporate banking segment was very comfortable.

**Net commission income** during the first half of 2008 came to €32.6 million, failing to match the excellent figure recorded in the same period of the previous year. In particular, securities business did not deliver the same good results as in 2007 because of the fall in demand for securities investments among personal and corporate banking customers. The intensification of our business

relationships led to another increase in commission income from payment services.

**Net trading income** in the first half of 2008 was negative €6.7 million. Losses were attributable to the rapid rise in interest rates combined with a substantial increase in credit spreads on financial assets during the first quarter of 2008 as well as to the Group's currency trading positioning.

**Profit from investments accounted for using the equity method** — RLB NÖ-Wien's interest in the consolidated profit of the RZB Group and earnings from the *Centrope* banks accounted for using the equity method — made up the lion's share of the RLB NÖ-Wien Group's first-half consolidated profit, that is €266.9 million. Profit from investments accounted for using the equity method having come to €150.8 million in the first half of 2007, this translates into a year-on-year increase of 77.0 per cent. It reflects the outstanding results recorded by the RZB Group and RLB NÖ-Wien's banking subsidiaries in Hungary, the Czech Republic and Slovakia. This figure includes the one-off effect of the negative goodwill of €113.8 million caused by the transition from the former measurement of the Group's *Centrope* investments at cost (as available-for-sale assets) to use of the equity method.

**Profit/(loss) from financial investments** in the first half of 2008 was negative €26.8 million, compared with positive €8.9 million in the same period of 2007. The international financial crisis led to sizeable revaluations of securities positions. Most of the valuation loss of €30.1 million contained in this line item resulted from valuations of fixed-interest securities. In the absence of any losses due to impaired creditworthiness, we can assume that these valuation decreases will reverse by the time the securities in question mature.

**General administrative expenses** came to €79.9 million in the first half of 2008. This was 4.5 per cent or €3.4 million more than in the first half of the previous year. General administrative expenses consisted of staff costs totalling €44.9 million and other administrative expenses totalling €33.5 million.

**Staff costs** increased by €3.0 million. This increase was attributable to the rise in salary costs caused by adjustments in accordance with collective agreements and the strategic enlargement of our sales force in Vienna.

**Other administrative expenses** increased by €0.6 million or 1.8 per cent compared with the same period of 2007. Most of the increase was due to higher marketing and IT costs.

**Other operating profit/(loss)** came to negative €5.0 million, compared positive €23.1 million in the first half of 2007. The deciding factor was profit/(loss) from “other” derivatives.

These line items resulted in **Profit for the period before tax** of €230.4 million, which was €28.7 million or 14.2 per cent more than the figure of €201.7 million recorded in the first half of 2007. Profit in the first half of 2008 included the effect of the first-time inclusion of the results of the *Centrope* banks using the equity method.

**Consolidated profit for the period after tax and minorities** thus came to €235.9 million. This was €37.9 million or 19.1 per cent up on the first-half consolidated profit of €198.0 million recorded in 2007.

## SEGMENT REPORT FOR THE FIRST HALF OF 2008 <sup>1</sup>

The RLB NÖ-Wien Group's profit for the period before tax of €230.4 million broke down as follows into the contributions made by the individual business segments described below:

The **Retail Banking (personal and business banking) segment** encompasses retail business carried on by our branches in Vienna. It covers the banking needs of our personal banking, trade and business and self-employed customers, including, in particular, their investment and financial requirements, as well as other banking services. The Group's private banking teams provide professional advice to high net worth private customers in Vienna. Its centres of excellence for trade and business customers service small and medium-sized enterprises. RLB NÖ-Wien's consulting offices are also open for customers outside normal banking hours. Profit for the period before tax in this segment as a whole came to €10.0 million, compared with €13.4 million in the first half of 2007. The result was a return on equity before tax of 20.6 per cent (compared with 23.1 per cent in the same period of 2007). This profit was made possible by continuing growth in the customer base — which expanded by a net total of roughly 4,700 — and by a sizeable increase in primary deposits. Savings deposits grew particularly rapidly in the retail banking segment.

The various subsegments of the **Corporate Customers** segment continued to perform well during the first half of 2008. Uncompromising customer-orientation and made-to-measure products and solutions are the secrets behind a corporate customer's success in the *Centrope* region. The Group stepped up the process of deepening business relationships with its existing customers at the same time as pursuing a systematic customer acquisition strategy. In

addition, customers were offered extensive support as they exported, imported or invested abroad. *Raiffeiser's* international network — including above all our alliances with the *Centrope* banks — gives the RLB NÖ-Wien Group a competitive edge in the payments, letter of credit and guarantee markets, when financing exports and when providing customers with on-the-spot support and funding. All these factors helped the corporate customers segment turn a profit for the period before tax of €25.1 million, as against €21.4 million in 2007. Capital employed came to €502 million, giving this segment a return on equity before tax of 10.0 per cent, compared with 8.7 per cent in the same period of 2007.

Because of serious turbulence in the international money and capital markets, the **Financial markets** segment faced exceptional challenges during the first half of 2008. The Bank's asset liability management activities exploited the flat and, in part, inverted yield curve, enabling it to record positive structural income. Higher funding costs made it necessary to invest more flexibly and take account of the additional risks incurred. Despite a broad spectrum of investments, spanning a range from classical money and capital market products to funds, equities and alternative investments, turbulence in the market made it impossible for the Bank's Treasury Department to duplicate its good results in the first half of 2007. Overall, the financial markets segment closed the first half of 2008 with a loss of €35.8 million.

As in 2007, when it showed a profit of €143.8 million, the **Investments** segment accounted for the biggest slice of consolidated profit for the period before tax, namely €236.6 million. Including a one-off effect (see above), profits from the banking subsidiaries in the *Centrope*

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<sup>1</sup> See the Note on *Segment Reporting*.

region, which are accounted for using the equity method, made up roughly half of this total. The other half consisted of RLB NÖ-Wien's interest in the RZB Group's profit. Capital employed in this segment averaged €1,302 million, giving it a return on equity before tax of 27.6 per cent. This compared with 26.7 per cent in the same period of the previous year.

The **Management Services** segment encompasses any activities carried on by RLB NÖ-Wien in the performance of its role within the Austrian *Raiffeisen* Group — where it

acts as the central institution serving the *Raiffeisen Banks* in Lower Austria — as well as income and expenses arising from work done to support RLB NÖ-Wien's activities in the market in other segments. In the first half of 2008, this segment contributed negative €5.5 million to consolidated profit, compared with positive €0.3 million in the first half of 2007. Most of the loss was caused by further impairments of a structured security issued by an American investment bank and acquired by RLB NÖ-Wien from the Lower Austrian *Raiffeisen Banks*.

