

# RAIFFEISEN- HOLDING NÖ-WIEN

## OVERVIEW 2014



Klaus Buchleitner, Chairman

Our results for the 2014 financial year were once again influenced by financial services, our most important area of business, and, consequently, by the development of earnings in the Raiffeisen Zentralbank Österreich (RZB) Group. The earnings generated by Raiffeisen Bank International AG (RBI), RZB's most important subsidiary, were substantially and negatively affected, among others, by events in Ukraine and Hungary. Due to its extensive investments in financial service companies, Raiffeisen-Holding NÖ-Wien has been subject to supervision by the European Central Bank since November 2014. The performance of our agricultural investments was also shaped by the negative economic environment during the past year. This was particularly true for AGRANA and Südzucker due to the drop in the sugar price. In the media business, which represents a comparatively small part of our portfolio, 2014 brought a slight upward trend. A major strategic step to focus the investment portfolio of Raiffeisen-Holding NÖ-Wien was the sale of the RENERGIE Group during 2014. This transaction represented an important milestone in the portfolio adjustment that began in 2012. Our real estate business area was also streamlined during the past year. Activities in 2014 concentrated primarily on the restructuring of the investment portfolio, but additional structural simplifications, above all to reduce costs and meet regulatory requirements, will also be required in 2015 and 2016.

## Corporate profile.

Raiffeisen-Holding NIEDERÖSTERREICH-WIEN reg. Gen.mBH (Raiffeisen-Holding NÖ-Wien) is one of the largest private holding companies in Austria and, as such, has a limited banking license. It holds direct and indirect investments in roughly 550 companies.

The investment portfolio covers the following business areas: financial services, industry, media and real estate. Raiffeisen-Holding NÖ-Wien views itself as a reliable, stable owner and core shareholder.

The most important business area is financial services, which includes investments in Raiffeisenlandesbank Niederösterreich-Wien AG and Raiffeisen Zentralbank Österreich AG as well as banking-related service companies. Numerous investments related to this business area form a concentrated, structured investment portfolio in different branches, which was developed with a focus on diversification. Raiffeisen-Holding NÖ-Wien is organized as a cooperative. It is owned by its 164 members, and its strongest and most important shareholders are the Lower Austrian Raiffeisen banks. The main objective of Raiffeisen-Holding NÖ-Wien is to provide its members – especially the cooperatives – with tangible and intangible support and to serve as a platform for reconciling interests and leveraging synergies. Raiffeisen-Holding NÖ-Wien also meets this support function through distributions to its members and owners. In addition, the group provides services that include human resource development, member support and advising on cooperative and technical issues.

### *Members of Raiffeisen-Holding NÖ-Wien*

As of Dec. 31, 2014

Banks	66
Raiffeisen warehouses	18
Individuals	39
Legal entities	28
Production cooperatives and other companies	13
<b>Members</b>	<b>164</b>

# Investment portfolio.

In the management of its wide-ranging investment portfolio, Raiffeisen-Holding NÖ-Wien traditionally follows a long-term, value-oriented strategy. The focus is on the continuous extension of the four business areas, instead of further diversification into other branches.

## Financial services

The investments held by Raiffeisen-Holding NÖ-Wien in banks and related services are combined under Raiffeisenlandesbank NÖ-Wien AG (RLB NÖ-Wien), which is the most important investment in the Raiffeisen-Holding NÖ-Wien portfolio (78.58%).

As a regional bank, RLB NÖ-Wien serves private and commercial customers at 50 locations throughout Vienna. RLB NÖ-Wien's activities as a commercial bank are concentrated in the eastern region of Austria. In total, RLB NÖ-Wien serves roughly 272,000 customers.

As the central institution in the group, RLB NÖ-Wien supports, advises and services the 65 independent Raiffeisen banks in Lower Austria. The Lower Austrian Raiffeisen banks form the leading banking group in this province with a 43% customer share, approx. 965,000 customers and 520 branches.

RLB NÖ-Wien is the principal shareholder of Raiffeisen Zentralbank Österreich AG (RZB) (34.74%). This investment in RZB gives RLB NÖ-

Wien a significant holding in Raiffeisen Bank International AG (RBI), which has one of the largest branch networks in Central and Eastern Europe with over 2,800 offices.

