Annual Report 2015

Raiffeisen Bank International

Insight 2015

RBI at a glance

Raiffeisen Bank International (RBI) regards Central and Eastern Europe (including Austria) as its home market.

In Central and Eastern Europe (CEE), it operates as a universal bank through a closely knit network of subsidiary banks, leasing companies and numerous specialized financial service providers.

In CEE, approximately 48,000 employees in around 2,700 business outlets serve some 14.9 million customers. In Austria, RBI is one of the top corporate and investment banks.

All in all, RBI employs about 51,000 employees and has total assets of approximately € 114 billion.

Overview

Raiffeisen Bank International (RBI)

Monetary values in € million	2015	Change	2014 restated	2014 published	2013	2012	2011
Income statement	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Net interest income	3,327	(12.2)%	3,789	3,789	3,729	3,472	3,667
Net provisioning for impairment losses	(1,264)	(27.8)%	(1,750)	(1,716)	(1,149)	(1,009)	(1,064)
Net fee and commission income	1,519	(4.2)%	1,586	1,586	1,626	1,516	1,490
Net trading income	16	–	(30)	(30)	321	215	363
General administrative expenses	(2,914)	(3.6)%	(3,024)	(3,024)	(3,340)	(3,258)	(3,120)
Profit/loss before tax	711	–	(105)	23	835	1,037	1,373
Profit/loss after tax	435	–	(587)	(463)	603	752	974
Consolidated profit/loss	379	–	(617)	(493)	557	730	968
Statement of financial position	**31/12**		**31/12**	**31/12**	**31/12**	**31/12**	**31/12**
Loans and advances to banks	10,837	(30.4)%	15,573	15,573	22,243	22,323	25,748
Loans and advances to customers	69,921	(10.3)%	77,925	77,925	80,635	83,343	81,576
Deposits from banks	16,369	(27.0)%	22,408	22,408	30,105	30,186	37,992
Deposits from customers	68,991	4.4%	66,094	66,094	66,437	66,297	66,747
Equity	8,501	4.0%	8,178	8,302	10,364	10,873	10,936
Assets	114,427	(5.8)%	121,500	121,624	130,640	136,116	146,985
Key ratios	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Return on equity before tax	8.5%	–	–	0.2%	7.8%	9.7%	13.7%
Cost/income ratio	59.1%	2.6 PP	56.5%	56.5%	58.3%	61.5%	56.0%
Return on assets before tax	0.60%	–	–	0.02%	0.63%	0.73%	0.98%
Net interest margin (average interest-bearing assets)	3.00%	(0.23) PP	3.24%	3.24%	3.11%	2.66%	2.90%
Provisioning ratio (average loans and advances to customers)	1.64%	(0.53) PP	2.17%	2.13%	1.39%	1.21%	1.34%
Bank-specific information	**31/12**		**31/12**	**31/12**	**31/12**	**31/12**	**31/12**
NPL ratio	11.9%	0.5 PP	11.4%	11.3%	10.7%	9.8%	8.6%
Risk-weighted assets (total RWA)	63,272	(7.9)%	68,721	68,721	79,897	82,822	95,302
Total capital requirement	5,062	(7.9)%	5,498	5,498	6,392	6,626	7,624
Total capital	10,987	0.2%	10,970	11,003	12,686	12,885	12,858
Common equity tier 1 ratio (transitional)	12.1%	1.3 PP	10.8%	10.9%	10.7%	10.7%	–
Common equity tier 1 ratio (fully loaded)	11.5%	1.5 PP	10.0%	10.0%	–	–	–
Total capital ratio (transitional)	17.4%	1.4 PP	16.0%	16.0%	15.9%	15.6%	13.5%
Total capital ratio (fully loaded)	16.8%	1.7 PP	15.1%	15.2%	–	–	–
Stock data	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Earnings per share in €	1.30	–	(2.17)	(1.73)	1.83	2.72	3.95
Closing price in € (31/12)	13.61	8.5%	12.54	12.54	25.62	31.46	20.07
High (closing prices) in €	15.69	(49.8)%	31.27	31.27	33.59	33.36	45.10
Low (closing prices) in €	9.01	(21.8)%	11.51	11.51	19.96	18.64	14.16
Number of shares in million (31/12)	292.98	0.0%	292.98	292.98	195.51	195.51	195.51
Market capitalization in € million (31/12)	3,986	8.5%	3,672	3,672	5,009	6,150	3,924
Dividend per share in €	–	–	–	–	1.02	1.17	1.05
Resources	**31/12**		**31/12**	**31/12**	**31/12**	**31/12**	**31/12**
Employees as at reporting date (full-time equivalents)	51,492	(5.9)%	54,730	54,730	57,901	60,084	59,261
Business outlets	2,705	(5.6)%	2,866	2,866	3,025	3,106	2,928
Customers in million	14.9	0.4%	14.8	14.8	14.6	14.2	13.8

2014 figures restated (please refer to the consolidated financial statements for details).

In this report, Raiffeisen Bank International (RBI) refers to the RBI Group, and RBI AG is used wherever statements refer solely to Raiffeisen Bank International AG. The same applies to RZB and RZB AG.

Overview of RBI

“Our main goal for the bank is long-term stability“

Interview with the CEO Karl Sevelda

Mr. Sevelda, at the start of 2015 you announced a review of the corporate strategy. How did the market react?
The market’s response was positive. This means that our plan to become a more focused universal bank with strong customer relationships by reducing complexity and risk as well as through bolstering our equity capital is valued by market participants. The emphasis on markets in which we can generate sustainable returns due to a strong position is generally welcomed, as is the action we are taking to achieve these goals. The dissatisfactory development of our share price certainly mirrors – aside from factors such as the oil price or rouble developments – unfounded doubts about the implementation.

Can you describe the transformation program’s goals and measures in detail?
More than ever before, a bank today needs a focus – and ours is on CEE and Austria. We consequently needed to examine all operations unrelated to that focus, even when, in some cases, they have been highly successful in the past. We also reviewed our footprint in CEE and determined that our presence in Poland in its current form is not ideal from our standpoint and that our exposure in Russia and Ukraine was too high on a relative basis. All of this took place against the backdrop of higher regulatory capital ratio requirements, which we took into account while defining our targets.

Our target is a fully loaded CET1 ratio – that is to say excluding the transitional arrangements under Basel III – of at least 12 per cent at the end of 2017. For the total capital ratio – also fully loaded – we are aiming for at least 16 per cent. To achieve these targets, we intend to retain profits and significantly scale back risk-weighted assets in, for example, Russia and Ukraine. Disposals – i.e. of our Polish and Slovenian subsidiary banks – are also part of this strategy review. Moreover, we will reduce costs to around 20 per cent below the level of 2014.

The first measures have already been implemented. How are you progressing?
We have significantly strengthened our capital base, with our fully loaded CET1 ratio standing at 11.5 per cent at the end of 2015. In December 2015, we were able to announce the sale of our Slovenian subsidiary bank – I expect this to close in the first half of 2016. In Asia, the rescaling is on schedule and we plan to completely withdraw from the US.

You have also planned several changes in Hungary, where you have made losses in recent years. Can you give us an update?
In Hungary, we have already achieved a great deal: We have restructured our local network bank by strengthening the corporate business and focusing on affluent retail customers. This restructuring also involved consolidating the branch network, which we completed in 2015 after closing 42 branches. As a result, we generated a profit in Hungary in 2015.

Selling Polbank would generate a large amount of capital. Have recent developments caused you to drop your plans for the unit?
Not at all, even if the government’s plan to pass a law requiring the mandatory conversion of Swiss franc loans in the context of the election campaign has led to uncertainty and delays. To counter this uncertainty from the political side, we plan to separate the Swiss franc loans from the bank. This gives us further options in the negotiations and means we can also address a broader group of buyers. We are currently coordinating this step with the Polish financial market authority. In addition to our efforts to sell the bank, we are at the same time preparing the IPO of Raiffeisen Polbank. Of course, it would make sense for the bank to go public after the sale, once the new owner is known. As for the precise timetable, we will take market conditions into account to achieve the best possible result. Our overriding principle is to proceed in a commercially appropriate manner at all times – we will also respond rapidly to changes in the environment to attain the results that make the most financial sense for the Group.

What progress have you made in Russia?

In October, we sold our Russian pension fund business, which resulted in a positive effect before taxes of approximately 87 million euros. The exit from automobile financing has also already noticeably eased the pressure on risk-weighted assets. Furthermore, we are pursuing a selective lending policy in Russia. Our main focus there is on affluent clients in the retail business and primarily on export-oriented businesses in the granting of US dollar loans. In addition, we are optimizing our local branch network. We are focusing more on Moscow and Saint Petersburg in future. Moreover, we plan to further streamline and simplify head office structures. At the same time, the total capital requirement is being reduced as planned.

Did the transformation program in Ukraine also have to be adjusted in view of the geopolitical crisis?

The program's main focus remains on the centralization of the regional functions. We have closed numerous branches. In addition, in the Corporate Customers area we are mostly only undertaking new business with exporters in the agricultural and food sectors, as well as multinational corporations. In the retail business, we are now concentrating on premium and so-called salary account customers, whose employers have set up salary accounts at our Raiffeisen Bank Aval for their entire workforce. The measures we have taken have already considerably reduced risk-weighted assets. Our partnership with the European Bank for Reconstruction and Development, which became a 30 per cent shareholder in the Aval bank, also demonstrates that in the challenging environment within Ukraine we are on the right path.

You have talked a lot about reducing the business. How does your acquisition in the Czech Republic fit in with this?

Scaling back the business is not in itself the goal of the transformation program. Instead, we are seeking to achieve our overriding target of a CET1 ratio of at least 12 per cent by the end of 2017. We are facing ever higher capital requirements. However, the goal of a high capital ratio must not stop us from optimizing our business. From the very start, we have said that our aim is business growth in selected markets despite a reduction in risk-weighted assets. This means that our plan to significantly reduce risk-weighted assets – in order to achieve our capital target – deliberately gives us sufficient leeway for growth in promising countries. For this reason, in September 2015, we decided to buy Citibank's Czech retail customer and credit card business with its five branches.

You have granted loans in Swiss francs not only in Poland, but also in other countries. How is the situation developing in these countries?

In the autumn of 2015, the Croatian parliament – where elections again turned banks into a political football – passed a law requiring banks to compensate customers for losses they incurred on Swiss franc loans due to exchange rate movements. Numerous legal experts, however, consider the law to be unconstitutional. Moreover, it violates a number of bilateral investment protection treaties between Croatia and the respective home countries of the banks operating there. For this reason, we – like several other banks – have already filed a complaint with the constitutional court in Croatia. At 31 December 2015, we had a Swiss franc portfolio of 260 million euros in Croatia. Swiss franc loans granted in Poland amounted to around 3 billion euros. In addition, Swiss franc loans in Romania and Serbia amounted to 326 million euros and 71 million euros respectively. In Hungary, we reduced our Swiss franc portfolio to 53 million euros as a result of the mandatory conversion at the start of last year. I would also point out that these positions are generally, almost without exception, hedged by matched-maturity funding or swaps.

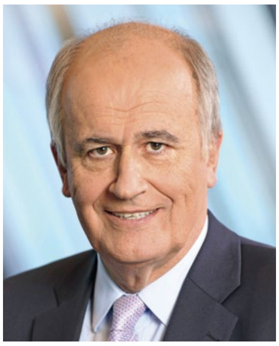
You reported a consolidated profit of 379 million euros for 2015 – that came as a pleasant surprise to a lot of market participants!

The primary reason for the result being so positive was lower net provisioning for impairment losses. Furthermore, we are on a cost cutting drive and reduced general administrative expenses by 4 per cent compared to 2014. In addition, the outlook for the full year 2015 included a goodwill impairment charge and risk costs amounting to 124.1 million euros, which were reallocated in the course of a restatement to the 2014 financial year. Consequently, these charges are not reflected in the 2015 consolidated statements. Overall, we produced an encouraging result in 2015, which had to be earned the hard way in a challenging environment. I would therefore like to express my deep gratitude to all of our employees for their outstanding work and tireless efforts.

Are you planning to pay a dividend given this full-year profit?

At the time of the IPO of Raiffeisen International – as it was then known – we said that we wanted our shareholders to participate in our success. This has always been the case – whenever our results have permitted – and will remain the case in the future. However, I also hope our shareholders will understand that no dividends will be distributed for the 2015 financial year. While we produced a good result last year, it would be wrong for us to distribute the profit while regulators continue to raise the bar for capital ratios. Instead, we want to retain our earnings and thereby strengthen our equity capital. Against this backdrop, I would like to thank RZB, our main shareholder, and our institutional as well as private investors, for their patience and the trust they have placed in RBI.

Management Board of RBI



Karl Sevelda

Compliance[1]
Group Communications
Group Strategy
Human Resources
Internal Audit
International Banking Units
Legal Services
Management Secretariat
Marketing & Event Management

[1] Outsourced to RZB; reports to whole Management Board

Johann Strobl

Credit Management Corporates
Financial Institutions, Country & Portfolio Risk Management
Retail Risk Management
Risk Controlling
Risk Excellence & Projects
Special Exposures Management

Klemens Breuer

Business Management & Development
Consumer Banking
Group Capital Markets
Institutional Clients
Investment Banking
Raiffeisen Research
Small Business & Premium Banking

Martin Grüll

Active Credit Management
Investor Relations
Participations
Planning & Finance
Tax Management
Treasury

Andreas Gschwenter

(as of 1 July 2015)
Group & Austrian IT
Lean
Operations
Procurement & Cost Management
Project Portfolio & Security

Peter Lennkh

Corporate Customers
Corporate Finance
Corporate Sales Management & Development
International Business Support
Trade Finance & Transaction Banking

Report of the Supervisory Board

Dear Shareholders,

During the 2015 financial year, the members of the Supervisory Board and its Committees were informed in a timely and comprehensive manner by the Management Board, in the course of meetings, about the different business areas, risk developments and relevant business developments in RBI and the material subsidiaries. Information was provided verbally as well as in written form and enabled the Supervisory Board to fulfill its duty to supervise and advise the Management Board.

At the Supervisory Board meetings, the Management Board was given specific assignments and asked to report on the results at subsequent meetings. The Supervisory Board also asked the Management Board to provide regular reports on matters relating to the current market environment, such as the effects of the crisis in Russia on the development of the network banks in Russia and Ukraine, and the effects of legislative reforms relating to bank taxes and the mandatory conversion of foreign currency loans. The Management Board was also asked to provide regular reports on matters which were of priority for the Supervisory Board due to their importance for the company or their strategic significance. For example, it provided regular information on the status of the strategy project's implementation, the largest IT projects and the cost reduction program. In addition, the newly appointed member of the Management Board with responsibility for Retail presented a report on the reorganization of this business area. This form of regular reporting on particularly important matters enabled the Supervisory Board to form a comprehensive view of developments within RBI throughout the entire financial year.

In addition to the regular meetings, the Chairman of the Supervisory Board also held numerous discussions with the Management Board. This further strengthened open communication and the regular exchange of information between the members of the Supervisory Board and the members of the Management Board.

Besides the ordinary Supervisory Board meetings, the Supervisory Board also met, on a situation-specific basis and for strategic planning purposes, for two extraordinary meetings in order to discuss corporate courses of action and to take corresponding decisions at the earliest possible time.

At the extraordinary meeting on 28 January 2015, the Supervisory Board was informed of the developments in Ukraine and Russia as well as of the effects of the decoupling of the Swiss franc. A further focus of this meeting was RBI's capital situation and the outlining of possible strategic scenarios for bolstering capital buffers.

At the second extraordinary meeting on 20 May 2015, Andreas Gschwenter was appointed as a member of the Management Board with effect from 1 July 2015, thus succeeding Aris Bogdaneris, who had resigned with effect from 31 March 2015. At this meeting, the Management Board also informed the Supervisory Board about the current implementation status of the new strategy, which had been determined at the start of the year.

As in previous years, the members of the Supervisory Board also had the opportunity to hold expert discussions in advance of the meetings, in order to obtain detailed information about the content of the items on the agenda for the forthcoming meeting. Overall, the members of the Supervisory Board were thereby able to diligently fulfill their supervisory duties and form a sound basis on which to take decisions.

The Chairman of the Working, Audit, Remuneration, Personnel, Risk and Nomination Committees regularly reported to the Supervisory Board on the respective Committee's work.

A detailed breakdown of the type and composition of the Committees as well as their fields of activity is contained in the Corporate Governance Report.

In 2015, the Supervisory Board also conducted an efficiency review, on the basis of a self-evaluation, to examine its organizational structure and working methods in order to enable it to properly carry out its duties in the interests of the shareholders and all other stakeholders. The self-evaluation and efficiency review were analyzed by an external party. The results of the self-evaluation were discussed and suggestions for improvement were implemented accordingly. Priority is being given to ensuring open communication and to the prompt and adequate provision of information.

Changes to the Supervisory Board

At the Annual General Meeting on 17 June 2015, Erwin Hameseder, Johannes Schuster and Klaus Buchleitner were re-elected as members of the Supervisory Board. In addition, Michael Höllerer was elected as a new member of the Supervisory Board.