## BALANCE SHEET PERFORMANCE DURING THE FIRST HALF OF 2008

The RLB NÖ-Wien Group's assets grew by €5,041.7 million or 25.8 per cent to €24,595.4 million between 31 December 2007 and 30 June 2008. The principal contributors to growth on the assets side of the Balance Sheet were *Loans and advances to other banks* and securities positions. Growth on the equity and liabilities side of the Balance Sheet was driven by increases in *Deposits from other banks*, *Deposits from customers* and *Liabilities evidenced by paper*.

### ASSETS

During the first half of 2008, **Loans and advances to other banks** grew by €2,274.0 million or 42.9 per cent to €7,569.1 million. Time and demand deposits made a particularly big contribution to this increase.

**Loans and advances to customers** grew by €613.1 million or 8.9 per cent to €7,496.2 million. This was the commercially most important line item on the assets side of the Balance Sheet, accounting for about 30 per cent of total assets. Loans and advances to corporate and retail banking customers increased significantly. Although this means that lending to customers grew, the emphasis was always on qualitative growth. The Group sustained its conservative risk policy and active management of the existing loan portfolio.

RLB NÖ-Wien's investments in **entities accounted for using the equity method** grew by €369.4 million to €2,145.7 million. This was due in part to the inclusion of the subsidiaries in the *Centrope* region — *Raiffeisenbank a.s* (Czech Republic), *eBanka, a.s.* (Czech Republic), *Raiffeisen Bank, Zrt* (Hungary) and *Tatra banka a.s.* (Slovakia) — and in part to the increase in the value of RLB NÖ-Wien's stake in RZB.

**Other current financial assets** increased by €908.3 million to €2,904.6 million. There was an especially large increase in our holdings of *Bonds and other fixed-interest securities*.

### EQUITY AND LIABILITIES

**Deposits from other banks** grew by €1,832.3 million or 24.6 per cent to €9,292.1 million during the first half of 2008. Deposits from *Raiffeisen Banks* in Lower Austria accounted for €3,043.5 or roughly 30 per cent of total deposits from other banks, reflecting RLB NÖ-Wien'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.

**Deposits from customers** grew by €1,275.0 million or 23.1 per cent to €6,796.3 million. **Savings deposits** with RLB NÖ-Wien accounted for €1,918.7 million of the total at 30 June 2008. This was 7.9 per cent or €140.7 million more than at 31 December 2007.

At 30 June 2008, **Liabilities evidenced by paper** and **Subordinated debt capital** totalled €3,827.7 million. This was €493.4 million or 14.8 per cent more than at year-end 2007.

**Primary funds** — deposits from customers inclusive of liabilities evidenced by paper and subordinated debt capital — came to €10,624.0 million, accounting for roughly 43.2 per cent of the RLB NÖ-Wien Group's balance sheet total.

## EQUITY

In the six months ended 30 June 2008, *Equity* on the face of the Balance Sheet of the RLB NÖ-Wien Group increased by €250.4 million to €2,150.5 million. This increase was roughly the same as the first-half *Profit for the period* recognized in the Income Statement.

## FINANCIAL PERFORMANCE INDICATORS

### PERFORMANCE

The Group's **Cost/income ratio** in the six months ended 30 June 2008 came to 22.8 per cent. This was 3.5 percentage points down on the prior-year figure of 26.3 per cent. It reflected the pleasing growth of income items which, overall, outstripped the increase in costs.

In the six months ended 30 June 2008, the **Group's return on equity after tax and minorities** calculated in relation to its average equity came to 17.2 per cent. This was 4.2 percentage points less than the figure of 21.4 per cent recorded in the 12 months ended 31 December 2007.

### REGULATORY OWN FUNDS <sup>1</sup>

At 30 June 2008, the RLB NÖ-Wien Group had total **eligible own funds** of €1,207.5 million for the purposes of Basel II. This compared with a **regulatory own funds requirement** of €983.8 million, giving the Group surplus own funds of €223.7 million, or 22.7 per cent of the requirement.

Strong growth in the Balance Sheet and the transition from Basel I to Basel II reduced the Group's **own funds ratio** from 11.7 per cent at year-end 2007 to 10.4 per cent at 30 June 2008. This was still well above the regulatory minimum of 8.0 per cent. Although the Group's **core capital ratio** of 7.3 per cent was below the comparable figure of 8.7 per cent recorded at 31 December 2007, it was still well above the regulatory requirement of 4.0 per cent.

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<sup>1</sup> In accordance with § 24 in conjunction with § 30 BWG (Austrian banking act) in respect of the RLB NÖ-Wien Group.



## THE FUTURE DEVELOPMENT OF THE RLB NÖ-WIEN GROUP

### OUTLOOK FOR THE SECOND HALF OF 2008

The international financial crisis is also having a serious impact on Austria's economic growth, which we must assume will continue to weaken in months to come. Austrian economic research institutes WIFO and IHS have reacted, reducing their mid-year GDP growth forecasts for 2008 to 2.1 per cent from their earlier predictions of 2.2 to 2.4 per cent. They believe that the Austrian economy will only grow by between 1.7 and 2.2 per cent in 2009.

In addition to the turbulence in the credit and financial markets triggered by the US property crisis, the economy is also being harmed by the weakness of the US dollar — which is affecting exports from the eurozone — and by high rates of inflation. Big increases in energy and food prices will reduce the net real incomes of jobholders in Austria, visibly denting consumer spending.

It not yet possible to gauge the extent and duration of the crisis in the international financial system, so any predictions made now are very unreliable.

The international financial crisis is also slowing global economic growth. Following growth of 4.7 per cent in 2007, WIFO is predicting GDP growth of just 3.9 and 3.6 per cent, respectively, this year and in 2009. The eurozone economy is expected to grow by 1.6 and 1.3 per cent, respectively (compared with 2.6 per cent in 2007), which would still be stronger growth than is being predicted for the United States (1.0 and 1.4 per cent, respectively, compared with 2.2 per cent in 2007). The economies of the Asian emerging markets and the oil exporting countries will continue to outpace those of the industrial nations.

The countries of the *Centrope* region — Hungary, the Czech Republic and Slovakia — can expect to continue on their successful path during the rest of this year, albeit at a reduced pace. Business activity in those countries, all of which neighbour Austria, will remain brisk. In particular, it will be supported by a series of infrastructure projects funded by the EU Structural Fund. Nonetheless, the *Centrope* region will also experience weakening exports and increased inflationary pressure, and public sector budget planners will have less room for manoeuvre. Overall, though, it will remain competitive, and its growth outlook for 2008 and 2009 is better than that of the eurozone.

In accordance with its medium-term plans, the **RLB NÖ-Wien Group** will continue its sustainable expansion.

RLB NÖ-Wien's efforts to remain the *Best Advice Bank* in the region will focus on catering for the commercial needs of its **retail banking customers** in Vienna, its **corporate banking** customers in Vienna and Lower Austria and the *Raiffeisen Banks in Lower Austria*.

Close and fruitful cooperation with *Raiffeisen Holding NÖ-Wien* and other Group-members is of special importance to the RLB NÖ-Wien Group. In addition, it will continue to step up its close cooperation with the **RZB Group** and its collaboration with the *Centrope* banks in the Czech Republic, Hungary and Slovakia, which neighbour Austria. This combination of activities should enable it to record steady and sustainable growth.