RLB NÖ-Wien further expanded its market position as a regional bank in 2014 with an increase of nearly 13% in loans and advances to approx. EUR 12.4 billion. The consolidation and restructuring measures – from the reorganization of the branch structure to the redesign of the lending process – have also brought positive effects. However, the loss recorded by RBI, had a substantial negative influence on earnings.

Increasing regulatory requirements and stagnating economic growth are generally leading to radical changes in the financial services branch. RLB NÖ-Wien is actively addressing these trends to create the foundation for its future strategic development.

## Industry

The industrial portfolio of Raiffeisen-Holding NÖ-Wien is concentrated primarily on companies in the food industry. These investments include AGRANA Beteiligungs-AG and Südzucker AG in the sugar, starch, and fruit sector, LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG in the core areas of flour & milling and vending, and NÖM AG with milk and dairy products. Another major industrial investment is STRABAG SE, one of the leading construction companies in Europe.

The companies involved in agricultural processing were confronted, in particular, with volatile raw material prices and restructuring measures as well as high write-downs in 2014. The companies in these branches will be faced with major challenges over the coming years, above all due to the sharp drop in the price of sugar and the upcoming expiration of the EU sugar regime as well as the end of the EU milk quota regime. STRABAG SE, in contrast, benefited from favourable weather and good order levels during the past year.

## Media

The media investments of Raiffeisen-Holding NÖ-Wien range from print to electronic media.

The print media holdings include investments in the KURIER daily newspaper, Mediaprint Zeitungs- und Zeitschriftenverlag GmbH & Co KG, the NEWS GmbH publishing group and Niederösterreichisches Pressehaus Druck- und Verlagsgesellschaft mbH. The electronic media investments in the portfolio include, among others, SAT.1 Privatrundfunk und Programmgesellschaft m.b.H. and Österreichische Rundfunksender GmbH & Co KG. Most of the media holdings are bundled in Medicur - Holding Gesellschaft m.b.H. (Medicur).

The media branch is currently undergoing significant changes. Advertising revenues are declining, especially in the print media, due to the still tense

## Part of the Raiffeisen Banking Group Austria

economic situation and growing digitalization. The print media investments in the portfolio are reacting to these developments by expanding their offerings. The group's cost reduction programmes and the implementation of new market and sales strategies continued during 2014 and successfully offset part of the lost advertising revenues.

### Real estate

The real estate portfolio covers approx. 70 managed property investments with approx. 208,000 sqm of total rentable space. The focus is on the management of buildings used for internal operations.

In 2014 the project "Green Worx" in 1020 Vienna, Lassallestrasse (Raiffeisen-Holding NÖ-Wien: indirect stake 50%), was sold as planned after completion. The consolidation course in this business area will also continue during 2015.

With a market share of approx. 30%, the Raiffeisen Banking Group Austria is the leading banking group in this country.

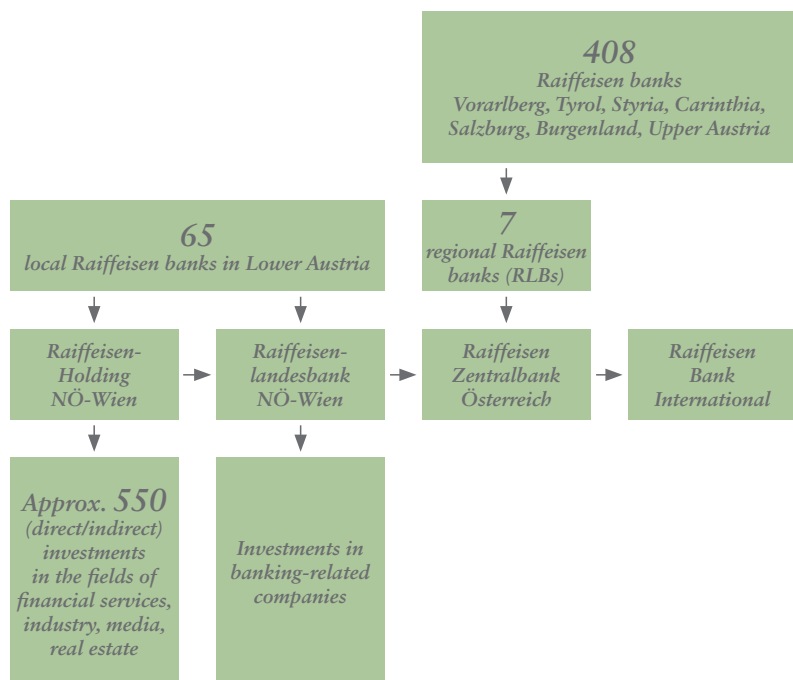
The group is organized in three tiers: the local Raiffeisen cooperative banks, the regional Raiffeisenlandesbank organizations and Raiffeisen Zentralbank Österreich AG.