Annual financial statements and consolidated financial statements

The consolidated financial statements (income statement, statement of financial position, statement of changes in equity, cash flow statement and notes) as well as the annual financial statements for RBI have been audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG). Representatives of the auditing company presented the results of the audit at the respective meeting of the Audit Committee and Supervisory Board which dealt with the financial statements.

The audit revealed no reason for objections. All legislative provisions were fully satisfied and the unqualified auditor's report was thus issued.

The consistency check of the corporate governance report according to § 243b of the Austrian Commercial Code (UGB) was performed by KPMG. Its final report gave no reason for objections.

Following an extensive audit and discussion of the consolidated financial statements, as well as of the annual financial statements, in the Supervisory Board meeting and the preceding Audit Committee meeting, the Supervisory Board approved the annual financial statements of RBI. The annual financial statements were thus adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG). The consolidated financial statements were noted by the Supervisory Board.

In the last financial year, the company recorded a good consolidated result despite extremely challenging market conditions. This was made possible by the high level of commitment shown by the Management Board and by employees, and on behalf of the Supervisory Board, I would like to express my deep gratitude for this.

On behalf of the Supervisory Board
Walter Rothensteiner, Chairman

RBI at a glance

Raiffeisen Bank International AG regards Central and Eastern Europe (including Austria) as its home market. For over 25 years, RBI has been operating in Central and Eastern Europe (CEE), where today it maintains a closely knit network of subsidiary banks, leasing companies and numerous specialized financial service providers. As a universal bank, RBI ranks among the top five banks in several countries. This role is supported by the Raiffeisen brand, which is one of the most widely recognized brands in the region. RBI has positioned itself in CEE as a fully integrated corporate and retail banking group with a comprehensive product offering. In CEE, at the end of 2015, around 48,000 RBI employees served some 14.9 million customers in around 2,700 business outlets. In Austria, RBI is one of the top corporate and investment banks. It primarily serves Austrian customers, but also international customers and major multinational clients operating in CEE. All in all, RBI employs about 51,000 employees and has total assets of approximately € 114 billion.

RBI's markets

2015	Total assets in € million	Change[1]	Business outlets	Number of staff
Czech Republic	9,265	10.7%	128	2,753
Hungary	6,394	(7.8)%	72	2,016
Slovakia	11,223	13.4%	195	3,854
Reconciliation	(4)	–	–	–
CE segment	**26,878**	**6.9%**	**395**	**8,623**
Albania	2,120	7.3%	91	1,349
Bosnia and Herzegovina	1,947	0.2%	97	1,311
Bulgaria	3,440	6.7%	149	2,546
Croatia	4,616	(0.7)%	78	2,133
Kosovo	848	9.0%	52	715
Romania	7,232	4.5%	512	5,437
Serbia	1,948	3.4%	85	1,550
Reconciliation	(31)	–	–	–
SEE segment	**22,120**	**3.5%**	**1,064**	**15,041**
Belarus	1,449	(5.7)%	97	2,086
Kazakhstan	16	(41.7)%	1	9
Russia	10,676	(14.3)%	186	7,635
Ukraine	2,039	(17.8)%	578	9,639
Reconciliation	(1)	–	–	–
Eastern Europe segment	**14,179**	**(14.0)%**	**862**	**19,369**
Group Corporates segment	**13,873**	**(11.2)%**	**1**	
Group Markets segment	**13,461**	**(19.3)%**	**5**	**2,662**[2]
Corporate Center segment	**27,287**	**(12.0)%**	**0**	
Asia	2,117	(56.3)%	5	197
Poland	14,504	5.6%	357	5,128
Slovenia	788	(31.2)%	14	218
USA	628	(22.9)%	1	56
Reconciliation/Other	798	–	1	198
Non-Core	**18,835**	**(11.5)%**	**378**	**5,797**
Reconciliation	(22,207)	–	–	–
Total	**114,427**	**(5.8)%**	**2,705**	**51,492**

[1] Change of total assets versus figures from 31 December 2014 expressed in local currencies varies due to fluctuations in euro exchange rates.
[2] Allocation of employees to Group Corporates, Group Markets and Corporate Center is not possible.

RZB was founded in 1927 as "Genossenschaftliche Zentralbank". The RZB founded its first subsidiary bank in CEE already back in 1987. Since then, further own subsidiaries have been established. From 2000 onward, Raiffeisen's expansion into CEE countries has mainly been achieved by acquiring existing banks. These were subsequently combined into a holding company that operated under the name Raiffeisen International from 2003. In April 2005, Raiffeisen International was listed on the Vienna Stock Exchange in order to finance its future growth efficiently. Today's RBI was established in 2010 through the merger of Raiffeisen International with the principal business areas of RZB. At year-end 2015, RZB – which functions as the central institution of the Austrian Raiffeisen Banking Group (RBG) – held approximately 60.7 per cent of RBI's stock, with the remaining shares in free float.

RBI's strategy

The primary objective is long-term value creation

RBI's primary strategic objective is to create long-term value for its shareholders. RBI focuses on its activities as an international bank for corporate customers, a leading financial services provider for retail customers, and as a business partner for select institutional clients that have a link to the CEE region (including Austria).

The following core competencies form the foundation of RBI's business:

- RBI positions itself as a diversified universal banking group with clearly defined central control elements.
- RBI maintains and develops a strong and reliable brand that serves as the basis for its business model.
- RBI offers its customers comprehensive and high-quality financial services.
- RBI distinguishes itself through its strong local presence and customer-centric focus.

The challenges in the business environment (notably tighter supervisory requirements, bank-specific taxes, etc.) demand ongoing adjustments to the business model. In February 2015, therefore, RBI decided to undertake a transformation program to strengthen its capital base (CET1 ratio of at least 12 per cent and a total capital ratio of at least 16 per cent by end-2017, both fully loaded) and to reduce risk in order to create capacity for growth in its most promising markets. Some of the measures were already successfully implemented by the end of the 2015 financial year (e.g. sale of the Slovenian subsidiary bank – subject to supervisory approval – as well as restructuring in Hungary), with the remaining measures expected to be fully implemented by end-2017:

- Sale of the Polish unit: Poland is an attractive market for banks. Following the successful integration of Polbank, RBI currently owns a top 10 institution in a rapidly consolidating market. Substantial capital resources would be required in order to benefit from this market consolidation. In line with the focus of capital resources in select markets, a decision was made to withdraw from this market.
- Winding down of operations in the US and rescaling in Asia by end-2017. Focus on European markets and reduction of complexity within the Group.
- A reduction of approximately 20 per cent in the risk-weighted assets of the Russian unit by end-2017. In Russia, RBI has a profitable bank with an outstanding reputation, as well as customers with excellent credit standing. However, the macroeconomic environment, as well as Group-wide risk management considerations, necessitate a reduction in business volumes and risk in this market.
- Additional short- to medium-term optimization measures: Risk reduction in Ukraine, as well as adjustments to leasing units.

Released capital and risk-bearing capacity will be allocated to those markets that sustainably contribute to RBI's value enhancement (e.g. Slovakia, Czech Republic and Romania). Capital efficiency improvement measures are accompanied by Group-wide cost management.

Strategy by customer segment

Corporate customers

RBI strives to establish long-term partnerships with corporate customers that have a link to CEE (including Austria). Other regions are serviced on a selective basis only. RBI currently acts as financial advisor to around 89,000 corporate customers – medium-sized businesses, major local companies and international corporations – and supports them with crossborder financial services. Its customers' needs are a top priority, and RBI is committed to supporting them with high-quality products and services.

Particular attention is paid to the Group-wide further development of sales planning and controlling tools (account planning), with a focus on capital- and liquidity-light products (e.g. trade finance, payment transfer business, capital market transactions, etc.). These tools are specifically and successfully implemented in markets that are of particular importance to earnings (Russia, Romania, Slovakia, Czech Republic, and Austria). Furthermore, Group-wide product competence centers facilitate access to complex financing products (e.g. in the project, real estate and export financing areas) and the enhancement of internal efficiency through the transfer of know-how and bundling.

Retail customers

RBI currently provides services to over 14 million retail customers in around 2,700 branches in Central and Eastern Europe. The business model focuses on long-term relationships with retail and private banking customers, as well as small businesses with revenues of up to € 6 million.

The broad product offering (e.g. current account packages, payment transfer business, consumer financing, mortgage loans), top-quality advisory services and innovative banking solutions (e.g. video and telephone advisory services, state-of-the-art mobile banking options) are key building blocks for ensuring high customer satisfaction and client loyalty. The systematic further development of our product and service offering (with special focus on transparent and customer-friendly solutions, as well as a fast flow of information and short decision-making processes) will further strengthen RBI's position. Alongside this strategy, internal processes are being standardized and the risk rating process improved.

Markets & investment banking

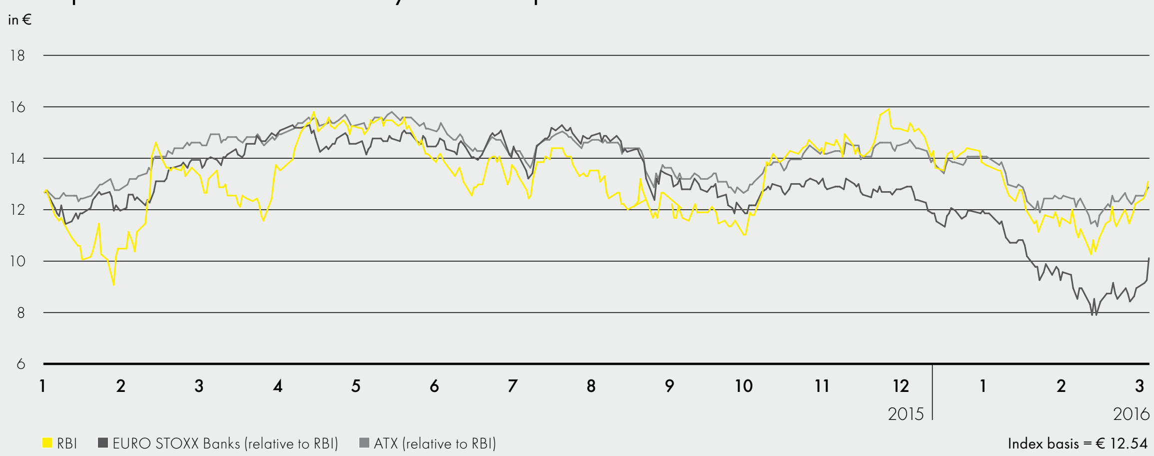
This area encompasses support services for institutional customers (notably banks, insurance companies, asset managers, sovereigns and public-sector institutions), as well as Group-wide trading activities. Core competencies include the strategic hedging of currency, interest rate and credit risks, intermediation between capital providers and local investment opportunities, and supporting companies in the areas of IPOs and takeovers. A particular focus is placed on capital market and investment banking products. To expand our customer offering, we continue to develop innovative products (e.g. green bonds), establish Group-wide support services and drive the harmonization of IT platforms/trading venues forward.

RBI in the capital markets

Performance of RBI stock

After starting 2015 at € 12.54, RBI's shares reached their lowest closing price of € 9.01 in January. The decline was mainly caused by the situation in Ukraine and Russia as well as the oil price drop, which hit the Russian economy particularly hard. Following the announcement of a review of the company strategy and signs of geopolitical easing in the further course of the year, the share price recovered and reached a high of € 15.69 for the year on 23 November. RBI's shares were trading at € 13.61 at the end of the year. Over the full year this amounts to a share price gain of 9 per cent. It therefore slightly underperformed the ATX (up 11 per cent), however outperformed the Euro Stoxx Banks (down 5 per cent).

Price performance since 1 January 2015 compared to ATX and EURO STOXX Banks



As at the editorial deadline for this report on 2 March 2016, RBI's stock was priced at € 12.89. The shares therefore posted a loss of 5.3 per cent versus 31 December 2015, which was in line with the ATX (down 7.9 per cent), however noticeably outperformed Euro Stoxx Banks (down 15.8 per cent). The main reason for this development was the weak overall start to the year for international stock markets due to disappointing growth figures for China and the further declining oil price.

At year-end 2015, the number of shares issued remained unchanged from the start of the year at around 293 million while the market capitalization was € 4.0 billion. At the editorial deadline, the market capitalization stood at € 3.8 billion.

In 2015, 213 million RBI shares were traded, amounting to a total value of € 2.8 billion and an average daily volume of 859,727 shares.

Shareholder structure

As at the end of 2015, Raiffeisen Zentralbank Österreich AG (RZB) held approximately 60.7 per cent of RBI's shares, with the remaining balance in free float. The broad geographical spread of investors as well as their diverse investment objectives resulted in a balanced shareholder structure. RBI's owners included institutional investors, mainly from the US, UK, and continental Europe, as well as a large number of Austrian private investors. The institutional investor base included sovereign wealth funds and supranational organizations, which indicate stability by virtue of their preferred long-term investment strategies.

Stock data and details	
Price as at 31 December 2015	€ 13.61
High/low (closing prices) 2015	€ 15.69/€ 9.01
Earnings per share 2015	€ 1.30
Bookvalue per share as at 31 December 2015	€ 27.19
Market capitalization as at 31 December 2015	€ 4.0 billion
Average daily trading volume (single count) in 2015	859,727 pieces
Stock exchange turnover (single count) 2015	€ 2,760 million
Free float as at 31 December 2015	approximately 39.3%
ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 31 December 2015	292,979,038

RBI's rating

Last year, RBI was rated by Moody's Investors Service and Standard & Poor's. In order to ensure an accurate assessment, RBI maintains regular contact with rating agency analysts and informs them about trends in RBI's business development on a regular basis.

Rating agency	Long-term rating	Short-term rating	Outlook
Moody's Investors Service	Baa2	P-2	negative
Standard & Poor's	BBB	A-2	negative

Annual General Meeting and dividend proposal

On 17 June 2015, RBI's ordinary Annual General Meeting approved all of the proposed resolutions relating to the individual agenda items. The next ordinary Annual General Meeting will take place on 16 June 2016. No dividends will be distributed for the 2015 financial year.

Capital market communications

RBI offered institutional investors numerous opportunities to obtain first-hand information at 26 road shows and conferences in 2015. Over the course of the year, representatives of RBI and, in some cases, members of the Management Board traveled internationally to Frankfurt, London, Los Angeles, Milan, New York, Paris and Zurich, as well as to Stegersbach and Zürs in Austria.

RBI announced initial details of its transformation program at the start of 2015. Over 1,100 participants took part in the subsequent conference call. Two days later, the RBI Management Board held an investor lunch for around 100 guests in London to personally present the strategic measures and to answer questions from investors and analysts.

As in previous years, RBI invited institutional investors and analysts to its investor day in London following the publication of the company's full-year results. The event was met with keen interest among the approximately 80 participants. On reporting dates, RBI continued to hold regular presentations for Austrian equity and debt investors at its head office. These were followed by conference calls, each involving several hundred participants.

At the end of September, RBI invited analysts to its annual talk in London, attended by nearly all equity analysts who regularly report on RBI. An international conference, also in London, followed the next day: The Management Board presented the company to around 100 participants and answered questions from investors. Subsequently, the Management Board took part in group meetings with a total of 45 high-profile institutional investors. As in previous years, RBI continued to hold debt investor calls.

A total of 28 equity analysts and 22 debt analysts regularly provide investment recommendations on RBI, making RBI the Austrian company on which the greatest number of analyst teams regularly report. In 2015, over 550 analyst reports on RBI were published.

RBI continuously strives to keep market participants fully informed. In the interest of making its communications as easily accessible and widespread as possible, RBI makes conference call presentations and other important events available as online webcasts. These can be viewed at any time at www.rbinternational.com → Investor Relations → Presentations & Webcasts.

Financial Calendar 2016	
16 March 2016	Annual Report 2015, Conference Call
17 March 2016	RBI Investor Presentation, London
28 April 2016	Start of Quiet Period
12 May 2016	First Quarter Report, Conference Call
6 June 2016	Record Date Annual General Meeting
16 June 2016	Annual General Meeting
4 August 2016	Start of Quiet Period
18 August 2016	Semi-Annual Report, Conference Call
27 October 2016	Start of Quiet Period
10 November 2016	Third Quarter Report, Conference Call

Contact for equity and debt investors

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Group Investor Relations
Am Stadtpark 9
1030 Vienna, Austria

Corporate Governance Report

RBI attaches great importance to responsible and transparent business management in order to maintain the understanding and confidence of its various stakeholders – not least capital market participants. Hence, RBI is committed to adhering to the Austrian Corporate Governance Code (ACGC, or "the Code") as laid out in the version dated January 2015. The ACGC is publicly available on the Austrian Working Group for Corporate Governance website (www.corporate-governance.at) and on the RBI website (www.rbinternational.com → Investor Relations → Corporate Governance).

Transparency is a key corporate governance issue and is therefore of particular importance to RBI. This corporate governance report is structured according to the legal guidelines of § 243b of the Austrian Commercial Code (UGB) and is based on the structure set forth in Appendix 2a of the ACGC.