The selective increase in the Group's assets will continue. It will be achieved by systematically implementing key initiatives in the marketplace. These will include, in particular, the Group's *Wien erobern (conquering Vienna)* and *Centrope* projects and its equity investment activities. Reflecting a weaker economy, the growth of earnings from customer business will slow somewhat. However, cost discipline will do much to reinforce the

Group's results. The Treasury Department's overriding goal will be to stabilize its earnings. However, valuation gains and losses are hard to predict. Combined with highly volatile markets, this will prove particularly challenging.

In all, we believe that we will be able to surpass our good results in 2007.

## RISK ASSESSMENT FOR THE SECOND HALF OF 2008

The first signs of a weakening economy could increase the risk costs associated with customer business compared with the first half. The continuing financial markets crisis and the associated uncertainty in the marketplace make it hard to predict valuation gains and losses during the second half.

Overall, our ongoing risk monitoring and risk assessment activities have not revealed any signs of risks in addition to those mentioned above that are likely to materially affect the RLB NÖ-Wien Group's development.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRSs

## A. INCOME STATEMENT

€'000	NOTE	1/1 – 30/6 2008	1/1 – 30/6 2007 <sup>1</sup>
Interest income	(1)	424,769	334,511
Interest expense	(1)	(361,981)	(260,828)
<b>Net interest income</b>	<b>(1)</b>	<b>62,788</b>	<b>73,683</b>
Impairment losses on loans and advances and other credit risk provisions	(2)	(13,419)	(21,451)
<b>Net interest income after impairment losses on loans and advances and other credit risk provisions</b>		<b>49,369</b>	<b>52,232</b>
Commission income	(3)	45,935	51,140
Commission expense	(3)	(13,337)	(15,230)
<b>Net commission income</b>	<b>(3)</b>	<b>32,598</b>	<b>35,910</b>
Net trading income	(4)	(6,708)	7,236
Profit from investments accounted for using the equity method		266,939	150,787
Profit/(loss) from financial investments	(5)	(26,798)	8,908
General administrative expenses	(6)	(79,932)	(76,478)
Other operating profit/(loss)	(7)	(5,042)	23,146
<b>Profit for the period before tax</b>		<b>230,426</b>	<b>201,741</b>
Income tax		5,463	(3,726)
<b>Profit for the period after tax</b>		<b>235,889</b>	<b>198,015</b>
Minority interests in profit		(12)	(5)
<b>CONSOLIDATED PROFIT FOR THE PERIOD</b>		<b>235,877</b>	<b>198,010</b>
		1/1 – 30/6 2008	1/1 – 30/6 2007
Consolidated profit for the period, €'000		235,877	198,010
Number of ordinary shares in issue		1,991,973	1,991,973
<b>Undiluted earnings per share</b>		<b>118.41</b>	<b>99.40</b>

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

<sup>1</sup> 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.

## B. BALANCE SHEET

ASSETS, €'000	NOTE(S)	30/6/2008	31/12/2007
Cash and balances with the central bank		37,847	47,146
Loans and advances to other banks	(9, 26)	7,569,076	5,295,082
Loans and advances to customers	(10, 26)	7,496,218	6,883,089
Impairment provision balance	(11, 26)	(240,208)	(239,332)
Trading assets	(12, 26)	1,680,143	1,152,770
Other current financial assets	(13, 26)	2,904,596	1,996,264
Financial investments	(14, 26)	2,206,033	2,073,650
Investments accounted for using the equity method		2,145,652	1,776,250
Intangible assets	(15)	3,637	3,775
Property and equipment	(16)	9,096	9,749
Other assets	(17, 26)	783,275	555,239
<b>Total assets</b>		<b>24,595,365</b>	<b>19,553,682</b>

EQUITY AND LIABILITIES, €'000	NOTE(S)	30/6/2008	31/12/2007 <sup>1</sup>
Deposits from other banks	(18, 26)	9,292,070	7,459,808
Deposits from customers	(19, 26)	6,796,320	5,521,283
Liabilities evidenced by paper	(20, 26, 27)	3,174,353	2,744,260
Trading liabilities	(21, 26)	1,486,715	666,486
Other liabilities	(22, 26)	982,024	604,091
Provisions	(23, 26)	60,096	67,598
Subordinated debt capital	(24, 27)	653,302	590,022
Equity	(25)	2,150,485	1,900,134
Attributable to equity holders of the parent		1,914,536	1,900,071
Consolidated profit for the period <sup>2</sup>		235,877	0
Minority interests		72	63
<b>Total equity and liabilities</b>		<b>24,595,365</b>	<b>19,553,682</b>

<sup>1</sup> 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.

<sup>2</sup> Because of the profit-transfer agreement in place with *Raiffeisen-Holding NÖ-Wien*, the principal equity holder of *RLB NÖ-Wien AG*, profit for the year ended 31 December remaining after the transfer to the contractually provided reserves was transferred to *Raiffeisen-Holding NÖ-Wien*.

## C. STATEMENT OF CHANGES IN EQUITY <sup>1</sup>

€'000	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	CONSOLIDATED PROFIT FOR THE PERIOD	MINORITIES	TOTAL
<b>Equity at 1 January 2008</b>	<b>199,197</b>	<b>181,701</b>	<b>173,214</b>	<b>0</b>	<b>0</b>	<b>554,112</b>
Effect of measuring deferred taxes applying a corporation tax rate of 25 per cent			0			0
<b>Equity at 1 January 2008, restated</b>	<b>199,197</b>	<b>181,701</b>	<b>173,214</b>	<b>0</b>	<b>0</b>	<b>554,112</b>
Comprehensive income				386,143	12	386,155
Dividend payments					0	0
<b>Equity at 30 June 2008</b>	<b>199,197</b>	<b>181,701</b>	<b>173,214</b>	<b>386,143</b>	<b>12</b>	<b>940,267</b>

€'000	SUBSCRIBED CAPITAL	CAPITAL RESERVES	RETAINED EARNINGS	CONSOLIDATED PROFIT FOR THE PERIOD	MINORITIES	TOTAL
<b>Equity at 1 January 2007</b>	<b>199,197</b>	<b>181,701</b>	<b>1,280,165</b>	<b>0</b>	<b>56</b>	<b>1,661,119</b>
Effect of measuring deferred taxes applying a corporation tax rate of 25 per cent			(13,341)			(13,341)
<b>Equity at 1 January 2007, restated</b>	<b>199,197</b>	<b>181,701</b>	<b>1,266,824</b>	<b>0</b>	<b>56</b>	<b>1,647,778</b>
Comprehensive income				205,458	10	205,468
Dividend payments					(5)	(5)
<b>Equity at 30 June 2007</b>	<b>199,197</b>	<b>181,701</b>	<b>1,266,824</b>	<b>205,458</b>	<b>61</b>	<b>1,853,241</b>

<sup>1</sup> 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.