The dense branch network underscores the commitment of the independent Raiffeisen banks to regional interests based on a foundation of security and trust. Nearly 1.7 million Austrians are members – and thereby co-owners – of the Raiffeisen banks.

Raiffeisen NÖ-Wien, which is a key element of the Raiffeisen Banking Group Austria, comprises Raiffeisen-Holding, RLB NÖ-Wien and the Raiffeisen banks in Lower Austria. This gives Raiffeisen NÖ-Wien a leading role in the Raiffeisen Banking Group in Austria.

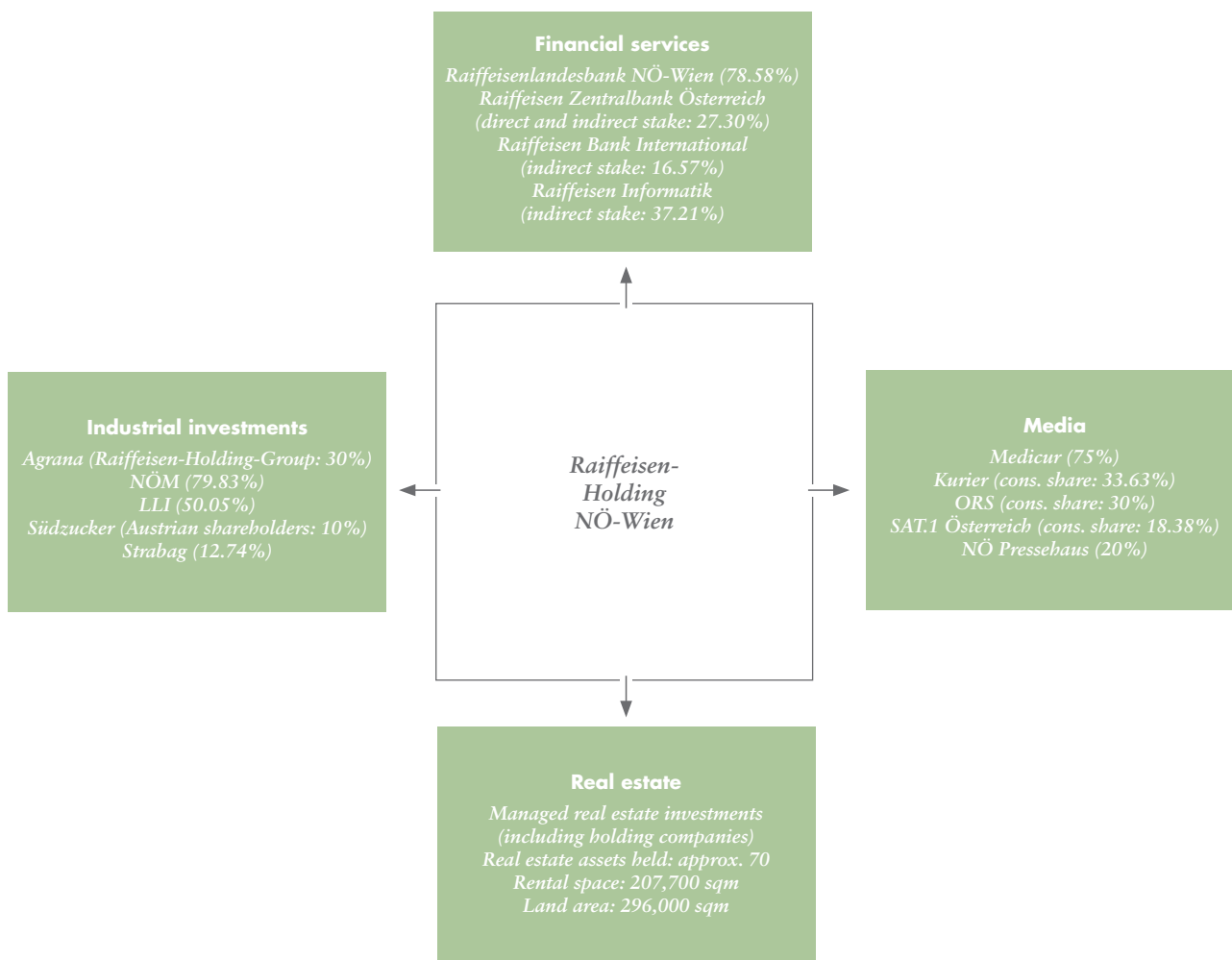
### *Raiffeisen Banking Group Austria*

As of Dec. 31, 2014



# Portfolio structure.

As of Dec. 31, 2014



## Publishing Information

Editing and coordination: Katharina Tschrepitsch, Michaela Stefan-Friedl

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# Key figures.

Amounts in EUR million	2014	2013 <sup>1</sup>	Change	2012 <sup>1</sup>
<b>Earnings indicators</b>				
Net interest income after impairment charges <sup>2</sup>	38.7	19.3	>100%	42.2
Net fee and commission income	66.1	68.9	(4.1)%	73.2
Net trading income	3.9	4.9	(20.4)%	7.6
Net income/(loss) from financial investments	(8.9)	3.2	(> 100)%	(138.3)
Net income from industrial investments	411.5	412.0	(0.1)%	417.6
Net income/(loss) from associates and joint ventures	(125.2)	274.2	(> 100)%	237.9
Profit/(loss) for the year after tax	(320.0)	170.7	(> 100)%	(26.2)
Attributable to shareholders of the parent	(264.4)	104.3	(> 100)%	(64.32)
Attributable to other shareholders	(55.6)	66.4	(> 100)%	38.1