The ACGC is subdivided into rules L, C and R. L Rules (Legal Requirements) are based on compulsory legal requirements. C Rules (Comply or Explain) should be observed; any deviation must be explained and justified in order to ensure conduct that complies with the Code. R Rules (Recommendations) have the characteristics of guidelines; non-compliance does not need to be reported or justified.

RBI deviates from the C Rule below, but conducts itself in accordance with the Code through the following explanation and justification:

C Rule 45: non-competition clause for members of the Supervisory Board
RBI is a company forming part of the Austrian Raiffeisen Banking Group (RBG), which is also a majority shareholder through its central institution, RZB. Some members of the Supervisory Board therefore also hold executive roles in RBG banks. Moreover, a number of members of the Supervisory Board hold executive roles at other banks and financial services institutions. Consequently, know-how and experience specific to the industry can be applied in exercising the control function of the Supervisory Board, to the benefit of the company.

In accordance with C Rule 62 of the ACGC, the company commissioned KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) to conduct an external evaluation on compliance with the C and R Rules of the Code. The report on this external evaluation is publicly available at www.rbinternational.com → Investor Relations → Corporate Governance → External Evaluation of the CG Code.

Composition of the Management Board

In the 2015 financial year, the Management Board consisted of the following members:

Management Board member	Year of birth	Original appointment	End of term
Karl Sevelda Chairman	1950	22 September 2010[1]	30 June 2017
Johann Strobl Deputy Chairman	1959	22 September 2010[1]	30 June 2017
Klemens Breuer	1967	16 April 2012	31 December 2020
Martin Grüll	1959	3 January 2005	30 June 2017
Peter Lennkh	1963	1 October 2004	31 December 2020
Andreas Gschwenter	1969	1 July 2015	30 June 2018
Aris Bogdaneris	1963	1 October 2004	31 March 2015

[1] Effective as of 10 October 2010

Members of the Management Board held seats on the supervisory board or comparable functions in the following domestic and foreign companies that are not included in the consolidated financial statements:

- Karl Sevelda — Oesterreichische Kontrollbank AG, Siemens AG Austria
- Johann Strobl — Raiffeisen-Leasing Management GmbH (until 16 September 2015)
- Klemens Breuer — FMS Wertmanagement AöR
- Peter Lennkh — Raiffeisen-Leasing Management GmbH
- Aris Bogdaneris[1] — Visa Worldwide Pte. Limited (advisory council)

[1] Left RBI on 31 March 2015

Composition of the Supervisory Board

During the 2015 financial year, the Supervisory Board comprised:

Supervisory Board member	Year of birth	Original appointment	End of term
Walter Rothensteiner Chairman	1953	11 May 2001	Annual General Meeting 2016
Erwin Hameseder 1st Deputy Chairman	1956	8 July 2010[1]	Annual General Meeting 2020
Heinrich Schaller 2nd Deputy Chairman	1959	20 June 2012	Annual General Meeting 2017
Martin Schaller 3rd Deputy Chairman	1965	4 June 2014	Annual General Meeting 2019
Klaus Buchleitner	1964	26 June 2013	Annual General Meeting 2020
Kurt Geiger	1946	9 June 2009	Annual General Meeting 2019
Michael Höllerer	1978	17 June 2015	Annual General Meeting 2020
Günther Reibersdorfer	1954	20 June 2012	Annual General Meeting 2017
Johannes Schuster	1970	8 July 2010[1]	Annual General Meeting 2020
Bettina Selden	1952	4 June 2014	Annual General Meeting 2019
Rudolf Kortenhof[2]	1961	10 October 2010	Until further notice
Martin Prater[2]	1953	10 October 2010	31 January 2016
Peter Anzeletti-Reikl[2]	1965	10 October 2010	Until further notice
Susanne Unger[2]	1961	18 January 2012	Until further notice
Helge Rechberger[2]	1967	10 October 2010	Until further notice
Natalie Egger-Grunicke[2]	1973	18 February 2016	Until further notice

[1] Effective as of 10 October 2010
[2] Delegated by the Works Council

Independence of the Supervisory Board

In accordance with and taking into consideration C Rule 53 and Appendix 1 of the ACGC, the RBI Supervisory Board specified the following criteria for the independence of the members of the company's Supervisory Board:

- The Supervisory Board member shall not have been a member of the Management Board or a senior executive of the company or one of its subsidiaries in the past five years.

- The Supervisory Board member shall not have, or have had in the previous year, any significant business relationships with the company or a subsidiary of the company. This also applies to business relationships with companies in which the Supervisory Board member has a significant financial interest, albeit not with regard to carrying out executive functions within the company. The approval of individual transactions by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to a qualification of "not independent".

- The exercise of functions within the company or merely exercising the function of a board member or senior executive by a Supervisory Board member does not, as a rule, lead to the company concerned being regarded as a "company in which a Supervisory Board member has a significant financial interest," to the extent that circumstances do not support the presumption that the Supervisory Board member derives a direct personal advantage from doing business with the company.

- The Supervisory Board member shall not have been an auditor of the company, nor a shareholder or employee of the auditing company in the previous three years.

- The Supervisory Board member shall not be a member of the management board of another company in which a Management Board member of the company is a member of the supervisory board.

- The Supervisory Board member shall not be part of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with business interests in the company, or who represent the interests of such shareholders.

- The Supervisory Board member shall not be a close relative (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board or of persons who meet one of the criteria described in the preceding points.

In accordance with the criteria listed above for the independence of Supervisory Board members, all RBI Supervisory Board members are considered independent.

Bettina Selden and Kurt Geiger, as members of the Supervisory Board, are neither shareholders with a shareholding of greater than 10 per cent, nor do they represent the interests of such shareholders. They are therefore "free float representatives" according to C Rule 54 of the ACGC.

Members of the Supervisory Board had the following additional supervisory board mandates or comparable functions in domestic and foreign stock exchange listed companies:

■ Walter Rothensteiner	UNIQA Insurance Group AG (Chairman)
■ Erwin Hameseder	AGRANA Beteiligungs-AG (Chairman), STRABAG SE, UNIQA Insurance Group AG, Südzucker AG
■ Heinrich Schaller	voestalpine AG, AMAG Austria Metall AG
■ Johannes Schuster	UNIQA Insurance Group AG
■ Klaus Buchleitner	BayWa AG, AGRANA Beteiligungs-AG
■ Kurt Geiger	Demir Bank OJSC

Members of the Committees

The procedural rules of the Supervisory Board govern its organization and allocate particular tasks to the Working, Audit, Remuneration, Risk, Nomination and Personnel Committees. These Committees comprise the following members:

Supervisory Board member	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
Walter Rothensteiner	Chairman	Chairman	Chairman	Chairman	Chairman	Chairman
Erwin Hameseder	1st Deputy Chairman	1st Deputy Chairman	1st Deputy Chairman	1st Deputy Chairman	1st Deputy Chairman	1st Deputy Chairman
Heinrich Schaller	2nd Deputy Chairman	2nd Deputy Chairman	2nd Deputy Chairman	2nd Deputy Chairman	2nd Deputy Chairman	2nd Deputy Chairman
Martin Schaller	3rd Deputy Chairman	3rd Deputy Chairman	3rd Deputy Chairman	3rd Deputy Chairman	3rd Deputy Chairman	3rd Deputy Chairman
Johannes Schuster	Member	Member	Member	Member	Member	Member
Rudolf Kortenhof	Member	Member	–	Member	Member	Member
Martin Prater	Member	Member	–	Member	Member	Member
Peter Anzeletti-Reikl	Member	Member	–	Member	Member	Member

Functions of the Management Board and the Supervisory Board

Division of responsibilities and functions of the Management Board

The RBI Management Board manages the company according to clearly defined goals, strategies and guidelines on its own authority, with a focus on future-oriented business management and in line with modern business principles. In doing so, the Management Board pursues the good of the company at all times and considers the interests of shareholders and employees. Management Board members' areas of responsibility have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows (as at 31 December 2015):

CEO Karl Sevelda	**CRO** Johann Strobl	**Markets & Retail** Klemens Breuer	**CFO** Martin Grüll	**COO/CIO** Andreas Gschwenter	**Corporate Banking** Peter Lennkh
Compliance[1]	Credit Management Corporates	Business Management & Development	Active Credit Management	Group & Austrian IT	Corporate Customers
Group Communications	Financial Institutions, Country & Portfolio Risk Management	Consumer Banking	Investor Relations	Lean	Corporate Finance
Group Strategy	Retail Risk Management	Group Capital Markets	Participations	Operations	Corporate Sales Management & Development
Human Resources	Risk Controlling	Institutional Clients	Planning & Finance	Procurement & Cost Management	International Business Support
Internal Audit	Risk Excellence & Projects	Investment Banking	Tax Management	Project Portfolio & Security	Trade Finance & Transaction Banking
International Banking Units	Special Exposures Management	Raiffeisen Research	Treasury		
Legal Services		Small Business & Premium Banking			
Management Secretariat					
Marketing & Event Management					

[1] Outsourced to RZB; reports to whole Management Board

Following the departure of Aris Bogdaneris, the Operations, Lean, Project Portfolio & Security, Group & Austrian IT, and Procurement & Cost Management areas were transferred to Johann Strobl, and Consumer Banking and the Small Business & Premium Banking areas to Klemens Breuer, in each case effective as of 1 April 2015. "Workout" was also renamed "Special Exposures Management" in April of the financial year.

With his appointment to the position of Chief Information Officer and Chief Operating Officer, effective as of 1 July 2015, Andreas Gschwenter took over responsibility for Operations, Lean, Project Portfolio & Security, Group & Austrian IT and also Procurement & Cost Management from Johann Strobl.

The Management Board manages the company's business in accordance with the law, the Articles of Association and the Management Board's rules of procedure. The Management Board's weekly meetings are convened and led by the chairman. The meetings facilitate mutual gathering and exchange of information, consultation and decision-making with respect to all matters requiring the board's approval. The internal regulations of the Supervisory Board and the Management Board describe the duties of the Management Board in terms of information and reporting, as well as a catalog of measures that require the approval of the Supervisory Board.

Decision-making authority and activities of the Committees (of the Supervisory Board)

The internal regulations of the Management Board, as well as the Supervisory Board and its Committees, outline the business management measures that require the approval of the Supervisory Board or of the appropriate Committee.

The **Working Committee** is responsible for all matters referred to it by the Supervisory Board. These include, in particular, the approval of the establishment, closure and liquidation of subsidiaries, as well as the acquisition or disposal of participations where the change in the capitalized book value of the investment resulting from the transaction exceeds a certain amount (up to the ceiling amount for overall Supervisory Board responsibility). Moreover, the Working Committee deals with the execution of functions in the management bodies of other companies by members of the Management Board. Furthermore, the Working Committee approves the assumption of risks arising from banking business and risk limits to third parties above a certain level up to the ceiling amount for overall Supervisory Board responsibility.

The **Personnel Committee** deals with the remuneration of Management Board members as well as their employment contracts. In particular, it is responsible for approving bonus allocations and share allotments through the Share Incentive Program to members of the Management Board. Furthermore, it also gives its approval in the event of an acceptance of secondary employment by members of the Management Board.

The **Audit Committee** monitors the accounting process and the effectiveness of the company's internal control, audit and risk management systems. The tasks of the Audit Committee include the supervision of the annual audit of the financial statements and consolidated financial statements, as well as checking and supervising the independence of the Group's auditors, particularly with respect to additional work performed for the audited company. The Committee examines the annual financial statements, the management report, the consolidated financial statements and the Group management report, and is responsible for the preparation of their statement. It also examines the proposal for earnings appropriation and the corporate governance report. The Audit Committee presents a report on the results of its audits to the Supervisory Board. The Committee is also responsible for preparing the Supervisory Board recommendation for the selection of the Group's auditor and bank auditor. Moreover, the Audit Committee discusses the content of the management letter as well as the report on the effectiveness of the risk management system and the internal control system. Internal Audit must provide the Audit Committee with quarterly reports on the areas audited and on any audit findings resulting from audits performed, taking into account § 42 (3) of the Austrian Banking Act (BWG).

The **Remuneration Committee's** responsibilities include establishing guidelines for the company's remuneration policies and practices, particularly on the basis of the BWG, as well as relevant sections of the ACGC. In addition, the Remuneration Committee supervises and regularly reviews the remuneration policies, remuneration practices and relevant incentive structures to ensure that all related risks are controlled, monitored and limited in accordance with the BWG, as well as with respect to the company's capitalization and liquidity. In doing so, the longterm interests of shareholders, investors and employees of the company are also taken into account, as are the economic interests of maintaining a functioning banking system and the stability of the financial market. The Remuneration Committee also directly reviews the remuneration of executives responsible for risk management and compliance.

The responsibilities of the **Risk Committee** include advising the Management Board on current and future risk propensity and risk strategy, monitoring the implementation of this risk strategy with regard to the controlling, monitoring and limitation of risk in accordance with the BWG, as well as the observing of capitalization and liquidity. It is also responsible for checking whether the pricing of the services and products offered, the business model as well as risk strategy are given adequate consideration and where applicable for submitting a plan with corrective measures. The Risk Committee also monitors whether the incentives offered by the internal remuneration system give adequate consideration to risk, capital, liquidity and probability as well as timing of realized gains.

The **Nomination Committee** attends to the filling of any posts on the Management Board and the Supervisory Board that have become vacant. Consideration is given to the balance and diversity of knowledge, skills and experience of all members of the governing body in question. The Nomination Committee also specifies a target ratio for the under-represented gender on the Management Board and the Supervisory Board, as well as a strategy for achieving the defined target. In its decision-making process, it ensures that the Management Board and the Supervisory Board are not dominated by one individual person, or a small group of persons, in a way which is contrary to the company's interests. The Nomination Committee's other responsibilities include:

- regular evaluation, and in all cases where events indicate a need for re-evaluation, of the structure, size, composition, and performance of the Management Board and Supervisory Board, as well as submission of proposals for changes to the Supervisory Board where necessary.

- regularly conducting, but at least once a year, an evaluation of the knowledge, skills and experience of the individual members of both the Management Board and Supervisory Board, and also of the respective governing body as a whole, and informing the Supervisory Board of the results; and

- reviewing the Management Board's policy with regard to the selection of executives and supporting the Supervisory Board in preparing recommendations for the Management Board.

Number of meetings of the Supervisory Board and of the Committees

The Supervisory Board held six meetings during the reporting period. In addition, the Management Board fully informed the Supervisory Board on a prompt and regular basis of all relevant matters pertaining to the company's performance, including the risk position and risk management of the company and material Group companies, particularly in relation to important matters.

The Working Committee held seven meetings in the 2015 financial year. The Audit Committee met twice, the Personnel Committee three times, the Remuneration Committee four times, the Risk Committee twice, and the Nomination Committee five times.

No member of the Supervisory Board was unable to personally attend more than half of the sittings of the Supervisory Board.

In addition, the Supervisory Board and the Working and Remuneration Committees also passed resolutions by circulation.

Further information on the activities of the Supervisory Board can be found in the Report of the Supervisory Board.

Management Board and Supervisory Board remuneration disclosure

Management Board remuneration

The following total amounts were paid to the Management Board of RBI:

in € thousands	2015	2014
Fixed remuneration	5,007	5,101
Bonuses (incl. portions for prior years)	1,759	2,798
Share-based payments	0	0
Other remuneration	2,477	2,103
Total	**9,243**	**10,002**

Fixed remuneration, as shown in the above table, includes salaries and benefits in kind. Performance-based components of the Management Board's remuneration basically consist of bonus payments and share-based remuneration under the Share Incentive Program (SIP).

Only deferred bonus amounts from 2013 and previous years were paid out in 2015, no bonus was paid for 2014.

There was no allocation of share-based payments in 2015, as no SIP tranche had been issued in 2010 owing to the merger between Raiffeisen International with the principal business areas of Raiffeisen Zentralbank Österreich AG. Moreover, the term of the program was extended to five years in accordance with legal regulations. Therefore, the next SIP tranche will not mature before 2016.

The measurement of bonuses is linked to the achievement of company goals in relation to profit after tax, return on risk-adjusted capital (RORAC) and cost/income ratio, as well as to annually-agreed personal goals. Payment of bonuses is deferred as set forth in the BWG and implemented according to internal regulations.

Management Board members' contracts specify a maximum bonus. Similarly, the SIP includes a cap amounting to three times the allocation value. A maximum limit is thus in place for all variable compensation components. Other remuneration consists of compensation for board-level functions in associated companies, payments to pension funds and reinsurance policies, as well as other insurance and benefits.