### Comprehensive income

€'000	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		MINORITY INTERESTS	
	1/1 – 30/6 2008	1/1 – 30/6 2007	1/1 – 30/6 2008	1/1 – 30/6 2007
Consolidated profit for the period	235,877	198,010	12	5
Cash flow hedge reserve	207,602	(3,936)	0	0
Available-for-sale reserve	0	(1,454)	0	1
Enterprise's interest in changes in the equity of the entities accounted for using the equity method not recognized in the Income Statement	(36,314)	11,236	0	0
Deferred taxes	(21,750)	1,606	0	0
Other changes	728	(4)	0	4
<b>Comprehensive income</b>	<b>386,143</b>	<b>205,458</b>	<b>12</b>	<b>10</b>

### D. CASH FLOW STATEMENT

€'000	1/1 – 30/6 2008	1/1 – 30/6 2007
<b>Cash and cash equivalents at end of previous period</b>	<b>47,146</b>	<b>43,745</b>
Net cash from/(used in) operating activities	307,119	(78,314)
Net cash from/(used in) investing activities	(379,687)	51,517
Net cash from financing activities	63,280	20,710
Effect of exchange rate changes	(11)	(8)
<b>Cash and cash equivalents at end of period</b>	<b>37,847</b>	<b>37,650</b>

## E. NOTES

### Recognition and measurement

The Consolidated Financial Statements of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG (RLB NÖ-Wien) were prepared in accordance with the International Financial Reporting Standards (IFRSs) published by the International Accounting Standards Board (IASB) inclusive of the applicable interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. This Interim Report as of and for the six months ended 30 June 2008 complies with the IFRS provisions collected together in IAS 34 laying down the minimum components of an interim financial report and identifying the accounting recognition and measurement principles that should be applied in an interim financial report. With the exception of the new requirements in IFRIC 12, IFRIC 13 and IFRIC 14, the same recognition and measurement principles were applied as in the Consolidated Financial Statements as of and for the 12 months ended 31 December 2007. Because of the application of IFRS 7 since 2007, interest and dividend income and the funding costs of securities held for trading were recognized in the line item *Net interest income*. As income from these securities was recognized in the line item *Net trading income* in the 2007 Interim Report, the comparative figures in this Interim Report have been restated accordingly.

Previously, the RLB NÖ-Wien Group applied the rate of assessment laid down in the *Gruppenbesteuerungsvertrag* (group taxation agreement) when measuring deferred tax assets and liabilities. 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. Consequently, on the Opening Balance Sheet as of 1 January 2007, deferred tax liabilities were adjusted by the amount of €13,341 thousand. Otherwise, the new provisions did not have any effect for interim reporting purposes.

Unless specifically stated otherwise with respect to the item in question, figures are stated in thousands of euros.

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

NUMBER OF ENTERPRISES	CONSOLIDATED		EQUITY METHOD	
	1/1 – 30/6 2008	1/1 – 31/12 2007	1/1 – 30/6 2008	1/1 – 31/12 2007
At beginning of reporting period	14	14	1	1
Included for the first time in the period under review	2	0	4	0
<b>At end of reporting period</b>	<b>16</b>	<b>14</b>	<b>5</b>	<b>1</b>

On the grounds of materiality, *Acceptia Holding GmbH*, registered in Vienna, and *VAKS – Veranstaltungskartenservice Ges.m.b.H.*, registered in Vienna, have been accounted for as consolidated subsidiaries in the Consolidated Financial Statements since 1 January 2008.

The *Centrope* banks — *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 entities accounted for using the equity method as of 1 January 2008. The RLB NÖ-Wien Group holds stakes of 24 per cent in *Raiffeisenbank a.s.* and *eBanka, a.s.*, an indirect stake of 16.23 per cent in *Raiffeisen Bank, Zrt* via *Raiffeisen-RBHU Holding GmbH* and a stake of 12.57 per cent in *Tatra banka a.s.* The merger of *Raiffeisenbank a.s.* and *eBanka, a.s.* in the Czech Republic will be completed in the second half of 2008. From that time, both banks will operate under the shared name and brand *Raiffeisenbank a.s.* The Group has a significant influence over the *Centrope* banks for the purposes of IAS 28. Negative goodwill of €113.8 million has been recognized in the line item *Profit from investments accounted for using the equity method* as a one-off effect of the transition from the former measurement of these investments at cost (as available-for-sale assets) to accounting for them using the equity method.

During the period under review, neither business combinations nor restructurings took place and no business operations were discontinued.

During the first half of 2008, no special seasonal factors arose and no business transactions of an unusual kind, scope or frequency took place that could have materially

affected the Group's assets or financial position or the results of its operations.

The financial markets crisis, oil price shock, increase in commodity prices and appreciation of the euro also weakened the Austria economy. RLB NÖ-Wien too was unable to isolate itself totally from these global developments. In particular, the prevailing turbulence created special challenges for the financial markets segment.

No material events occurred between the end of the interim reporting period and the time of preparation of the Interim Report that were not reflected in the Interim Report.

On the reporting date, there were no pending legal disputes whose outcome might threaten the enterprise's continued existence.

Following the Annual General Meeting held on 30 April 2008, the amount of €63.85 million was paid to *RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (Raiffeisen-Holding NÖ-Wien)*, the parent of RLB NÖ-Wien, under the current profit transfer agreement.

The Interim Report was reviewed by an auditor. The report on the auditor's review is reproduced in full in this publication.



## DETAILS OF THE INCOME STATEMENT

### (1) Net interest income

€'000	1/1 – 30/6 2008	1/1 – 30/6 2007 <sup>1</sup>
<b>Interest income</b>	<b>417,384</b>	<b>316,414</b>
from loans and advances to other banks	123,431	82,779
from loans and advances to customers	188,609	146,264
from other current financial assets	47,761	31,492
from trading assets	7,155	2,591
from financial investments	33,423	29,901
from derivative financial instruments	17,001	23,374
Other	4	13
<b>Current income</b>	<b>7,385</b>	<b>18,097</b>
from shares	5,840	5,241
from equity investments in subsidiaries	7	0
from other equity investments	1,538	12,856
<b>Total interest and similar income</b>	<b>424,769</b>	<b>334,511</b>
<b>Interest expense</b>	<b>(361,981)</b>	<b>(260,828)</b>
on deposits from other banks	(170,053)	(108,937)
on deposits from customers	(111,292)	(66,158)
on liabilities evidenced by paper	(58,564)	(68,207)
on subordinated debt capital	(13,498)	(12,074)
arising from derivative financial instruments	(8,540)	(5,427)
Other	(34)	(25)
<b>Total interest expense and similar charges</b>	<b>(361,981)</b>	<b>(260,828)</b>
<b>Net interest income</b>	<b>62,788</b>	<b>73,683</b>

In the first half of 2007, *Current income from other equity investments* included dividend income of €10.8 million from the *Centrope* banks, these being *Raiffeisenbank a.s.* (Czech Republic), *eBanka, a.s.* (Czech Republic), *Tatra banka a.s.* (Slovakia) and *Raiffeisen Bank, Zrt* (Hungary). Since 1 January 2008, these equity investments within the RLB NÖ-Wien Group 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 the first half of 2008.