<b>Balance sheet indicators</b>				
Total assets	31,029.6	30,757.0	0.9%	34,032.4
Financial assets	5,806.4	5,773.3	0.6%	7,018.7
Investments in associates and joint ventures	3,568.2	4,237.8	(15.8)%	4,279.5
Loans and advances to other banks	6,317.9	6,918.6	(8.7)%	8,275.6
Loans and advances to customers	12,098.4	10,736.4	12.7%	10,198.5
Deposits from other banks	10,908.3	9,116.5	19.7%	12,961.2
Deposits from customers	7,253.8	7,987.5	(9.2)%	7,643.1
Equity <sup>2</sup>	2,736.5	3,430.6	(20.2)%	3,475.2
<b>Regulatory capital<sup>2</sup></b>				
Risk-weighted assessment base	14,485	14,362	–	16,209
Total qualifying capital	3,166	3,336	–	2,995
Total capital requirement	1,283	1,250	–	1,390
Capital surplus ratio	146.7%	168.0%	–	116.4%
Tier 1 ratio (credit risk)	–	14.5%	–	12.8%
Common Tier 1 equity ratio	12.2%	–	–	–
Total Tier 1 ratio	13.8%	13.3%	–	12.0%
Total capital ratio	19.7%	21.4%	–	17.3%
<b>Average number of employees<sup>3</sup></b>	<b>5,585</b>	<b>5,859</b>	<b>(4.7)%</b>	<b>5,887</b>

<sup>1</sup> Adjusted in accordance with IAS 8.

<sup>2</sup> The current values were determined for the Raiffeisen-Holding NÖ-Wien financial institution group based on the Capital Requirements Regulation (CRR) and the Austrian Banking Act. The prior year's indicators were determined on the basis of the Basel II regulations in effect at that time and are therefore not comparable.

<sup>3</sup> The total number of employees in the fully consolidated holdings and in Raiffeisen-Holding NÖ-Wien reg. Gen.mBH.