The Management Board's remuneration paid in 2015 is shown in detail as follows:

in € thousands	Fixed Remuneration	Bonus allocations for 2013 and prior years	Share-based payments	Other	Total
Karl Sevelda	1,108	364	0	474	1,946
Johann Strobl	909	344	0	386	1,639
Klemens Breuer	784	258	0	495	1,537
Martin Grüll	759	310	0	389	1,458
Peter Lennkh	759	188	0	403	1,350
Andreas Gschwenter[1]	325	0	0	45	370
Aris Bogdaneris[2]	363	295	0	285	943
Total	**5,007**	**1,759**	**0**	**2,477**	**9,243**

[1] Compensation from 1 July 2015
[2] Compensation until 31 May 2015

In addition to the amounts listed above, deferred bonus amounts totaling € 420 thousand were paid to Herbert Stepic and Patrick Butler on account of their previous work on the Management Board.

Principles of remuneration policy and practices in accordance with § 39 (2) in conjunction with § 39b of the BWG

In accordance with § 39 (2) in conjunction with § 39b of the BWG including annexes, RBI's Supervisory Board approved the "General Principles of the Remuneration Policy and Practice" in 2011. Remuneration of all employees, including the Management Board and other "risk personnel", must comply with these principles. These principles also apply to bonus payments for 2011 and all subsequent years. The Remuneration Committee is responsible for the regular monitoring of these policies and practices and their implementation. Taking the current version of § 39 (2) in conjunction with § 39b of the BWG including annexes into account, which was updated in implementation of Directive 2013/36/EU, the Remuneration Committee of RBI's Supervisory Board approved a new version of the "General Principles of the Remuneration Policy and Practice" in 2014, which was applied as of 2014. This was most recently amended in 2015.

In doing so, the variable component may fall away completely for positions with minimal or only indirect influence on the business results. Role based fixed compensation was implemented in various forms according to respective local conditions. When determining the bonus for specific business and management functions, more weight was placed on RBI's and the respective organizational units' results and less on the functional area in order to promote teamwork.

Share Incentive Program

Due to the enormous increase in the complexity of the regulatory provisions for variable remuneration, the Management Board was prompted to review the benefits and meaningfulness of share-based remuneration. Originally intended as a variable long-term remuneration element geared to market and corporate success, the SIP has since lost this meaning because the annual bonus for the same target group of top executives is now deferred for 3 to 5 years, and half must be paid in instruments (e.g. shares). It was therefore decided that no further SIP tranches would be issued from the 2014 financial year onwards.

No tranche of the Share Incentive Program matured in 2015, as no SIP tranche was issued in 2010 and the term of the program was extended to five years in 2011 in accordance with legal regulations. Consequently, the next SIP tranche will not mature until 2016.

Under the SIP, new tranches were last issued in 2011, 2012 and 2013. This means that on the reporting date, contingent shares for these three tranches were allocated. At 31 December 2015, the number of these contingent shares was 900,223 (of which 198,258 were attributable to the 2011 allocation, 370,857 to the 2012 allocation, and 331,108 to the 2013 allocation). The number of contingently allocated shares originally announced changed due to various personnel changes in Group units. It is shown on an aggregated basis in the following table:

SIP 2011, 2012 and 2013

Group of persons	Number of contingently allocated shares at 31/12/2015	Minimum allocation of shares	Maximum allocation of shares
Members of the Management Board of RBI	289,066	86,720	433,599
Members of the management boards of bank subsidiaries and branches affiliated to RBI	372,176	111,653	558,264
Executives of RBI and other affiliated companies	238,981	71,694	358,472

No shares were repurchased for the SIP in 2015.

Expenditure for severance payments and pensions

The same rules essentially apply for the members of the Management Board as for employees. They provide for a basic contribution to a pension fund by the company and an additional contribution when the employee makes their own contributions in the same amount. Additional individual pension benefits, which are financed by a reinsurance policy, apply to three members of the Management Board.

In the event of a function or contract termination, one member of the Management Board is entitled to severance payments in accordance with the Salaried Employees Act and the Bank Collective Agreement, one member in accordance with contractual agreement and four members in accordance with the Company Retirement Plan Act. In principle, the severance payment claims under the Salaried Employees Act or contractual agreements expire if the Management Board member resigns.

Furthermore, protection against occupational disability risk is provided by a pension fund and/or on the basis of an individual pension benefit, which is secured by a reinsurance policy. Contracts for Management Board members are limited to the duration of their respective term in office or a maximum of five years. Regulations regarding severance payments, in the event of the early termination of Management Board mandates, are based on the principles stipulated by the ACGC, as well as on the stipulated maximum limits (a maximum of two years' total annual remuneration for early termination without serious cause and in any case no longer than the remaining term. No remuneration is paid for premature terminations for serious reasons attributable to the Management Board member).

Supervisory Board remuneration

For the 2014 financial year, the Members of the Supervisory Board received remuneration totalling € 550,000 in accordance with the resolution of the Annual General Meeting. This amount included: € 70,000 for the Chairman of the Supervisory Board, € 60,000 each for the Deputy Chairmen of the Supervisory Board, € 50,000 each for the other members of the Supervisory Board. Depending on the duration of the respective Supervisory Board Member's term, the remuneration for 2014 was paid on a pro rata basis or in its entirety.

Supervisory Board remuneration for the 2015 fiscal year was apportioned to individual Supervisory Board members as follows. The amounts provided are provisional amounts from the statement of financial position, subject to the approval of the Annual General Meeting 2016. Attendance fees were not paid. Depending on the duration of the respective Supervisory Board mandate, the provision for 2015 was booked on a pro rata basis or in its entirety.

Supervisory Board member	in €
Walter Rothensteiner	70,000
Erwin Hameseder	60,000
Heinrich Schaller	60,000
Martin Schaller	60,000
Klaus Buchleitner	50,000
Kurt Geiger	50,000
Michael Höllerer	25,000
Günther Reibersdorfer	50,000
Johannes Schuster	50,000
Bettina Selden	50,000

D&O insurance

In the 2015 financial year, a D&O (directors and officers) financial loss and liability insurance policy was signed with UNIQA Sachversicherung AG for the Supervisory Board, the Management Board and key executives, the cost of which is borne by the company.

Annual General Meeting

The Annual General Meeting for financial year 2014 was held on 17 June 2015 in Vienna. The Annual General Meeting for financial year 2015 will take place on 16 June 2016. The convening notice will be published in the Wiener Zeitung's official journal and in electronic form a minimum of 28 days before the Annual General Meeting.

At the Annual General Meeting the shareholders, as owners of the company, can exercise their rights by voting. The fundamental principle of "one share, one vote" applies. Accordingly, there are no restrictions on voting rights and all shareholders have equal rights. Every share confers one vote; registered shares have not been issued. Shareholders may exercise their voting rights themselves or by means of an authorized agent. RZB has not exercised its right to nominate up to one third of the Supervisory Board members to be elected by the Annual General Meeting, as per the Articles of Association, so that the share structure complies with the principle of "one share, one vote".

Report on measures taken by the company to promote women to the Management Board, the Supervisory Board and into executive positions (§ 80 of the AktG) as laid down in § 243b (2) 2 of the UGB

For RBI, it has always been important to offer equal opportunities for equal performance within the company, regardless of gender or other factors. This begins with staff selection, which must be without prejudice, and where the same standards must always be applied irrespective of gender. The 45 per cent proportion of female employees at RBI AG underscores the effectiveness of these initiatives.

The following table shows the total proportion of women in managerial positions (positions with staff responsibility) at RBI AG, classified by Supervisory Board, Management Board, tier 2, and tier 3 management levels.

Year	Proportion of women of the total number of employees	Proportion of women of the total number of executives	Supervisory Board	Management Board	Tier 2 management	Tier 3 management
2015	45%	29%	13%	0%	12%	31%

To complete the picture, the next table shows the proportion of women among all employees, in Management Board positions and tier 2 and tier 3 management levels, for RBI as a whole (including subsidiaries).

Year	Proportion of women of the total number of employees	Proportion of women of the total number of executives	Management Board	Tier 2 management	Tier 3 management
2015	67%	55%	14%	37%	48%

To promote the advancement of women within the company, RBI makes ongoing efforts to improve and continually develop the corresponding framework. Measures to improve the family-work balance are very important in this respect; these include flexible working hours, and part-time and home office options, which are offered in almost all countries in accordance with the local statutory provisions, and also company kindergartens with employee-friendly operating hours. Among other things, these framework conditions aim to facilitate effective management of maternity leave, which should encourage women to return to work.

In order to build on management skills among employees, RBI offers targeted training and continuing education programs, which also proved popular among female employees. For example, approximately 36 per cent of the participants in the group-wide top management program "Execute" were women; in 2015, the proportion of women participating in RBI AG's advanced leadership training for middle management was 27 per cent.

The Management Board is aware of the need to continue to pursue the existing initiatives as well as to maintain its openness to new initiatives in order to further increase the percentage of women in highly qualified positions. To achieve this end, it encourages women to take advantage of these opportunities and to make specific calls for such initiatives.

Transparency

The Internet, particularly the company website, plays an important role for RBI with regard to open communication with shareholders, their representatives, customers, analysts, employees, and the interested public. Therefore, the website offers regularly updated information and services, including the following: annual and interim reports, company presentations, archived telephone conference webcasts, ad hoc releases, press releases, investor relations releases, share price information and stock data, information for debt investors, financial calendar with advance notice of important dates, information on securities transactions of the Management Board and Supervisory Board that are subject to reporting requirements (directors' dealings), RBI's Articles of Association, the corporate governance report, analysts' research and recommendations, as well as an ordering service for written information and registration for the automatic receipt of investor relations news by e-mail.

Conflicts of interest

Both the Management Board and the Supervisory Board of RBI are required to disclose any potential conflicts of interest.

Members of the Management Board must therefore disclose to the Supervisory Board any significant personal interests in transactions involving the company and Group companies, as well as any other conflicts of interest. They must also inform the other members of the Management Board. Members of the Management Board who occupy management positions within other companies must ensure a fair balance between the interests of the companies in question.

Members of the Supervisory Board must immediately report any potential conflicts of interest to the Chairman of the Supervisory Board. In the event that the Chairman himself should encounter a conflict of interest, he must report this immediately to the Deputy Chairman. Company agreements with members of the Supervisory Board that require members to perform a service for the company or for a subsidiary outside of their duty on the Supervisory Board (§ 228 (3) of the UGB) in exchange for not-insignificant compensation require the approval of the Supervisory Board. This also applies to agreements with companies in which a member of the Supervisory Board has a significant financial interest. Furthermore, related party transactions as defined by § 28 of the BWG require the approval of the Supervisory Board.

Accounting and audit of financial statements

RBI's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU. They also comply with the regulations of the BWG in conjunction with the UGB to the extent that these are applicable to the consolidated financial statements. The consolidated annual financial statements are published within the first four months of the financial year following the reporting period. Interim reports are published no later than two months after the end of the respective reporting period pursuant to IFRS.

The Annual General Meeting selected KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft as its external Group auditor and bank auditor for the 2015 financial year. KPMG has confirmed to RBI that it has the certification of a quality auditing system. It has also declared that there are no reasons for disqualification or prejudice. The Supervisory Board is informed of the result of the audit by a statutory report regarding the audit of the consolidated financial statements by the auditor, as well as by the report of the Audit Committee. Furthermore, the auditor assesses the effectiveness of the company's risk management in accordance with the ACGC, based on the documents submitted to the auditor and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board, who is responsible for ensuring the report is addressed in the Audit Committee and presented to the Supervisory Board.

The Management Board

Karl Sevelda

Johann Strobl

Klemens Breuer

Martin Grüll

Andreas Gschwenter

Peter Lennkh

Sustainability management

The business activities of RZB (of which RBI is a substantial part) serve to create comprehensive added value while combining economic, ecological and social responsibilities. Since the Group was founded by Friedrich Wilhelm Raiffeisen, sustainable action and corporate responsibility have been part of the Group's policy and identity and form integral components of its business activities.

In its sustainability management practices, RBI focuses on adherence to the ten principles of responsible business in the United Nations Global Compact. These principles address the key areas of human rights, labor standards, environmental protection and anti-corruption. The associated globally responsible approach is expected from all employees and managers as well as from partners and suppliers.

Following the commitment to introduce the Environmental and Social Management System (ESMS) in accordance with the exclusion criteria and performance standards of the International Finance Corporation in 2014, implementation of the standards was continued in several RBI network banks in 2015.

Moreover, in 2015, the Multilateral Investment Guarantee Agency (MIGA), an institution of the World Bank Group, made guarantees totaling € 457 million available in five network banks (Raiffeisen Bank Sh.a. in Albania, Priorbank JSC in Belarus, Raiffeisen BANK d.d. in Bosnia and Herzegovina, Raiffeisen Bank Kosovo J.S.C. and Raiffeisen banka a.d. in Serbia) to support local lending. MIGA's involvement is based on the implementation of an ESMS at the respective network banks, if one is not yet in place.

The adoption of the Green Bond Principles of the International Capital Market Association marks another positive development. The principles are voluntary guidelines which have been developed for the fast-growing green bonds market and which promote transparency and disclosure.

For the third time in succession, RBI was recognized by the Carbon Disclosure Project in the Carbon Performance Leadership Index and is the best rated company in Austria. The first ever Group-wide report on emissions data was issued. The large reductions in CO_2 were achieved, among other factors, by moving to energy-efficient locations.

As a result of the extensive measures, RBI gained an improved overall ESG performance rating in 2015 and was again listed in the STOXX Global ESG Leaders Index. This family of indices contains a group of sustainability indices which are determined using a transparent and structured process and in which RBI ranks among the "industry leaders" in the areas of "environment" and "governance".

Continuous dialog with stakeholders is a cornerstone of sustainability management. This dialog includes the annual Stakeholder Council and regular surveys. At the end of 2015, a comprehensive survey of managers and sustainability officers from RBI, RZB and network banks, as well as external stakeholders from Austria and CEE, was conducted in order to assess different sustainability issues with respect to the materiality of their effects.

The sixth Stakeholder Council, held in November 2015, was organized around the theme of "Sustainability in the core business". Dialog groups discussed issues ranging from society's demands on the banking sector in terms of sustainability and the sustainable influence of a bank's value creation process through to the realization of global sustainable development objectives in core business areas.

The Sustainability Report, which is published in accordance with the G4 Global Reporting Initiative, contains detailed information on how RBI, as part of the RZB Group, has fulfilled its sustainability mandate in the period under review and how it will realize and improve its sustainability performance in the future. The 2014 Sustainability Report "Fit for the future through sustainability" was rated as one of the best reports in Austria in the "large companies" category of the 16th Austrian Sustainability Reporting Awards.

As of 2014, RZB (including RBI) publishes its sustainability report annually. The 2015 report will be published in summer 2016.

The current report can be found at www.rbinternational.com → About Us → Sustainability Management.

Group management report

Market development

Markets swayed by monetary policy

Developments in the money and capital markets were once again dominated by international central banks' policies last year. The European Central Bank (ECB) decided in early 2015 on an asset purchase program of € 60 billion per month, largely for government bonds, in addition to setting a negative interest rate for the first time on bank deposits at the ECB. The central bank followed this up in December with a deposit facility rate cut to minus 0.3 per cent and an expansion of its bond purchase program to include regional and local issuers, as well as a half-year extension of the program to March 2017. The expanded monetary policy measures resulted in a further decline in money market rates over the course of 2015. Euribor interest rates (money market deposits) out to six months were in negative territory by the end of the year. Even the two-year German government bond carried a negative yield for the entire year and ten-year German government bonds were yielding consistently well below 1 per cent over the course of the year. In the US, after seven years of pursuing a zero interest rate policy, the US Federal Reserve (Fed) hiked its key rate for the first time since 2007. The key rate range was raised 25 basis points to 0.25 to 0.50 per cent in December. In 2015, the euro versus US dollar exchange rate was driven by divergent Fed and ECB monetary policies. In light of the US rate hike expected by market participants, the euro lost considerable value over the course of the year, approached parity with the US dollar on an intermittent basis and ultimately closed at the end of December somewhat higher at 1.09 EUR/USD.

In the euro area, real GDP increased 1.5 per cent in 2015, with economic growth primarily driven by private consumption. Consumer and business sentiment significantly improved, with some values reaching their highest level in many years. The inflation rate hovered around the zero per cent mark for most of the year due to declining energy prices. On an individual country level, economic growth came in very mixed. Reforms in former crisis countries such as Ireland and Spain bore fruit in terms of strong economic growth. The economic recovery in France, Italy and Austria was comparatively modest due to structural deficits. Although the Austrian economy overcame its stagnation phase in 2015, it experienced only subdued average real GDP growth of 0.3 per cent per quarter. Thus, the real GDP rose 0.9 per cent in 2015; however, it was not enough to generate a sufficient revival in the job market. Employment increased in 2015, but the potential labor force fell more strongly, so that the unemployment rate in Austria in fact rose, contrary to the trend in the euro area. Disappointingly, private consumption in Austria stalled – as opposed to government consumption, which was more dynamic. In contrast, investment activity picked up during 2015, mainly due to investment in equipment while construction investment remained persistently weak. Export growth was also able to improve (as a result of higher demand for goods and services). Exports increased to the US, Switzerland, UK, Poland, and Czech Republic, while there was a reduction in export trade with Russia. Import volumes also increased due to domestic economic momentum, with foreign trade only slightly contributing to GDP growth as a result.