<sup>1</sup> Because of the application of IFRS 7 since 2007, interest and dividend income and the funding costs of securities held for trading were recognized in the line item *Net interest income*. As income from these securities was recognized in the line item *Net trading income* in the 2007 Interim Report, the comparative figures in this Interim Report have been restated accordingly.

## (2) Impairment losses on loans and advances and other credit risk provisions

€'000	1/1 – 30/6 2008	1/1 – 30/6 2007
Added to the impairment provision	(46,877)	(33,317)
Released from the impairment provision	32,494	11,539
Direct write-offs	(441)	(240)
Recoveries of loans and advances previously written off	1,405	567
<b>Total</b>	<b>(13,419)</b>	<b>(21,451)</b>

## (3) Net commission income

€'000	1/1 – 30/6 2008	1/1 – 30/6 2007
Payment transfers	7,111	6,045
Credit and guarantee operations	2,297	2,313
Securities operations	14,889	19,648
Foreign exchange, notes-and-coin and precious-metals operations	2,734	2,224
Other banking services	5,567	5,680
<b>Total</b>	<b>32,598</b>	<b>35,910</b>

## (4) Net trading income

€'000	1/1 – 30/6 2008	1/1 – 30/6 2007 <sup>1</sup>
Interest rate contracts	(6,537)	1,252
Currency contracts	(3,663)	2,786
Equity and index contracts	2,663	2,972
Other contracts	829	226
<b>Total</b>	<b>(6,708)</b>	<b>7,236</b>

<sup>1</sup> Because of the application of IFRS 7 since 2007, interest and dividend income and the funding costs of securities held for trading were recognized in the line item *Net interest income*. As income from these securities was recognized in the line item *Net trading income* in the 2007 Interim Report, the comparative figures in this Interim Report have been restated accordingly.

**(5) Profit/(loss) from financial investments**

€'000	1/1 – 30/6 2008	1/1 – 30/6 2007
Profit/(loss) from financial investments classified as held-to-maturity	(1,058)	(219)
Profit/(loss) from financial investments classified as available for sale, measured at fair value	(313)	4,399
Profit/(loss) from financial investments classified as available for sale, measured at cost	1,984	21
Profit/(loss) from unlisted securities recognized as receivables and classified as loans and receivables	(1,062)	0
Profit/(loss) from financial instruments designated as at fair value through profit or loss	(26,339)	6,890
Profit/(loss) from liabilities measured at cost	(10)	(2,183)
<b>Total</b>	<b>(26,798)</b>	<b>8,908</b>

**(6) General administrative expenses**

€'000	1/1 – 30/6 2008	1/1 – 30/6 2007
Staff costs	(44,927)	(41,902)
Other administrative expenses	(33,494)	(32,896)
Depreciation/amortization/write-offs of property and equipment and intangible assets	(1,511)	(1,680)
<b>Total</b>	<b>(79,932)</b>	<b>(76,478)</b>

**(7) Other operating profit**

€'000	1/1 – 30/6 2008	1/1 – 30/6 2007
Effect of hedge accounting	(1,459)	169
Profit/(loss) from other derivatives	(10,256)	16,518
Other operating income	7,306	6,834
Other operating expenses	(633)	(375)
<b>Total</b>	<b>(5,042)</b>	<b>23,146</b>

**(8) Segment breakdown**<sup>1, 2</sup>

1/1 – 30/6/2008						
€'000	RETAIL BANKING	CORPORATE CUSTOMERS	FINANCIAL MARKETS	INVESTMENTS	MANAGE- MENT SERVICE	TOTAL
Net interest income	36,120	40,668	2,776	(19,839)	3,063	62,788
Impairment losses on loans and advances and other credit risk provisions	(3,971)	(9,448)	0	0	0	(13,419)
Net interest income after impairment losses on loans and advances and other credit risk provisions	32,149	31,220	2,776	(19,839)	3,063	49,369
Net commission income	17,582	8,456	1,081	(779)	6,258	32,598
Net trading income	1,731	1,643	(11,591)	(10)	1,519	(6,708)
Profit from investments accounted for using the equity method	0	0	0	266,939	0	266,939
Profit/(loss) from financial investments	0	(2,112)	(20,527)	881	(5,040)	(26,798)
General administrative expenses	(42,402)	(14,952)	(4,754)	(959)	(16,865)	(79,932)
Other operating profit/(loss)	949	886	(2,809)	(9,594)	5,526	(5,042)
<b>Profit/(loss) for the period before tax</b>	<b>10,009</b>	<b>25,141</b>	<b>(35,824)</b>	<b>236,639</b>	<b>(5,539)</b>	<b>230,426</b>
Average risk-weighted assets, €m	1,202	6,210	2,011	1,046	287	10,756
Average allocated equity, €m	97	502	162	1,302	23	2,086
Return on equity before tax, %	20.6%	10.0%	—	27.6%	—	16.6%
Cost/income ratio, %	75.2%	28.9%	—	0.4%	—	22.8%

<sup>1</sup> See page 12 of this Interim Group Management Report: *Segment Report for the First Half of 2008*.

<sup>2</sup> Because of the application of IFRS 7 since 2007, interest and dividend income and the funding costs of securities held for trading were recognized in the line item *Net interest income*. As income from these securities was recognized in the line item *Net trading income* in the 2007 Interim Report, the comparative figures in this Interim Report have been restated accordingly. 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.

1/1 – 30/6/2007

€'000	RETAIL BANKING	CORPORATE CUSTOMERS	FINANCIAL MARKETS	INVESTMENTS	MANAGE- MENT SERVICE	TOTAL
Net interest income	35,417	37,114	4,129	(5,707)	2,730	73,683
Impairment losses on loans and advances and other credit risk provisions	(4,316)	(17,135)	0	0	0	(21,451)
Net interest income after impairment losses on loans and advances and other credit risk provisions	31,101	19,979	4,129	(5,707)	2,730	52,232
Net commission income	19,469	7,352	1,402	(688)	8,375	35,910
Net trading income	1,773	1,452	2,240	593	1,178	7,236
Profit from investments accounted for using the equity method	0	0	0	150,787	0	150,787
Profit/(loss) from financial investments	0	4,410	4,661	(163)	0	8,908
General administrative expenses	(39,701)	(14,310)	(4,094)	(1,005)	(17,368)	(76,478)
Other operating profit	740	2,564	14,423	28	5,391	23,146
<b>Profit for the period before tax</b>	<b>13,382</b>	<b>21,447</b>	<b>22,761</b>	<b>143,845</b>	<b>306</b>	<b>201,741</b>
Average risk-weighted assets, €m	1,119	4,738	1,295	863	291	8,306
Average allocated equity, €m	116	491	134	1,079	30	1,850
Return on equity before tax, %	23.1%	8.7%	33.9%	26.7%	2.1%	21.8%
Cost/income ratio, %	69.2%	29.5%	18.4%	0.7%	98.3%	26.3%

## DETAILS OF THE BALANCE SHEET

### (9) Loans and advances to other banks

€'000	30/6/2008	31/12/2007
Demand deposits	1,237,411	750,335
Time deposits	4,567,104	2,790,038
Other loans and advances	1,671,766	1,680,691
Debt instruments	31,566	31,612
Other	61,229	42,406
<b>Total</b>	<b>7,569,076</b>	<b>5,295,082</b>

### (10) Loans and advances to customers

€'000	30/6/2008	31/12/2007
Giro and current accounts	1,194,352	1,094,855
Cash advances	1,007,258	758,995
Loans	5,245,928	4,989,465
Debt instruments	24,533	8,642
Other	24,147	31,132
<b>Total</b>	<b>7,496,218</b>	<b>6,883,089</b>

### (11) Impairment provision balance

2008 €'000	AT 1 JANUARY	ADDED	RELEASED	USED	AT 30 JUNE
Counterparty risks	239,332	45,917	(30,461)	(14,580)	240,208
Loans and advances to customers	239,332	45,917	(30,461)	(14,580)	240,208
Loan loss provisions <sup>1</sup>	239,332	45,917	(30,461)	(14,580)	240,208
Risks arising from off-balance-sheet liabilities <sup>2</sup>	10,098	960	(2,016)	0	9,042
<b>Total</b>	<b>249,430</b>	<b>46,877</b>	<b>(32,477)</b>	<b>(14,580)</b>	<b>249,250</b>

<sup>1</sup> Loan loss provisions were reported on the Balance Sheet in the line item *Impairment provision balance*.

<sup>2</sup> Risks arising from off-balance-sheet liabilities were reported on the Balance Sheet in the line item *Provisions*.

2007 €'000	AT 1 JANUARY	ADDED	RELEASED	USED	AT 30 JUNE
Counterparty risks	250,408	33,317	(11,502)	(34,388)	237,835
Loans and advances to customers	250,408	33,317	(11,502)	(34,388)	237,835
Loan loss provisions <sup>1</sup>	250,408	33,317	(11,502)	(34,388)	237,835
Risks arising from off-balance-sheet liabilities <sup>2</sup>	10,773	5	(37)	0	10,741
<b>Total</b>	<b>261,181</b>	<b>33,322</b>	<b>(11,539)</b>	<b>(34,388)</b>	<b>248,576</b>

## (12) Trading assets

€'000	30/6/2008	31/12/2007
Bonds and other fixed-interest securities	219,979	463,969
Shares and other variable-rate securities	8,314	30,691
Positive fair values of derivative contracts	910,092	263,066
Accruals arising from derivatives	541,758	395,044
<b>Total</b>	<b>1,680,143</b>	<b>1,152,770</b>

## (13) Other current financial assets

€'000	30/6/2008	31/12/2007
<b>Bonds and other fixed-interest securities</b>	<b>2,457,632</b>	<b>1,651,064</b>
Designated as at fair value through profit or loss	2,457,632	1,651,064
<b>Shares and other variable-rate securities</b>	<b>446,964</b>	<b>345,200</b>
Designated as at fair value through profit or loss	446,964	345,200
<b>Total</b>	<b>2,904,596</b>	<b>1,996,264</b>

<sup>1</sup> Loan loss provisions were reported on the Balance Sheet in the line item *Impairment provision balance*.

<sup>2</sup> Risks arising from off-balance-sheet liabilities were reported on the Balance Sheet in the line item *Provisions*.

**(14) Financial investments**

€'000	30/6/2008	31/12/2007
<b>Bonds and other fixed-interest securities</b>	<b>1,884,809</b>	<b>1,709,931</b>
Classified as held-to-maturity	1,874,734	1,678,143
Classified as available for sale, measured at fair value	10,075	31,788
<b>Shares and other variable-rate securities</b>	<b>220,342</b>	<b>101,239</b>
Classified as available for sale, measured at fair value	196,642	72,539
Classified as available for sale, measured at cost	23,700	28,700
<b>Equity investments</b>	<b>100,882</b>	<b>262,480</b>
Classified as available for sale, measured at fair value	36,470	15,648
Classified as available for sale, measured at cost <sup>1</sup>	64,412	246,832
<b>Total</b>	<b>2,206,033</b>	<b>2,073,650</b>

**(15) Intangible assets**

€'000	30/6/2008	31/12/2007
Other intangible assets	3,637	3,775
<b>Total</b>	<b>3,637</b>	<b>3,775</b>

**(16) Property and equipment**

€'000	30/6/2008	31/12/2007
Land and buildings used by the Group for its own operations	721	747
Other property and equipment	8,375	9,002
<b>Total</b>	<b>9,096</b>	<b>9,749</b>

<sup>1</sup> Includes so-called *Partizipationsscheine* (participation certificates) issued by *Raiffeisen-Holding NÖ-Wien* in the amount of €277 thousand (previous year: €277 thousand).



**(17) Other assets**

€'000	30/6/2008	31/12/2007
Tax assets	2,508	2,015
Positive fair values of derivative hedging instruments in fair value hedges	26,610	17,984
Positive fair values of derivative hedging instruments in cash flow hedges	21,707	22,579
Positive fair values of derivative financial instruments designated as at fair value through profit or loss	31,130	14,023
Positive fair values of other derivative financial instruments	323,502	153,512
Interest accruals arising from derivative financial instruments	229,505	232,787
Other assets	148,313	112,339
<b>Total</b>	<b>783,275</b>	<b>555,239</b>

**(18) Deposits from other banks**

€'000	30/6/2008	31/12/2007
Demand deposits	4,855,973	2,801,001
Time deposits	3,890,214	4,191,606
Borrowed funds	545,883	467,201
<b>Total</b>	<b>9,292,070</b>	<b>7,459,808</b>

**(19) Deposits from customers**

€'000	30/6/2008	31/12/2007
Sight deposits	2,420,016	2,253,797
Time deposits	2,457,574	1,489,533
Savings deposits	1,918,730	1,777,953
<b>Total</b>	<b>6,796,320</b>	<b>5,521,283</b>

**(20) Liabilities evidenced by paper**

€'000	30/6/2008	31/12/2007
Issued bonds	2,561,646	2,189,804
Other liabilities evidenced by paper	612,707	554,456
<b>Total</b>	<b>3,174,353</b>	<b>2,744,260</b>

**(21) Trading liabilities**

€'000	30/6/2008	31/12/2007
Negative fair values of derivative contracts	937,406	268,590
Accruals arising from derivatives	549,309	397,896
<b>Total</b>	<b>1,486,715</b>	<b>666,486</b>