The US economy grew 2.4 per cent in 2015, on a par with the previous year's rate, with the low oil price boosting private consumer spending to 3.1 per cent – a stronger increase than at any time since 2006. Residential construction investment also showed strong growth. Conversely, the oil price decline severely dampened investment in the energy sector while the notable appreciation of the dollar curbed export growth. The labor market recovery continued thanks to solid growth in economic output. Nearly 3 million new jobs were created versus 2014, with the unemployment rate dropping 0.6 of a percentage point to 5.0 per cent.

In line with expectations, China's economic growth weakened to just below 7 per cent in 2015. Excess capacity needs to be absorbed in heavy industry, as well as in the real estate market. At the same time, external demand remains weak.

Divergent economic trends in CEE

Most central banks in CEE further cut their key and money market rates in 2015. This monetary policy stance was supported by low domestic inflation rates, as well as by the monetary policies of leading western central banks. The latter increased the scope of CE and SEE central banks, which also expanded monetary policy by using unconventional monetary and liquidity policy measures (e.g. in Hungary and Romania).

The CE region enjoyed very solid economic performance in 2015, with GDP growth of 3.5 per cent. CE generally benefits from solid economic growth in Germany and from the recovery in the euro area, as well as from expansionary monetary policies in some CE countries. In a number of countries, such as the Czech Republic and Hungary, the current cyclical recovery likely peaked over the course of the year. At the same time, key domestic economic activity indicators remain at solid, high levels or point to increasingly balanced growth with sound export performance and momentum in the domestic economy.

SEE recovered in 2015, with year-on-year economic growth of 2.8 per cent. Serbia overcame the 2014 downturn and Croatia posted 1.6 per cent GDP growth in 2015, ending a five-year recessionary period. With 2.7 per cent GDP growth, Bulgaria caught up slightly with Romania, where economic growth increased to 3.7 per cent due to structural reforms. Overall, however, economic growth in SEE remains moderate, mainly due to outstanding structural adjustments and to the high level of private sector debt that is only slowly coming down.

All three countries in the Eastern European (EE) region remained mired in recession in 2015. GDP fell in Russia and Belarus by 3.7 and 4 per cent respectively, while it slumped 10 per cent in Ukraine. The severe adjustment recessions following the huge currency devaluations and necessary structural adjustments in 2015, were mainly driven by sharp declines in private consumption and investment spending. Although there was a massive reduction in imports, the foreign trade positions of EE countries stabilized thanks to improved exports.

Annual real GDP growth in per cent compared to the previous year

Region/country	2014	2015e	2016f	2017f
Czech Republic	2.0	4.3	2.4	2.4
Hungary	3.7	2.8	2.2	2.9
Poland	3.3	3.5	3.6	3.4
Slovakia	2.5	3.6	3.5	3.5
Slovenia	3.0	2.7	2.2	2.1
Central Europe	**3.0**	**3.5**	**3.1**	**3.1**
Albania	2.0	2.7	3.5	4.0
Bosnia and Herzegovina	1.1	2.0	3.0	3.5
Bulgaria	1.5	2.7	2.1	3.0
Croatia	(0.4)	1.6	1.5	1.5
Kosovo	0.9	3.0	3.0	3.5
Romania	2.8	3.7	4.0	3.6
Serbia	(1.8)	0.5	2.5	3.0
Southeastern Europe	**1.5**	**2.8**	**3.1**	**3.2**
Russia	0.7	(3.7)	(2.0)	1.5
Belarus	1.6	(4.0)	(2.0)	1.5
Ukraine	(6.8)	(10.0)	1.5	3.0
Eastern Europe	**0.3**	**(4.1)**	**(1.8)**	**1.6**
Austria	**0.4**	**0.9**	**1.4**	**1.4**
Germany	**1.6**	**1.4**	**1.8**	**1.8**
Euro area	**0.9**	**1.5**	**1.4**	**1.7**

Currencies

CE and SEE currencies remained largely stable against the euro during 2015. The Czech koruna gained against the euro and neared the upper limit to the euro, as defined by the foreign exchange regime. As a result of oil market weakness, the Russian rouble – despite a temporary recovery – came under more overall downward pressure against the US dollar over the course of 2015. Towards the end of 2015, the renewed downward movement of the Russian rouble against the US dollar resulted from the falling oil price. In turn, this reduced the Russian central bank's potential to carry out further cuts to key rates. Compared to the euro, the loss in value was significantly lower. Although there were no notable year-on-year losses in value compared to the euro, the depreciation of the rouble against the US dollar was however consistent with other currencies of commodity-exporting nations and emerging markets. For instance, currencies of other countries in the Eastern European region, such as the Ukrainian hryvnia and the Belarus rouble, weakened against the euro and US dollar in 2015. In Ukraine, the hryvnia's weakness was cushioned by restrictive foreign exchange measures. With the exception of the EE region, major currency market turbulence was avoided in CEE in 2015.

Development of the banking sector

The CEE banking sector saw a subdued performance in 2015. As in previous years, positive trends in new lending or in asset growth were moderate and limited to a few countries (e.g. Czech Republic, Poland, Romania, Russia and Slovakia). Nevertheless, a number of previously challenging banking markets managed to post sector level profits in 2015 (e.g. Hungary and Romania). At the same time, however, restructuring costs in Croatia, continued high levels of non-performing loans in SEE, restructuring and recapitalization requirements in Ukraine, and a further increase in non-performing loans, as well as a decline in profitability in Russia, dampened the general performance. Mainly driven by Russia, return on equity in the CEE banking sector fell in 2015 below the comparable level for the euro area. In Austria, the banking sector also had a sub-par performance in 2015, as measured against the trends in the euro area, with credit growth and profitability both coming in below the comparable levels. This trend was caused by several complex challenges, including restructuring needs in the, not very profitable, domestic business, weak real economic growth and the low capitalization levels of major banks in the European context, as well as high tax and regulatory burdens.

Earnings and financial performance

The consolidated financial statements of RBI are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU. RBI AG also prepares individual financial statements in accordance with the Austrian Commercial Code (UGB) in conjunction with the Austrian Banking Act (BWG), which provide the formal basis of assessment for calculating dividend distributions and taxes. For more information on disclosures required by the UGB and BWG, please see the notes under point (46).

Significant events

Strategic realignment
In February 2015, RBI announced that it would review its strategy due to the significantly changed environment. Complexity and risk are to be reduced and the equity position strengthened. The fully loaded common equity tier 1 (CET1) ratio and total capital ratio are to reach at least 12 per cent and 16 per cent, respectively, by the end of 2017. To achieve these targets, the subsidiary banks in Poland and Slovenia will be sold, as will the direct bank Zuno. Moreover, RBI's presence in Asia and in the US will either be reduced or completely wound down. These units have already been grouped together in the Non-Core segment. In addition, risk-weighted assets are being reduced, particularly in Russia and in Ukraine. In Raiffeisen Bank in Hungary, the business model has been adjusted to place particular focus on the corporate customer business in the future. Despite the reduction in risk-weighted assets, RBI plans to grow in select markets.

In the 2015 financial year, RBI worked intensively on the implementation of all of these measures. Substantial headway was made in reducing risk-weighted assets in Russia and in Ukraine. The repositioning in Hungary has been largely completed and the sale of the network bank in Slovenia has been contractually agreed. The regulatory approval process is currently under way, and the closing of the transaction is expected to occur in the first half of 2016. In Asia, rescaling of the business volumes is already at an advanced stage (49 per cent reduction of risk-weighted assets compared to the previous year). In the US, the winding down of operations has begun. In Poland, preparations for the Bank's IPO have commenced. The intended sale is no longer expected to take place in 2016, due to the changed political environment. The plan to sell remains in place.

Low interest rate level
The already low interest rate level continued to weaken, not only in the euro area, but also in many markets in Central and Southeastern Europe in the reporting period. At RBI – as at other banks – the net interest margin in the credit business declined and deposit margins remained under pressure. In addition, the low discount rates in many countries negatively affected the investment options for excess liquidity. Although interest margins in CEE largely remained at a high level compared to Western European countries, the higher volatility of a number of currencies – in some cases significantly higher – weighed on net interest income.

Restatement of prior year financial results
In 2015, RBI underwent a routine examination by the Austrian Financial Reporting Enforcement Panel. The examination covered RBI's 2014 consolidated financial statements and its 2015 Semi-Annual Report. The reallocation of charges in the amount of € 124 million led to a revision of the 2014 consolidated loss to € 617 million and consequently these charges are not reflected in the 2015 consolidated financial statements. The total amount of € 124 million consists of two factors: a € 93 million goodwill impairment relating to Raiffeisen Polbank and € 34 million in costs for net provisioning for impairment losses, which also resulted in deferred tax income of € 3 million. The impact of this restatement on the regulatory capital ratios is negligible.

Regulatory changes
RBI was again confronted with regulatory changes in the past financial year. Since November 2014, the European Central Bank (ECB) has been responsible for the supervision of banks in the euro area under the Single Supervisory Mechanism (SSM). Accordingly, RBI has come under the ECB's direct supervision since the fourth quarter of 2014. The Single Resolution Mechanism (SRM) was also implemented in the euro area in 2015, which is designed to enable an orderly winding down of failing banks. In addition to drawing up resolution plans, banks must also pay contributions to finance a Single Resolution Fund (SRF), which resulted in additional expenses of € 41 million for RBI in 2015. The amount banks are required to contribute to the resolution fund is determined on the basis of business volumes and a bank-specific risk assessment. The target size of the SRF (at least 1 per cent of covered customer deposits of eligible banks in participating member states) is to be reached by 2024.

In the area of deposit guarantees, the goal is also to establish a harmonized guarantee system in Europe. The target size of the deposit guarantee fund is based on 0.8 per cent of the deposits covered, and is expected to be reached by 2024.

Currency turbulence

Exchange rates continued to fluctuate substantially in 2015. On the one hand, the US dollar appreciated by nearly 12 per cent year-on-year against the euro as a result of interest rate expectations, and the Swiss franc appreciated 11 per cent due to the abandonment of the fixed minimum exchange rate set by the Swiss National Bank. On the other hand, some CEE currencies depreciated against the euro. For example, the Russian rouble fell 10 per cent year-on-year in line with falling oil prices, while the Ukrainian hryvnia depreciated 27 per cent and the Belarusian rouble was down 29 per cent. Currency volatility not only impacted the statement of financial position and risk-weighted assets, but also triggered considerations and measures aimed at converting foreign currency loans at exchange rates that are unfavorable to banks.

Overview of the financial year

After RBI – due to a number of non-recurring effects (goodwill impairment charges in Poland and Russia, deferred taxes, implementation of the Hungarian Settlement Act) – ended a financial year with a negative consolidated result for the first time in 2014 (minus € 617 million after restatement), it returned to profitable territory in 2015. Consolidated profit amounted to € 379 million. This increase was attributable not only to the absence of the mentioned non-recurring effects, but also to an improvement in the credit risk situation in nearly all of RBI's markets. Accordingly, net provisioning for impairment losses fell 28 per cent year-on-year, or € 486 million, to € 1,264 million. The largest declines occurred in Ukraine, in Hungary and at Group head office. Continued high provisions had to be set aside for units in Asia, where business volumes were significantly reduced as planned.

The Group's financial results continued to be affected by high currency volatility in 2015. For example, the average exchange rate of the Russian rouble and of the Ukrainian hryvnia against the euro was 26 per cent and 35 per cent, respectively, below the comparable level of the previous year. In contrast, the US dollar and Swiss franc appreciated 19 per cent and 13 per cent, respectively, against the euro.

Transformation costs associated with the strategic realignment – that was decided upon in February 2015 – amounted to € 88 million.

Operating income declined 8 per cent year-on-year, or € 421 million, to € 4,929 million. This was mainly attributable to the above described sharp currency devaluations. Net interest income fell 12 per cent, or € 462 million, to € 3,327 million. In addition to the currency effect, the falling market interest rate level in Central and Southeastern Europe, as well as loan defaults occurring in the previous year in Asia, also had a negative impact on the net interest margin (calculated based on interest-bearing assets), which decreased 23 basis points to 3.00 per cent. Despite the currency effects in Eastern Europe, net fee and commission income was down by only 4 per cent, or € 67 million, to € 1,519 million. Net trading income improved € 46 million to plus € 16 million, driven by valuation gains on derivatives in Russia.

General administrative expenses dropped 4 per cent year-on-year, or € 110 million, to € 2,914 million. The decline was largely attributable to currency devaluations in Eastern Europe. Following the decision not to pay any bonuses for 2014, the release of bonus provisions in the amount of € 76 million also resulted in a decline. Expenses were increased due to transformation costs in the amount of € 34 million and due to higher expenditures for the implementation of regulatory requirements (SRF and Deposit Guarantee Scheme). The average number of staff was further reduced, down 2,304 year-on-year to 54,092. The number of business outlets decreased 161 year-on-year to 2,705.

In the course of the year, total assets fell 6 per cent, or € 7,073 million, to € 114,427 million. This was primarily the result of a 10 per cent reduction in lending to customers, which was largely attributable to a decline in loans to large corporate customers in connection with restrictive lending policies in some markets and the strategic realignment. The largest declines in total assets were posted at Group head office, in Asia, and in Russia (currency-driven).

Equity including capital attributable to non-controlling interests recorded an increase of € 323 million to € 8,501 million. Equity increased as a result of profit after tax in the amount of € 435 million; other comprehensive income had an impact of minus € 53 million. Exchange rate differences, which amounted to minus € 194 million in the reporting period (2014: minus € 1,335 million), constituted the largest item in other comprehensive income. In contrast, the capital hedge had a positive impact (€ 90 million), as did valuation changes in assets available for sale (€ 82 million).

In terms of regulatory capital, the key metrics changed as follows: Common equity tier 1 (after deductions) stood at € 7,671 million at the end of the year. The increase over the 2014 comparable level came to € 226 million. RBI's total capital pursuant to the CRR amounted to € 10.987 million, which corresponds to an increase of € 17 million compared to the 2014 year-end figure. Risk-weighted assets (total) were reduced by € 5,449 million to € 63,272 million. In addition to the reduction in credit volumes in the Non-Core segment, due to the strategic realignment, stronger declines also occurred at Group head office, and in Russia, Ukraine, and the Czech Republic. Based on total risk, the common equity tier 1 ratio (transitional) and the total capital ratio (transitional) stood at 12.1 per cent and 17.4 per cent, respectively. Excluding the transitional provisions as defined within the CRR, the common equity tier 1 ratio (fully loaded) amounted to 11.5 per cent and the total capital ratio (fully loaded) came to 16.8 per cent.

No dividends will be distributed for the 2015 financial year.

Detailed review of income statement items

in € million	2015	2014 restated	Change absolute	Change in %	2014 published
Net interest income	3,327	3,789	(462)	(12.2)%	3,789
Net fee and commission income	1,519	1,586	(67)	(4.2)%	1,586
Net trading income	16	(30)	46	–	(30)
Recurring other net operating income[1]	66	5	62	>500.0%	10
Operating income	**4,929**	**5,350**	**(421)**	**(7.9)%**	**5,355**
Staff expenses	(1,389)	(1,450)	60	(4.2)%	(1,450)
Other administrative expenses	(1,173)	(1,193)	20	(1.7)%	(1,193)
Depreciation	(351)	(381)	30	(7.8)%	(381)
General administrative expenses	**(2,914)**	**(3,024)**	**110**	**(3.6)%**	**(3,024)**
Operating result	**2,015**	**2,326**	**(312)**	**(13.4)%**	**2,332**
Net provisioning for impairment losses	(1,264)	(1,750)	486	(27.8)%	(1,716)
Other results[1]	(40)	(681)	641	(94.1)%	(593)
Profit/loss before tax	**711**	**(105)**	**816**	**–**	**23**
Income taxes	(276)	(483)	207	(42.8)%	(486)
Profit/loss after tax	**435**	**(587)**	**1,022**	**–**	**(463)**
Profit attributable to non-controlling interests	(56)	(30)	(26)	89.3%	(30)
Consolidated profit/loss	**379**	**(617)**	**996**	**–**	**(493)**

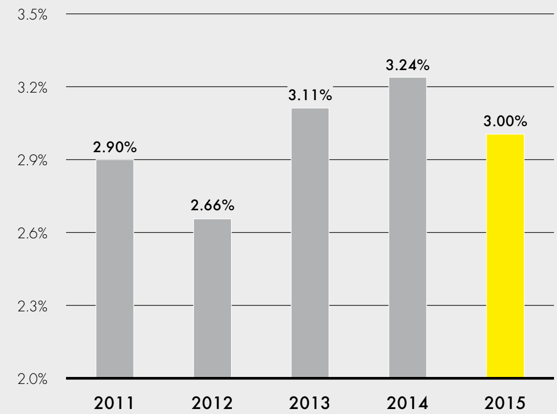
2014 figures restated (please refer to the consolidated financial statements for details).
1 Prior year figures adjusted due to changes in allocation.