**(22) Other liabilities**

€'000	30/6/2008	31/12/2007
Tax liabilities	15,412	13,050
Negative fair values of derivative hedging instruments in fair value hedges	124,908	88,184
Negative fair values of derivative hedging instruments in cash flow hedges	18,524	19,955
Negative fair values of derivative financial instruments designated as at fair value through profit or loss	1,584	6,189
Negative fair values of other derivative financial instruments	338,818	142,063
Interest accruals arising from derivative financial instruments	222,196	203,413
Contractual profit transfer	0	63,850
Other liabilities	260,582	67,387
<b>Total</b>	<b>982,024</b>	<b>604,091</b>

**(23) Provisions**

€'000	30/6/2008	31/12/2007 <sup>1</sup>
Termination benefits	17,967	17,184
Post-employment benefits	19,697	19,173
Jubilee benefits and part-time work by older staff	4,237	4,267
Taxes	8,245	15,875
Other	9,950	11,099
<b>Total</b>	<b>60,096</b>	<b>67,598</b>

**(24) Subordinated debt capital**

€'000	30/6/2008	31/12/2007
Measured at amortized cost	584,594	530,348
Designated as at fair value through profit or loss	68,708	59,674
<b>Total</b>	<b>653,302</b>	<b>590,022</b>

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<sup>1</sup> 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.

**(25) Equity**

€'000	30/6/2008	31/12/2007 <sup>1</sup>
<b>Attributable to equity holders of the parent</b>	<b>1,914,536</b>	<b>1,900,071</b>
Subscribed capital	199,197	199,197
Capital reserves	181,701	181,701
Retained earnings	1,533,638	1,519,173
<b>Consolidated profit for the period <sup>2</sup></b>	<b>235,877</b>	<b>0</b>
Minority interests	72	63
<b>Total</b>	<b>2,150,485</b>	<b>1,900,134</b>

<sup>1</sup> 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. Deferred taxes recognized directly in equity and not in the Income Statement in the previous year were restated accordingly.

<sup>2</sup> Because of the profit-transfer agreement in place with *Raiffeisen-Holding NÖ-Wien*, the principal equity holder of *RLB NÖ-Wien AG*, profit for the year ended 31 December remaining after the transfer to the contractually provided reserves was transferred to *Raiffeisen-Holding NÖ-Wien*.

## OTHER NOTES

### (26) Receivables from and payables 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	30/6/2008	31/12/2007
<b>Loans and advances to other banks</b>		
Parent	1,328,253	1,196,038
Entities accounted for using the equity method	2,021,302	1,638,761
Associates (not accounted for using the equity method)	6,619	6,604
Other equity investments	440	20,224
<b>Loans and advances to customers</b>		
Entities related via the parent	146,777	143,248
Non-consolidated subsidiaries	12,023	11,766
Associates (not accounted for using the equity method)	9,888	12,425
Other equity investments	438	481
<b>Impairment provisions</b>		
Non-consolidated subsidiaries	(2,133)	(1,133)
<b>Trading assets</b>		
Parent	2,431	246
Entities accounted for using the equity method	83,214	111,363
Other equity investments	14,872	38,521
<b>Other current financial assets</b>		
Entities accounted for using the equity method	264,303	17,924
Other equity investments	338,661	158,420
<b>Financial investments</b>		
Parent	277	277
Entities accounted for using the equity method	8,430	7,879
Other equity investments	55,458	228
<b>Other assets</b>		
Parent	32,230	34,207
Entities accounted for using the equity method	57,867	4,703
Associates (not accounted for using the equity method)	0	2

€'000	30/6/2008	31/12/2007
<b>Deposits from other banks</b>		
Parent	117,592	5,183
Entities accounted for using the equity method	1,096,000	44,632
Other equity investments	1,965,958	2,708,280
<b>Deposits from customers</b>		
Entities related via the parent	178,001	283,544
Non-consolidated subsidiaries	8,145	2,732
Associates (not accounted for using the equity method)	6,788	4,236
Other equity investments	2,961	1,936
<b>Liabilities evidenced by paper</b>		
Non-consolidated subsidiaries	145	0
Entities accounted for using the equity method	9,847	12,787
Other equity investments	1,000	156
<b>Trading liabilities</b>		
Parent	32,314	7,037
Entities accounted for using the equity method	2,182	0
<b>Other liabilities</b>		
Parent	9,526	73,633
Entities related via the parent	87	84
Entities accounted for using the equity method	20,754	3,812
Associates (not accounted for using the equity method)	411	339
<b>Provisions</b>		
Parent	4,158	4,013
Entities related via the parent	0	84
Other equity investments	3	3
<b>Subordinated debt capital</b>		
Entities related via the parent	34,889	0
Entities accounted for using the equity method	43,154	49,137
Other equity investments	40,365	55,818

€'000	30/6/2008	31/12/2007
<b>Contingent liabilities</b>		
Parent	7,000	7,000
Entities related via the parent	9,693	9,817
Non-consolidated subsidiaries	41	41
Associates (not accounted for using the equity method)	292	292
Other equity investments	33,246	22,814

*RLB NÖ-Wien AG*'s parent is *Raiffeisen-Holding NÖ-Wien*. Business relations between *RLB NÖ-Wien* and *Raiffeisen-Holding NÖ-Wien* mainly involved the financing 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 AG*, members of the management of *Raiffeisen-Holding NÖ-Wien* and their relatives as related parties for the purposes of IAS 24 were not disclosed. Those business relations did not have any material effects on the Consolidated Financial Statements.

## (27) Issuances, redemptions and repurchases of bonds

€'000	2008	2007
At 1 January	3,334,282	3,142,627
Issuances	860,658	729,355
Redemptions	(288,494)	(313,121)
Repurchases	(41,285)	(41,024)
Valuation gains and losses, interest accruals	(37,506)	4,782
<b>At 30 June</b>	<b>3,827,655</b>	<b>3,522,619</b>

## (28) Contingent liabilities and other off-balance-sheet items

€'000	30/6/2008	31/12/2007
Contingent liabilities	764,816	770,786
Commitments	5,122,761	5,479,180

## (29) 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 the *RLB NÖ-Wien Group's* own funds within the meaning of BWG is therefore provided for informational purposes only. Calculations were carried out in accordance with the applicable provisions of *BWG 1993/Novelle 2006* (Basel II). The figures as at 31 December 2007 were based on Basel I and, therefore, were calculated on a non-comparable basis.

€'000	RLB NÖ-WIEN GROUP 30/6/2008 BASEL II	RLB NÖ-WIEN GROUP 31/12/2007 BASEL I
<b>Make-up of eligible own funds for the purposes of § 24 BWG</b>		
<b>1. Core capital</b>		
Subscribed capital (minus treasury shares)	198,921	198,920
Disclosed reserves and minority interests	618,053	617,210
Deduction of intangible assets	(3,638)	(3,775)
<b>Total core capital (Tier 1)</b>	<b>813,336</b>	<b>812,355</b>
<b>Core capital ratio</b>	<b>7.27</b>	<b>8.67</b>
<b>2. Supplementary own funds (Tier 2)</b>		
Eligible supplementary capital bonds	301,577	267,667
Hidden reserves	25,000	25,000
Subordinated bonds (supplementary capital with term to maturity below 3 years)	258,385	212,721
<b>Total supplementary own funds (Tier 2)</b>	<b>584,962</b>	<b>505,388</b>
<b>3. Deductions</b>		
Deduction in respect of interests of more than 10 per cent held in banks and other financial institutions	240,516	223,968
Deduction in respect of interests of up to 10 per cent held in banks and other financial institutions	0	0
<b>Eligible supplementary own funds after deductions</b>	<b>1,157,782</b>	<b>1,093,775</b>
<b>3. Tier 3 capital (since 1 January 1998)</b>		
Tier 2 capital available for reclassification as Tier 3 capital	49,739	60,823
<b>Total Tier 3 capital</b>	<b>49,739</b>	<b>60,823</b>
<b>Total own funds</b>	<b>1,207,521</b>	<b>1,154,598</b>
<b>Own funds ratio</b>	<b>10.35</b>	<b>11.68</b>

The core capital 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. The figures as at 31 December 2007 were based on Basel I and were restructured to conform to the new format.

€'000	RLB NÖ-WIEN GROUP 30/6/2008 BASEL II	RLB NÖ-WIEN GROUP 31/12/2007 BASEL I
<b>Own funds requirement</b>		
Credit risk under <i>§ 22 Abs. 2 BWG</i>	894,940	749,463
Trading book under <i>§ 22 o Abs. 2 BWG</i>	49,739	60,823
Operational risk under <i>§ 22 k BWG</i>	39,152	0
"Qualified" equity investments under <i>§ 29 Abs. 4 BWG</i>	0	0
<b>Total own funds requirement</b>	<b>983,831</b>	<b>810,286</b>
<b>Surplus own funds</b>	<b>223,690</b>	<b>344,312</b>
<b>Surplus own funds ratio, %</b>	<b>22.74</b>	<b>42.49</b>
<b>Basis of assessment for credit risk under <i>§ 22 Abs 2 BWG</i></b>	<b>11,186,750</b>	<b>9,368,285</b>

### (30) Average number of staff

The average number of staff employed during the period under review broke down as follows.

	1/1 – 30/6 2008	1/1 – 30/6 2007
White collar	1,156.57	1,102.54
Blue collar	0.00	0.00
<b>Total</b>	<b>1,156.57</b>	<b>1,102.54</b>

# DECLARATION BY THE MANAGING BOARD

The Managing Board of the *RLB NÖ-Wien AG* prepared these Condensed Consolidated Interim Financial Statements as of and for the six months ended 30 June 2008 in accordance with the provisions of the International Financial Reporting Standards (IFRSs) as adopted by the European Union on 25 August 2008. In addition, it prepared an Interim Group Management Report. The requirements regarding interim financial reporting have thus been satisfied for the purposes of *§ 87 Börsegesetz* (Austrian stock exchange act).

The undersigned legal representatives of *RLB NÖ-Wien AG* confirm that, to the best of their knowledge, the Condensed Consolidated Interim Financial Statements as of and for the six months ended 30 June 2008 prepared in accordance with the applicable financial reporting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group and that the Interim Group Management Report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the RLB NÖ-Wien Group with respect to important events occurring during the first six months of the financial year and their impact on the Condensed Consolidated Interim Financial Statements as of and for the six months ended 30 June 2008 and with respect to the principal risks and uncertainties for the remaining six months of the financial year.

Vienna  
25 August 2008

The Managing Board

CEO  
Erwin HAMESEDER (in his own hand)

Deputy CEO  
Robert GRUBER (in his own hand)

Member  
Georg KRAFT-KINZ (in his own hand)

Member  
Gerhard REHOR (in his own hand)

Member  
Michael RAB (in his own hand)

# REPORT ON THE AUDITOR'S REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS [TRANSLATION]

## Introduction

I have reviewed the attached Condensed Consolidated Interim Financial Statements of *Raiffeisenlandesbank Niederösterreich-Wien AG* for the period from 1 January to 30 June 2008. The Condensed Consolidated Interim Financial Statements comprise the Condensed Consolidated Balance Sheet as at 30 June 2008, the Condensed Consolidated Income Statement, the Condensed Consolidated Cash Flow Statement and the Condensed Consolidated Statement of Changes in Equity for the first half of 2008 as well as the Notes, which summarize the material recognition and measurement policies and contain other explanatory notes.

The Company's Management is responsible for the preparation of these Condensed Consolidated Interim Financial Statements in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU.

My responsibility is to express a conclusion in summary on these Condensed Consolidated Interim Financial Statements based on my review.

## Scope of the review

I conducted my review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information. Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope and encompasses less evidence than an audit conducted in accordance with national and international auditing standards and consequently does not enable me to obtain assurance that I am aware of all significant matters that might be identified in an audit. Accordingly, I am not expressing an audit opinion.

My review did not cover the comparative figures for the six months of the previous year ended 30 June 2007.

## Results of the review

Based on my review, I am not aware of any matters that would lead me to conclude that the attached Condensed Consolidated Interim Financial Statements were not, in all material respects, prepared in accordance with the International Financial Reporting Standards as adopted by the EU.

**Opinion on the Interim Group Management Report and Declaration by Management pursuant to § 87 BörseG.**

I have read the Interim Group Management Report and assessed whether there are any obvious inconsistencies with the Condensed Consolidated Interim Financial Statements.

In my opinion, the Interim Group Management Report does not contain any obvious inconsistencies with the Condensed Consolidated Interim Financial Statements.

The Interim Financial Report contains the Declaration by Management required by § 87 Abs 1 Z 3 BörseG.

Vienna

25 August 2008

Christian Loicht (in his own hand)

Auditor

*Österreichischer Raiffeisenverband*

Audit Department

**Publication details:****Published by:**

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**Consolidated Interim Financial Statements and Interim Group Management Report prepared in accordance with IFRSs**

Edited by: Reinhold Grossebner and Team, Accounts and Controlling, RLB NÖ-Wien

**Typesetting:**

Produced in-house using *FIRE.sys* (Michael Konrad GmbH, Frankfurt)

Translated by Adrian Weisweiller MA (Oxon), London

**Copy deadline:**

25 August 2008

The English translation of the Interim Report on the First Half of 2008 is available as a pdf file in the Internet at [www.raiffeisenbank.at/interimreport2008](http://www.raiffeisenbank.at/interimreport2008).

Enquiries should be addressed to RLB NÖ-Wien's Press Department at the above address.

**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 interim and annual 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 materially from those being predicted. No guarantee can be given that forecasts, planned figures and forward-looking statements will prove accurate. We prepared this Interim 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.