Operating income

Net interest income

In 2015, net interest income declined 12 per cent, or € 462 million, to € 3,327 million. This was primarily attributable to currency devaluations in Eastern Europe, which reduced net interest income in Russia by € 188 million and in Ukraine by € 96 million. At Group head office, net interest income declined € 78 million, primarily due to lower interest rates and volumes.

Development of the net interest margin (average interest-bearing assets)



In the Central Europe segment, net interest income fell 6 per cent, or € 40 million, to € 654 million. In Hungary, net interest income declined € 33 million as a result of reduced interest income from derivatives and the low level of market interest rates. In Slovakia, lower interest rates also led to a € 17 million reduction in net interest income, whereas in the Czech Republic, a rise in interest income from derivatives, lower interest rates in the deposit business and higher lending volumes increased net interest income by € 10 million. In the Southeastern Europe segment, net interest income fell 7 per cent, or € 55 million, to € 780 million. All countries in this segment – with the exception of Kosovo – reported declines in net interest income, which were also mainly attributable to the continuing low level of interest rates. The Eastern Europe segment – which was the main driver of the negative trend – reported a 22 per cent, or € 272 million, decline in net interest income to € 949 million. As a result of the currency devaluations, net interest income in Russia declined 23 per cent, or € 188 million, to € 647 million, and in Ukraine by 35 per cent, or € 96 million, to € 176 million. In Belarus, in contrast, net interest income increased 11 per cent, or € 13 million, to € 125 million, driven by higher interest income from securities and leasing claims. In the Non-Core segment, net interest income fell 22 per cent, or € 111 million, to € 385 million. In Poland, the continuing low level of market interest rates and repricing measures in the deposit business reduced net interest income by 18 per cent, or € 54 million, to € 253 million. In Asia, net interest income fell 38 per cent, or € 51 million, to € 84 million, due to volumes and loan defaults.

The Group's net interest margin declined 23 basis points year-on-year to 3.00 per cent, primarily as a result of the further reduction in the level of market interest rates in many countries in the Central and Southeastern Europe segments and in Poland. In the Eastern Europe segment, the interest margin fell mainly due to currency effects. In contrast, higher current income from shares in affiliated companies (up € 59 million) made a positive contribution to the development of the net interest margin.

Net fee and commission income

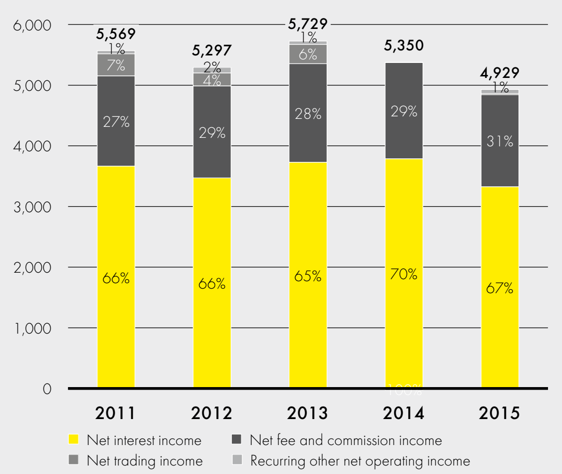
Despite the substantial currency devaluations in Eastern Europe, net fee and commission income declined 4 per cent year-on-year, or € 67 million, to € 1,519 million. Net income from the payment transfer business fell 9 per cent, or € 67 million, to € 644 million, primarily as a result of currency effects in Ukraine and Russia, as well as lower income from the credit card and giro business in Poland. Net income from the foreign currency, notes/coins and precious metals business was down 3 per cent, or € 12 million, to € 381 million, due particularly to currency and volume effects in Ukraine and Russia. Net income from the loan and guarantee business also fell – by € 11 million to € 198 million – mainly as a result of developments in Russia and at Group head office. In contrast, net income from the securities business rose 7 per cent, or € 9 million, to € 136 million, most notably in Romania. Net income from other banking services increased 14 per cent, or € 8 million, to € 64 million, primarily attributable to Poland and to Group head office. Net income from the management of investment and pension funds grew 12 per cent, or € 5 million, to € 43 million, predominantly due to developments in Croatia.

Net trading income

Net trading income rose € 46 million year-on-year to € 16 million. Interest-based business grew € 27 million to € 68 million, primarily due to valuation gains on derivatives and securities positions in Russia and the Czech Republic, whereas Group head office and Poland reported valuation losses on interest-based derivatives and lower income from securities positions. Currency-based transactions fell € 9 million to minus € 60 million. This was mainly due to a loss from a hedging transaction related to Russian rouble-denominated dividend income (minus € 70 million), net investment hedge costs of € 34 million and valuation losses at Group head office. In contrast, Belarus posted a significant increase, caused by positive effects from a strategic currency position and the discontinuation of hyperinflation accounting, which had resulted in a loss of € 29 million in the previous year. Net income from proprietary trading had also increased. Exchange-rate related valuation losses on foreign currency positions in

Development of operating income

in € million



Ukraine declined (down € 37 million). Net income from other transactions improved € 30 million, after the lower interest rate level had a negative impact on the valuation of a guarantee product in the previous year.

Recurring other net operating income

In the reporting year, recurring other net operating income increased € 62 million to € 66 million. In particular, allocations and releases of other provisions rose € 20 million, mainly caused by positive developments – primarily in Hungary (lower allocations for litigation and lower provisions for the refunding of the transaction tax). Net income from real estate leasing improved € 12 million due to higher contributions from Hungary and the Czech Republic. Net income from the disposal of fixed assets increased € 6 million, primarily due to developments in Hungary.

General administrative expenses

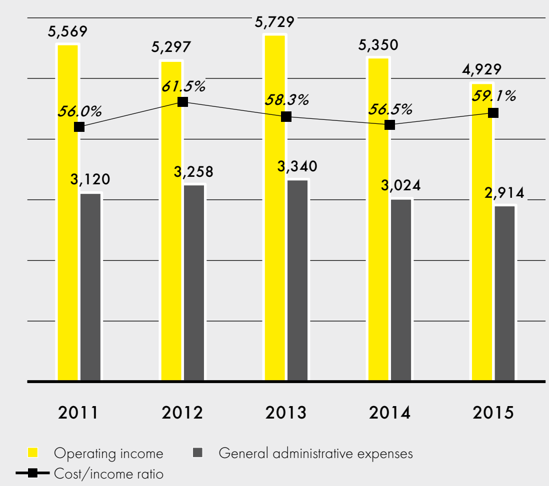
The Group's general administrative expenses fell 4 per cent, or € 110 million, to € 2,914 million during the reporting period, largely attributable to the development of the Russian rouble and Ukrainian hryvnia. The decline was also attributable to the release of bonus provisions totaling € 76 million, following the decision not to pay bonuses for 2014. Ukraine and Romania also reported lower general administrative expenses due to impairments in the previous year. In contrast, there were expenditures relating to the bank resolution fund of € 41 million and transformation expenses of € 34 million. The cost/income ratio deteriorated 2.6 percentage points to 59.1 per cent due to lower operating income.

Staff expenses

Staff expenses, which constituted the largest item within general administrative expenses (48 per cent), declined 4 per cent in the reporting period, or € 60 million, to € 1,389 million. In Ukraine and Russia, the sharp decline in staff expenses was mainly due to currency effects; the release of bonus provisions and staff departures as a result of ongoing cost reduction programs also reduced expenses. On the other hand, there were increases in staff expenses due to higher bonus provisions and also severance payments in connection with the strategic review. The average number of staff (full-time equivalents) fell 2,304 year-on-year to 54,092. The largest declines occurred in Ukraine (down 1,186), Russia (down 412) and Hungary (down 284).

Cost/income ratio performance

in € million



Other administrative expenses

Other administrative expenses decreased 2 per cent, or € 20 million, to € 1,173 million. The reduction in Russia (down € 68 million) and Ukraine (down € 13 million) was largely attributable to currency effects. In contrast, expenditures relating to the bank resolution fund of € 41 million, which were incurred at Group head office (€ 24 million) and in other EU countries (€ 17 million), increased expenses. Poland posted a € 15 million rise in other administrative expenses due to higher deposit insurance fees of € 27 million and contributions to a fund to protect mortgage borrowers of € 8 million, whereas legal, advisory and consulting expenses as well as IT expenses each fell by € 6 million. In Hungary, increased office space expenses of € 4 million were reported in connection with branch closures as a result of the strategic realignment. Compared to year-end 2014, the number of business outlets was down 161 to 2,705. The most significant declines in the number of business outlets occurred in Ukraine (down 93), Hungary (down 42), Russia (down 26), and Romania (down 17).

Depreciation of tangible and intangible fixed assets

Depreciation of tangible and intangible fixed assets fell 8 per cent year-on-year, or € 30 million, to € 351 million. The most significant decline occurred in Ukraine (down € 34 million) after impairments to the brand and the customer base were recognized in the previous year. Romania also posted a reduction in expenses (down € 11 million) after an impairment charge relating to a land valuation in the previous year. In Poland it was necessary to recognize an impairment of € 21 million in relation to the Polbank brand due to an adjustment of business planning caused by a deterioration of underlying conditions.

The Group invested € 347 million in fixed assets in the reporting period. Of that amount, 33 per cent (€ 114 million) was invested in own tangible assets. Investments in intangible assets – mainly related to software projects – amounted to 45 per cent. The remainder was invested in operating leasing business assets.

Net provisioning for impairment losses

Net provisioning for impairment losses declined 28 per cent year-on-year, or € 486 million, to € 1,264 million. This resulted from a € 542 million reduction in individual loan loss provisions to € 1,324 million, while net releases of portfolio-based loan loss provisions rose 3 per cent to € 50 million. Proceeds from the sale of impaired loans fell € 57 million to € 11 million, after € 68 million in the previous year, notably due to the sale of non-performing loans in Poland.

The majority of net provisioning for impairment losses in the reporting year, which totaled € 887 million, was attributable to corporate customers, while the figure for retail customers was € 407 million. Loan loss provisions for sovereigns resulted in releases of € 22 million.

The largest decline in net provisioning for impairment losses was recorded in Ukraine, where the provisioning requirement fell € 321 million year-on-year to € 212 million. On the one hand, this was due to currency effects; and on the other, to higher allocations for retail and corporate customers that were necessary in the previous year as a result of the adjustment of collateral for existing non-performing loans, as well as the political and economic situation in the Donbass region. In Hungary, the provisioning requirement for loans to retail and corporate customers declined € 73 million to € 56 million. At Group head office, net provisioning for impairment losses for large corporate customers also fell, by € 58 million to € 144 million. Likewise, the credit risk situation improved significantly in the Southeastern Europe countries, where total net provisioning for impairment losses fell € 63 million to € 191 million. The largest declines were recorded in Bulgaria (€ 20 million), Croatia (€ 14 million), Romania (€ 11 million), and Serbia (€ 11 million). At € 297 million (down € 10 million), net provisioning for impairment losses in Asia remained at a high level. Net provisioning for impairment losses in Russia rose € 11 million to € 181 million (the year-on-year rise in local currency was 43 per cent). This was due to the continuing unfavorable underlying economic conditions in Russia as well as sales of loans. Poland recorded a year-on-year rise of € 19 million because non-performing loans were sold with proceeds of € 62 million in the previous year. Without these gains, Poland would have recorded a decline of € 35 million.

The portfolio of non-performing loans fell € 548 million over the course of the year to € 8,328 million. However, currency effects resulted in a rise of € 212 million. The actual reduction in non-performing loans on a currency-adjusted basis was € 760 million. The largest declines occurred especially in Hungary (€ 539 million, predominantly as a result of the Settlement Act), Poland (€ 139 million), Bulgaria (€ 90 million), Romania (€ 77 million), Slovenia (€ 77 million), and the Czech Republic (€ 58 million). This contrasted with a rise of € 161 million in Asia. The NPL ratio increased 0.5 percentage points to 11.9 per cent during the reporting year. Non-performing loans compared to loan loss provisions amounting to € 5,935 million, resulting in an improved NPL coverage ratio of 71.3 per cent versus 67.5 per cent in the previous year.

The provisioning ratio – net provisioning for impairment losses in relation to the average volume of loans and advances to customers – fell 0.53 percentage points to 1.64 per cent.

Other results

Net income from derivatives and liabilities

Net income from derivatives and liabilities amounted to minus € 4 million, compared to € 88 million in the previous year. This reduction was primarily due to net income from changes in credit spreads for own liabilities, which fell € 169 million to minus € 3 million. In contrast, net income from the valuation of derivatives entered into for hedging purposes improved € 76 million.

Net income from financial investments

Net income from financial investments improved 10 per cent year-on-year, or € 6 million, to € 68 million. The valuation result for securities in the fair value portfolio increased € 38 million to € 76 million, primarily due to bonds in Russia. In contrast, net proceeds from the disposal of securities from the fair value portfolio fell € 30 million to € 22 million. This decline was primarily attributable to a partial repayment in the previous year of fixed-income government bonds in Ukraine (down € 53 million), a € 19 million increase in gains on sales at Group head office and a reduction of € 11 million in losses from sales in Russia. Higher impairment charges and lower proceeds from the sale of equity participations were responsible for the € 12 million decline in net income from equity participations to minus € 45 million. The sale of impaired securities held-to-maturity at Group head office increased net income by € 8 million.

Bank levies, non-recurring effects and goodwill

The expense for bank levies fell € 58 million year-on-year to € 119 million. This reduction resulted from the release of a provision formed in 2014 in connection with the payment of bank levies in Hungary (which accounted for € 43 million of the year-on-year reduction), as well as lower expenses in Slovakia (down € 7 million) and Austria (down € 8 million).

In Hungary, adjustments required in connection with the implementation of the Settlement Act (unilateral interest rate changes on consumer loans) led to the € 67 million partial release of a provision formed in the previous year. In the comparable period of the previous year, an allocation of € 251 million was made after the government's plan was announced.

In September 2015, the Croatian parliament adopted a law to enforce the conversion of loans denominated in Swiss francs at the historical rates at the time of lending. The resulting losses are to be entirely borne by the lending banks. Although RBI took immediate legal measures, a total provision of € 77 million was booked. This reduced consolidated profit by € 61 million. There was an additional expense of € 9 million relating to foreign currency loans in Serbia and Croatia, where regulations fixed installment payments at historical exchange rates.

In addition, there were goodwill impairments totaling € 7 million in relation to a subsidiary in Ukraine and in Serbia. In the previous year, goodwill impairments totaling € 399 million were recorded for subsidiaries in Poland (€ 194 million), Russia (€ 148 million), and Albania (€ 51 million).

Net income from the disposal of Group assets

The disposal of 28 subsidiaries resulted in net income of € 41 million in the reporting year, while a loss of € 10 million was recorded in the previous year as a result of the exclusion of 18 subsidiaries from the consolidation group (primarily from the sale of the trading group F.J. Elsner). Of the 28 excluded subsidiaries, 22 companies were excluded due to immateriality and six companies were sold. The companies were predominantly active in leasing, trade and financing business.

The sale of the 75 per cent stake in the Russian pension fund ZAO NPF Raiffeisen in October 2015 resulted in net income from disposal of group assets of € 86 million in the year under review. In 2015, an impairment of € 52 million was recognized in relation to assets available for sale in connection with the sale of the 99.8 per cent stake in the Slovenian subsidiary bank Raiffeisen Banka d.d. The sales contract was signed in December 2015 and closing is expected to take place in the first half of 2016.

Income taxes

Income taxes declined € 207 million year-on-year to € 276 million. The decline was predominantly the result of a non-recurring effect in the previous year related to impairments of deferred tax assets of € 196 million at Group head office and in Asia. At 39 per cent, the effective tax rate in the reporting year was significantly above the Austrian income tax rate of 25 per cent. This was largely attributable to expenses non-deductible for tax purposes mainly at Group head office and in Ukraine, the Czech Republic, Romania, Slovakia, and Russia, as well as to loss carryforwards which cannot be capitalized for tax purposes at Group head office and in Hungary.

Comparison of results with the previous quarter

in € million	Q4/2015	Q3/2015 restated	Change absolute	Change in %	Q3/2015 published
Net interest income	832	814	18	2.2%	813
Net fee and commission income	390	384	6	1.6%	384
Net trading income	29	(14)	43	–	(14)
Recurring other net operating income	18	33	(15)	(45.3)%	34
Operating income	**1,269**	**1,216**	**52**	**4.3%**	**1,216**
Staff expenses	(381)	(352)	(29)	8.3%	(352)
Other administrative expenses	(314)	(282)	(32)	11.3%	(282)
Depreciation	(118)	(79)	(39)	48.9%	(79)
General administrative expenses	**(813)**	**(713)**	**(100)**	**14.0%**	**(713)**
Operating result	**456**	**503**	**(48)**	**(9.4)%**	**503**
Net provisioning for impairment losses	(469)	(191)	(278)	145.9%	(191)
Other results	16	(59)	76	–	(155)
Profit/loss before tax	**3**	**253**	**(250)**	**(98.9)%**	**157**
Income taxes	(83)	(52)	(32)	62.0%	(52)
Profit/loss after tax	**(81)**	**201**	**(282)**	**–**	**106**
Profit attributable to non-controlling interests	(2)	(16)	14	(86.9)%	(16)
Consolidated profit/loss	**(83)**	**186**	**(268)**	**–**	**90**

Q3/2015 figures restated (please refer to the consolidated financial statements for details).

Operating income

Net interest income

Compared to the third quarter of 2015, net interest income rose 2 per cent, or € 18 million, to € 832 million in the fourth quarter. The net interest margin (calculated based on interest-bearing assets) improved 9 basis points quarter-on-quarter to 3.07 per cent. This positive development was mainly attributable to a € 65 million increase in current income from shares in affiliated companies, predominantly from a real estate holding company in Austria, which fully offset a decline in interest income from derivatives and from loans and advances to banks and customers.

Net fee and commission income

Compared to the third quarter, net fee and commission income was up 2 per cent, or € 6 million, to € 390 million. Net income from the payment transfer business posted the largest increase – up 6 per cent or € 10 million, to € 174 million – driven by higher fee and commission income from the credit card business in Russia. Net income from the sale of own and third-party products rose € 4 million to € 16 million, mainly in Poland and Hungary, but was offset by net income from other banking services. Net income from both securities trading and from the foreign currency, notes/coins and precious metals business each declined € 2 million, due to lower volumes and margins, with the strongest reductions occurring in Romania and Russia.

Net trading income

Net trading income improved € 43 million quarter-on-quarter to € 29 million. Interest-based business rose € 83 million to € 36 million, primarily driven by valuation gains on derivatives and securities positions in Poland. The € 33 million decline in net income from currency-based transactions to € 5 million was triggered by lower valuation gains on foreign currency positions, predominantly in Poland, a currency depreciation-driven decline in Belarus and costs for the capital hedge in the amount of € 9 million. This contrasted with valuation gains on foreign currency positions at Group head office. As a result of the difficult market environment, net income from equity- and index-based transactions fell € 12 million to minus € 13 million; however, this loss is covered by hedging instruments. Net income from other transactions increased as a result of a valuation gain on a guarantee product.

Recurring other net operating income

Recurring other net operating income was down € 15 million in the fourth quarter to € 18 million. Net income from the allocation and release of other provisions declined € 15 million in total, predominantly in Russia, Albania, Hungary, and Romania. Net income from the disposal of tangible and intangible fixed assets fell € 10 million, driven by declines in Hungary, Ukraine, Croatia, and Poland.

General administrative expenses

General administrative expenses amounted to € 813 million in the fourth quarter of 2015 – 14 per cent, or € 100 million, above the previous quarter's level of € 713 million.

Staff costs rose € 29 million to € 381 million in the fourth quarter of 2015. This rise was mainly due to higher wages and salaries, as well as bonus provisions, predominantly at Group head office, in Russia, Hungary, Slovakia, and Bosnia and Herzegovina; whereas staff expenses in Poland decreased owing to a release of provisions for an employee retention program.

Other administrative expenses increased € 32 million to € 314 million. This was attributable to higher deposit insurance fees in Poland and in Slovakia, contributions to a fund for the protection of mortgage borrowers in Poland, as well as higher advertising expenses in nearly all countries. This contrasted with a reduction in the contribution to the bank resolution fund at Group head office and lower legal, advisory and consultancy expenses.

Depreciation of tangible and intangible fixed assets increased € 39 million quarter-on-quarter to € 118 million, mainly attributable to a brand impairment in Poland and impairment charges relating to buildings in Ukraine, Russia and Slovakia.

Net provisioning for impairment losses

Compared to the third quarter, net provisioning for impairment losses rose € 278 million to € 469 million. This was attributable to developments in the corporate customer business, notably in Asia (increase of € 174 million) and at Group head office (increase of € 35 million). In Bulgaria and Albania, higher net provisioning for impairment losses of € 15 million was needed in each country. In addition, there were small increases in net provisioning for impairment losses in most of the other countries. Net provisioning for individual loan loss provisions increased € 274 million overall to € 502 million; whereas net releases of portfolio-based loan loss provisions remained nearly flat at € 31 million. Proceeds from the sale of impaired loans were € 6 million lower quarter-on-quarter, particularly due to devleopments in Poland.

The portfolio of non-performing loans to customers decreased € 606 million compared to the previous quarter to € 8,328 million, with a decline of € 662 million on a currency-adjusted basis. Nearly all countries posted declines: Hungary (€ 130 million), Russia (€ 118 million), Poland (€ 76 million), Asia (€ 66 million), Slovenia (€ 64 million), and Bulgaria (€ 42 million). The NPL ratio decreased from 12.2 per cent to 11.9 per cent quarter-on-quarter. The NPL coverage ratio increased 4.4 percentage points to 71.3 per cent.

Other results

Net income from derivatives and liabilities

Net income from derivatives was down € 35 million in the fourth quarter to minus € 15 million, primarily attributable to the valuation result from the change in the credit spread of own issues (down € 31 million).

Net income from financial investments

Net income from financial investments declined in the fourth quarter from € 7 million to almost zero. The € 39 million increase in impairment charges for equity participations (mainly for an Austrian real estate holding company) was largely offset by higher net proceeds from sales of securities held in the fair value portfolio (up € 26 million) and of securities held to maturity (up € 10 million) at Group head office.

Bank levies, non-recurring effects and goodwill

Bank levies remained nearly unchanged at € 26 million in the fourth quarter.

In Hungary, the implementation of the Settlement Act, adopted by the government in the previous year, resulted in the partial release of a provision formed for this purpose in the previous year of a further € 29 million, compared to a release of € 4 million booked in the third quarter.

In Croatia, the parliament passed a law in September 2015 on the compulsory conversion of Swiss franc loans at the historical rates prevailing at the time of lending. The resulting losses were entirely borne by the lending banks. This led to a non-recurring effect in the form of a provision of € 75 million in sundry operating expenses in the third quarter of 2015. This had a negative effect of € 61 million on the consolidated profit. There was a negative effect of € 2 million in the fourth quarter of 2015.

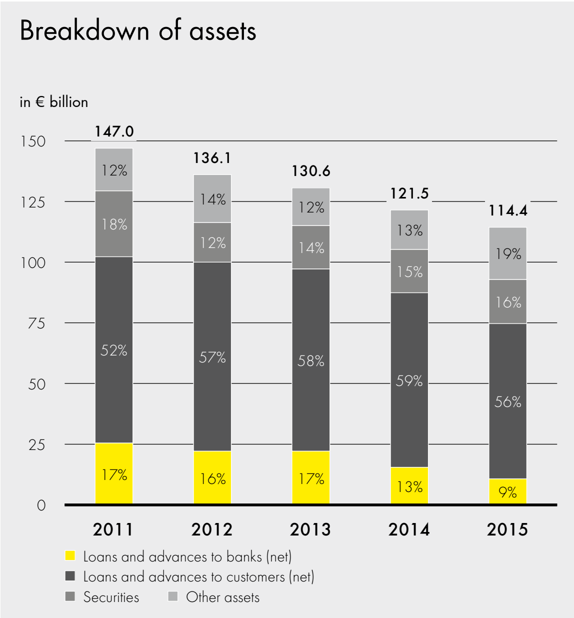
In addition, goodwill impairment charges of € 4 million for Group units in Ukraine and in Serbia were recorded in the fourth quarter of 2015.

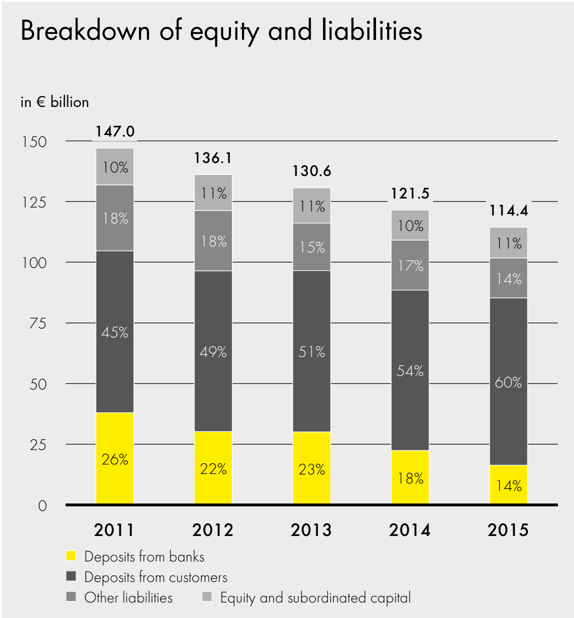
Income taxes

Income tax expense rose € 32 million quarter-on-quarter to € 83 million, primarily due to higher tax expenses in Russia and at Group head office in the fourth quarter. In contrast, the recognition of deferred tax assets in the third quarter in connection with Swiss franc loans in Croatia reduced expenses.

Statement of financial position

In the course of 2015, RBI's total assets declined 6 per cent, or € 7,073 million, to € 114,427 million. Currency developments – predominantly the 12 per cent appreciation of the US dollar against the euro – resulted in a rise of around € 1.5 billion. In organic terms, total assets declined by around € 8.5 billion; on balance, the effects from additions to and removals from the scope of consolidation were negligible.





Assets

Loans and advances to banks before deduction of impairment losses on loans and advances (€ 120 million) fell 30 per cent, or € 4,736 million, to € 10,837 million. This was primarily attributable to a € 4,375 million decline, mainly at Group head office, in short-term receivables from money market business to € 6,547 million, in favor of a higher cash reserve. This decline included a € 3,654 million reduction in receivables from sales and repurchase agreements and securities lending to € 1,180 million.

Loans and advances to customers before deduction of impairment losses on loans and advances (€ 5,935 million) fell 10 per cent, or € 8,004 million, to € 69,921 million in the reporting period. Loans and advances to large corporate customers fell € 6,897 million to € 41,685 million, with the largest declines recorded at Group head office and in Asia, Russia (due to currency effects), and Poland. In contrast, the Czech Republic and Slovakia posted increases. Loans and advances to retail customers (private individuals and small and medium-sized enterprises) totaled € 24,635 million, a decline of € 300 million. Whereas the lending volume in Hungary declined due to the implementation of the Settlement Act, which was adopted in the previous year, it fell in Russia due to both currency effects and on an organic basis. The Czech Republic and Slovakia also reported increases in lending in the retail customer business. Loans and advances to sovereigns fell € 637 million to € 814 million, notably in Hungary.

The € 5,309 million rise in other assets was mainly the result of the € 6,443 million increase in the cash reserve to € 13,212 million, notably at Group head office and in the Czech Republic and Slovakia; offset by a € 1,636 million decline in trading derivatives, predominantly at Group head office.

Equity and liabilities

The volume of Group financing from banks (chiefly commercial banks) decreased 27 per cent, or € 6,039 million, to € 16,369 million. Long-term and short-term deposits declined, notably at Group head office and in Asia, Russia, and Poland.

Deposits from customers increased 4 per cent, or € 2,897 million, to € 68,991 million in the course of the year. In particular, deposits from retail customers and sovereigns posted increases. The € 2,718 million rise in deposits from retail customers to € 33,644 million was mainly attributable to Poland, Slovakia, the Czech Republic, Russia, and Romania. Higher deposits from sovereigns (an increase of € 563 million) were attributable to Group head office in particular. Deposits from large corporate customers declined € 645 million to € 30,644 million; the largest reductions were in Asia and in Russia, while Slovakia and the Czech Republic reported increases.

Other liabilities fell € 4,233 million to € 16,401 million. Debt securities issued fell € 3,091 million, primarily due to the reduced financing requirement. Trading liabilities declined € 1,786 million, mainly at Group head office.

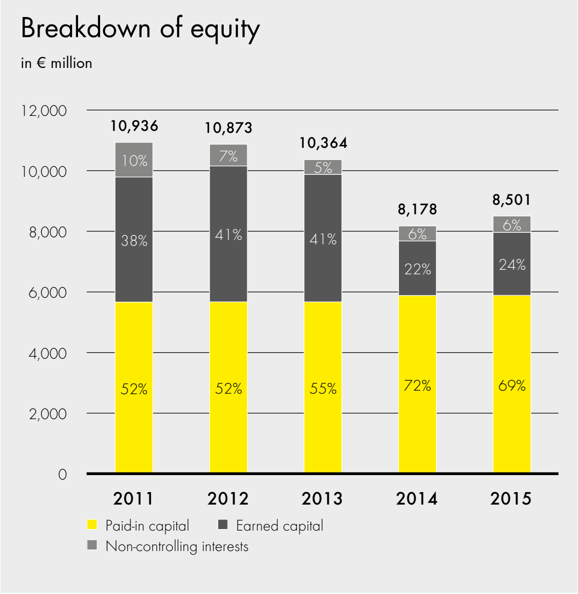
Equity

Equity on the statement of financial position

RBI's equity on the statement of financial position, consisting of consolidated equity, consolidated profit/loss and non-controlling interests, increased 4 per cent, or € 323 million, to € 8,501 million compared to year-end 2014. No dividends were paid out to RBI's shareholders for the financial year 2014.

The Group's total comprehensive income of € 329 million comprises consolidated profit of € 379 million and other comprehensive income of minus € 49 million. Exchange-rate differences represented the largest item in other comprehensive income and amounted to minus € 185 million in the reporting year (2014: minus € 1,314 million). A key driver was the devaluation of the Belarus rouble (minus € 107 million) and the Russian rouble (minus € 94 million). In contrast, the capital hedge of € 90 million and the valuation changes in assets available-for-sale of € 76 million generated a positive effect.

Capital of non-controlling interests rose € 40 million to € 535 million. On the one hand, this was due to the profit attributable to non-controlling interests of € 56 million, a capital increase of € 63 million as a result of the entry of the European Bank for Reconstruction and Development (EBRD) at Raiffeisenbank Aval JSC, and some additional smaller capital movements. On the other hand, dividends of € 51 million were paid to minority shareholders in Group units during the reporting period.



Total capital pursuant to the CRR/Austrian Banking Act (BWG)

The following consolidated figures have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR). Pursuant to Article 11 of the CRR, RBI is supervised by the ECB on a subconsolidated basis and is subject to the CRR provisions not only as an individual credit institution but also as a subgroup. RBI remains part of the RZB Group for regulatory purposes. In addition to the minimum capital requirements defined by the CRR, RBI is also obliged to comply with the capital requirements imposed by the ECB under the SREP process. With respect to this, please refer to note (47) Capital management and total capital according to CRR/CRD IV and the Austrian Banking Act (BWG).

Common equity tier 1 after deductions stood at € 7,671 million. The increase from the 2014 comparable level totaled € 227 million, mainly due to the inclusion of the net profit for 2015. In contrast, exchange rate differences, primarily the devaluation of the Belarus rouble, the Russian rouble and the Ukrainian hryvnia, had a negative impact of € 194 million on total capital. In addition, the changed transitional provisions of the CRR resulted in a decline due to deductions and the reduced allowance of minority interests. Tier 2 capital declined € 210 million compared to the previous year and totaled € 3,316 million. The decline was mainly attributable to loan loss provisions. Total capital under CRR amounted to € 10,987 million. This corresponds to an increase of € 17 million compared to the 2014 year-end figure.

Total capital stood against a total capital requirement of € 5,062 million. This declined mainly due to a reduction in the credit exposure to corporate customers; as well as – to a lesser extent – due to new securitization transactions and the decline in retail business in Hungary and Russia. The total capital requirement for credit risk amounted to € 4,117 million, the total capital requirement for position risk in bonds, equities, commodities and currencies came to € 241 million, and the total capital requirement for operational risk stood at € 704 million.

Based on total risk, the common equity tier 1 ratio (transitional) was 12.1 per cent, with a total capital ratio (transitional) of 17.4 per cent.

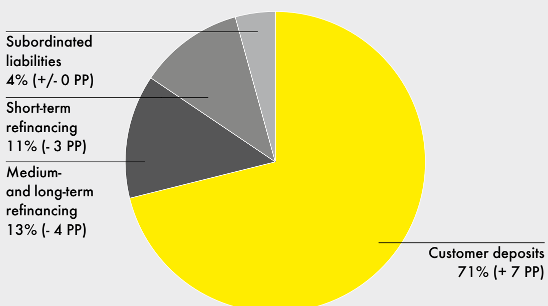
Excluding the transitional provisions as defined in the CRR, the common equity tier 1 ratio (fully loaded) stood at 11.5 per cent and the total capital ratio (fully loaded) was 16.8 per cent.

Funding

Banks essentially finance themselves using their own funds, customer deposits, as well as through various capital and interbank market instruments. Refinancing opportunities for banks in the international capital markets remained largely stable in 2015; however, access to the capital markets was more difficult for Austrian banks due to the moratorium on HETA bonds. For RBI, in particular, use of the international capital markets was limited due to the gradual implementation of the strategy review, the conflict between Ukraine and Russia, as well as the decline in the price of oil. However, this was manageable, as RBI had a lower funding requirement and other financing options.

The US Federal Reserve – after having prepared the markets for the end of its zero-interest rate policy – finally initiated the interest-rate turnaround in December 2015. However, the effects of the ECB's bond-buying programs, as well as further interest-rate cuts (increase in the negative deposit rate for commercial banks), were appreciable for the funding of banks in the euro area. As a result, the additional liquidity in the markets reduced financing costs for banks in 2015. Therefore, excess liquidity remained in the money market and government bond yields as well as risk premiums remained at a historically low level over the course of the year.

Funding structure



On the one hand, RBI's financing is based on customer deposits, which accounted for € 69.0 billion, or 71 per cent of funding, at the end of 2015; and on the other, on wholesale funding, which contributed the remaining 29 per cent or € 28.0 billion. The high proportion of customer deposits creates a stable funding basis and reduces the exposure of the Group to turbulence in the financial markets. Additional retail deposits (up € 2.7 billion) were generated in some markets, thereby further increasing stability. In other markets, such as Russia and Southeastern Europe, deposits remained stable despite some partly significant reductions in deposit interest rates. There was a slight decline of € 0.4 billion in deposits from corporate customers.

The diversification of sources for financing in wholesale funding, is achieved, on the one hand, by using local markets through the independent sale of bonds, certificates and deposits. On the other hand, long-term funding is used from sources that are less susceptible to changes on the international capital markets. This is an area in which the Group actively collaborates with supranational institutions. For example, in 2015, a securitization of Raiffeisen Leasing Poland with a volume of € 130 million was completed in cooperation with the European Investment Bank (EIB). These supranational institutions support banks that are active in Eastern Europe by providing bilateral loans and also through developing the local capital markets. RBI cooperates with these institutions not only in terms of financing, but also in other areas such as risk-sharing programs to optimize total risk-weighted assets.

For medium to long-term refinancing, RBI used instruments such as the "EUR 25,000,000,000 Debt Issuance Programme", which enables bonds to be issued in different currencies and structures. At the end of 2015, a total of € 8.4 billion in bonds were outstanding. RBI implemented its funding plan again in 2015 with primarily low-volume private placements in an amount of around € 2.2 billion with a weighted maturity of around 4 years. Of this, approximately € 0.6 billion was placed in the form of bonds, with the remaining amount raised in the form of long-term deposits.

Research and development

As a universal bank, RBI is generally not involved in research and development in the strictest sense of the term.

In the context of financial engineering, it does however develop customized investment, financing and risk hedging solutions for its customers. Financial engineering encompasses not only structured investment products, but also structured financing, i.e. financing concepts that go beyond the application of standard instruments and are used in areas such as acquisition or project financing. RBI also develops individual solutions to hedge a broad spectrum of risks, from interest rate risk and currency risk through to commodity price risk. Besides financial engineering, RBI is actively working on the further development of integrated product solutions for international payment transfers within the cash management area.

Internal control and risk management system in relation to the Group accounting process

Balanced and comprehensive financial reporting is a priority for RBI and its governing bodies. Compliance with all relevant statutory requirements is of course a basic prerequisite. The Management Board is responsible for establishing and defining a suitable internal control and risk management system that encompasses the entire accounting process while adhering to company requirements.

The internal control system is intended to provide management with the information needed to ensure effective and continuously improving internal controls for accounting. The control system is designed to comply with all relevant guidelines and regulations and to optimize the conditions for specific control measures.

The consolidated financial statements are prepared in accordance with the relevant Austrian laws, above all the Austrian Banking Act (BWG) and Austrian Commercial Code (UGB), which govern the preparation of consolidated annual financial statements. The accounting standards used to prepare the consolidated financial statements are the International Financial Reporting Standards (IFRS) as adopted by the EU.

Control environment

An internal control system has been in place for many years at RBI, and its parent company RZB, which includes directives and instructions on key strategic issues. It incorporates:

- The hierarchical decision-making process for approving Group and company directives, as well as departmental and divisional instructions.
- Process descriptions for the preparation, quality control, approval, publication, implementation, and monitoring of directives and instructions.
- Regulations for the revision and repeal of directives and instructions.

The management in each Group unit is responsible for implementing Group-wide instructions. Compliance with Group rules is monitored as part of the audits performed by internal and local auditors.

Consolidated financial statements are prepared by Accounting & Reporting, which reports to the Chief Financial Officer. The associated responsibilities are defined Group-wide within the framework of a dedicated Group function.

Risk assessment

Significant risks relating to the Group accounting process are evaluated and monitored by the Management Board. Complex accounting standards can increase the risk of errors, as can the use of inconsistent valuation standards, particularly in relation to the Group's principal financial instruments. A difficult business environment can also increase the risk of significant financial reporting errors. For the purpose of preparing the consolidated financial statements, estimates have to be made for asset and liability items for which no market value can be reliably determined. This is particularly relevant for credit business, social capital and the intrinsic value of securities, participations, trademark rights and goodwill.

Control measures

The preparation of individual financial statements is decentralized and carried out by each Group unit in accordance with the RZB or RBI guidelines. The Group unit employees and managers responsible for accounting are required to provide a full presentation and accurate valuation of all transactions. Differences in local accounting standards can result in inconsistencies between the individual financial statements and the figures submitted to RBI. The local management is responsible for ensuring implementation of mandatory internal control measures, such as the separation of functions and the principle of dual control.

Group consolidation

The financial statement data, which are examined by an external auditor or undergo an audit review, are mostly entered directly in, or automatically transferred to, the IBM Cognos Controller consolidation system by the end of January of the subsequent year. The IT system is kept secure by limiting access rights.

The plausibility of each Group unit's financial statements is initially checked by the responsible key account manager within Accounting & Reporting. Group-wide control activities comprise the analysis and, where necessary, modification of the financial statements submitted by Group units. In this process, the reports submitted by the auditor and the results of meetings with the representatives of the individual companies where the financial statements are discussed are taken into account. The discussions cover the plausibility of the individual financial statements as well as critical matters pertaining to the Group unit.

The subsequent consolidation steps are then performed using the consolidation system, including capital consolidation, expense and income consolidation, and debt consolidation. Finally, intra-Group gains are eliminated where applicable. At the end of the consolidation process, the notes to the financial statements are prepared in accordance with IFRS and the BWG/UGB.

In addition to the Management Board, the general control system also encompasses middle management (department heads). All control measures constitute part of the day-to-day business processes and are used to prevent, detect and correct any potential errors or inconsistencies in the financial reporting. Control measures range from managerial reviews of the interim results, as well as the specific reconciliation of accounts, through to analyzing ongoing accounting processes.

The consolidated financial statements and management report are reviewed by the Audit Committee of the Supervisory Board and are also presented to the Supervisory Board for information. The consolidated financial statements are published as part of the Annual Report on the company's website and in the Wiener Zeitung's official journal and are then filed in the commercial register.

Information and communication

The consolidated financial statements are prepared using Group-wide standardized forms. The accounting and valuation standards are defined and explained in the RZB Group Accounts Manual and must be applied when preparing the financial statements. Detailed instructions for the Group units on measuring credit risk and similar issues are provided in the Group directives. The relevant units are kept abreast of any changes to the instructions and standards through regular training courses.

Each year the Annual Report shows the consolidated results in the form of a complete set of consolidated financial statements. These consolidated financial statements are examined by an external auditor. In addition, the Group management report contains comments on the consolidated results in accordance with the statutory requirements.

Throughout the year, consolidated monthly reports are produced for Group management. Statutory interim reports are produced that conform to the provisions of IAS 34 and are also published quarterly in accordance with the Austrian Stock Exchange Act. Before publication, the consolidated financial statements are presented to senior managers and the Chief Financial Officer for final approval and then submitted to the Supervisory Board's Audit Committee. Analyses pertaining to the consolidated financial statements are also provided for the management, as are forecast Group figures at regular intervals. The financial and capital budgeting process, undertaken by Planning & Finance, includes a three-year Group budget.

Monitoring

The Management Board and the Controlling department are responsible for ongoing internal monitoring. In addition, the department heads are responsible for monitoring their business areas, including the undertaking of regular control and plausibility checks.

Internal audits also constitute an integral part of the monitoring process. Group Audit at RZB is the area responsible for auditing. All internal auditing activities are subject to the Group Audit standards, which are based on the Austrian Financial Market Authority's minimum internal auditing requirements and international best practices. Group Audit's internal rules also apply (notably the Audit Charter).

Group Audit regularly and independently verifies compliance with the internal rules within the RZB Group units. The head of Group Audit reports directly to the Management Boards of RZB AG and RBI AG.

Capital, share, voting, and control rights

The following disclosures cover the provisions of § 243a (1) of the Austrian Commercial Code (UGB):

(1) As at 31 December 2015, the company's share capital amounts to € 893,586,065.90 and is divided into 292,979,038 voting common bearer shares. As at 31 December 2015, 557,295 of those were own shares and consequently 292,421,743 shares were outstanding at the reporting date.

(2) The Articles of Association contain no restrictions concerning voting rights or the transfer of shares. The Management Board is not aware of any restrictions arising from agreements between shareholders.

(3) RZB AG holds around 60.7 per cent of the share capital of the company indirectly through its wholly owned subsidiary Raiffeisen International Beteiligungs GmbH. The remaining shares of RBI AG are held in free float, with no direct or indirect shareholdings amounting to 10 per cent or more known to the Management Board.

The ultimate parent company is Raiffeisen-Landesbanken-Holding GmbH, holding around 82.4 per cent of the shares of RZB AG, directly and indirectly. The direct stake amounts to around 3.9 per cent and the indirect stake is approximately 78.5 per cent and held by the wholly owned subsidiary R-Landesbanken-Beteiligung GmbH.

(4) Pursuant to the company's Articles of Association, RZB AG is granted the right to delegate up to one third of the Supervisory Board members to be elected by the Annual General Meeting, as long as it holds an interest in the share capital. Beyond that, there are no special rights of control associated with holding shares.

(5) There is no control of voting rights arising from interests held by employees in the share capital.

(6) Pursuant to the Articles of Association, a person who is aged 68 years or older may not be appointed as a member of the Management Board or be reappointed for another term in office. The rule for the Supervisory Board is that a person who is aged 75 years or older may not be elected as a member of the Supervisory Board or be re-elected for another term in office. Moreover, no person who already holds eight supervisory board mandates in publicly traded companies may become a member of the Supervisory Board. Holding a position as chairman of the supervisory board of a publicly traded company would count twice for this purpose. The Annual General Meeting may choose to waive this restriction through a simple majority of votes if permitted by law. Any candidate who has more mandates for, or chairman positions on, supervisory boards in publicly traded companies must disclose this to the Annual General Meeting. There are no further regulations regarding the appointment or dismissal of members of the Management Board, and the Supervisory Board, beyond the provisions of the relevant laws (with regard to RZB AG's right to delegate members, please see note (4) above). The Articles of Association stipulate that the resolutions of the Annual General Meeting are, notwithstanding any mandatory statutory provisions or Articles of Association to the contrary, adopted by a simple majority of the votes cast. Where the law requires a capital majority, in addition to the voting majority, resolutions are adopted by a simple majority of the share capital represented in the votes. As a result of this provision, members of the Supervisory Board may be dismissed prematurely via a simple majority. The Supervisory Board is authorized to adopt amendments to the Articles of

Association that only affect the respective wording. This right may be delegated to committees. Furthermore, there are no regulations regarding amendments to the company Articles of Association beyond the provisions of the relevant laws.

(7) Pursuant to § 169 of the Austrian Stock Corporation Act (AktG), the Management Board has been authorized since the Annual General Meeting of 4 June 2014 to increase the share capital with the approval of the Supervisory Board – in one or more tranches – by up to € 446,793,032.95 through issuing up to 146,489,519 new common bearer shares with voting rights in exchange for contributions in cash and/or in kind (including by way of the right of indirect subscription by a bank pursuant to § 153 (6) of the AktG) by 25 August 2019 at the latest and to fix the offering price and terms of the issue with the approval of the Supervisory Board. The Management Board is further authorized to exclude shareholders' subscription rights, with the approval of the Supervisory Board, (i) if the capital increase is carried out in exchange for contributions in kind or (ii) if the capital increase is carried out in exchange for contributions in cash and the shares issued under the exclusion of subscription rights do not exceed 10 per cent of the company's share capital (exclusion of subscription rights).

Pursuant to § 159 (2) 1 of the AktG, the share capital has been increased contingently by up to € 119,258,123.20 through the issue of up to 39,101,024 common bearer shares (contingent capital). The contingent capital increase will only be undertaken if and when use is made of an irrevocable exchange or subscription right to shares granted by the company to creditors holding convertible bonds issued on the basis of the resolution of the Annual General Meeting held on 26 June 2013 and the Management Board does not decide to allocate own shares. Pursuant to § 174 (2) of the AktG, the Annual General Meeting of 26 June 2013 authorized the Management Board to issue, in one or more tranches, convertible bonds in a total nominal amount of up to € 2,000,000,000, which grant holders conversion or subscription rights for up to 39,101,024 common bearer shares of the company with a proportional amount of the share capital of up to € 119,258,123.20, within five years from the date of the resolution adopted by the Annual General Meeting, with the approval of the Supervisory Board. Shareholders' subscription rights to the convertible bonds are excluded. No convertible bonds have been issued to date.

The Annual General Meeting of 4 June 2014 authorized the Management Board to acquire own shares, under the provisions of § 65 (1) 4 and 8 of the AktG, during a period of 30 months from the date of the resolution (i.e. by 3 December 2016), in an amount equating to up to a maximum of 10 per cent of the company's respective share capital and, if deemed appropriate, to retire them. The authorization may be exercised in full or in part or also in several partial amounts, for one or more purposes – with the exception of securities trading – by the company, by affiliated enterprises or, for their account, by third parties. The acquisition price for repurchasing the shares may be no lower than € 1 per share and no higher than 10 per cent above the average unweighted closing price over the 10 trading days prior to exercising this authorization. The Management Board was further authorized – pursuant to § 65 (1b) of the AktG – to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public offer, to the full or partial exclusion of shareholders' subscription rights. This authorization applies for a period of five years from the date of the resolution (i.e. until 3 June 2019). Shareholders' subscription rights may only be excluded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses, operations or stakes in one or several companies in Austria or abroad, or for the purpose of implementing the company's Share Incentive Program (SIP) for executives and members of the Management Boards of the company and affiliated enterprises. In addition, if convertible bonds are issued in accordance with the Annual General Meeting resolution of 26 June 2013, shareholders' subscription rights may also be excluded in order to issue (own) shares to the holders of these convertible bonds who exercise the conversion or subscription rights granted them under the terms of the convertible bonds to shares of the company. This authorization replaces the authorization to purchase and use own shares that was granted in the Annual General Meeting of 20 June 2012. No own shares have been purchased since the authorization was issued in June 2014.

The Annual General Meeting of 4 June 2014 also authorized the Management Board, under the provisions of § 65 (1) 7 of the AktG, to acquire own shares for the purpose of securities trading, which may also be conducted off market, during a period of 30 months from the date of the resolution (i.e. until 3 December 2016), of up to a maximum of 5 per cent of the company's respective share capital. The consideration for each share to be acquired must not be less than half the closing price on the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice this closing price. This authorization may be exercised in full or in part or also in several partial amounts by the company, by affiliated enterprises, or by third parties for their account.

(8) The following material agreements exist, to which the company is a party and which take effect, change or come to an end upon a change of control in the company as a result of a takeover bid:

- As a subsidiary of RZB, RBI AG is insured under RZB's group-wide D&O insurance. Insurance cover remains in place in the event of a merger with another legal entity of the RZB Group. In the event of a merger with a legal entity outside the RZB Group, RBI AG will no longer be covered under RZB's group-wide insurance from the date of the merger. In such cases, insurance cover only exists for claims for damages arising from breaches of obligations that occurred before the merger, which are reported to the insurance underwriter prior to any termination of RZB's group-wide D&O insurance and thereafter within the agreed notification period of five years.

- The company's SIP provides the following upon change in corporate control: "If a change in corporate control or a merger occurs during the vesting period, and the combination does not exclusively concern subsidiaries, all contingent shares will lapse without replacement at the time of acquiring the shares of RBI AG and the investor's effective power to dispose of them, or at the time of the merger. An indemnification payment will be made for these contingent shares. The indemnity sum calculated will be paid out with the next possible salary payment."

- Furthermore, the syndicate agreement concluded by RBI AG in relation to a subsidiary bank with a joint shareholder will automatically be terminated upon a change of control.

- The brand agreement concluded with RZB AG on the unrestricted use of the name and logo of Raiffeisen Bank International for an indefinite period of time in all jurisdictions in which the brand is registered now or in the future includes a right of cancellation upon a change of control.

- RBI AG is a member of the Professional Association of Raiffeisen Banks. Upon a change in control of RBI AG which results in the attainment of control by a shareholder outside of the Raiffeisen Banking Group Austria, membership of the Professional Association of Raiffeisen Banks and of the Raiffeisen Customer Deposit Guarantee Association Austria may be terminated.

- The company's refinancing agreements and agreements concerning third-party financing for subsidiaries, which are guaranteed by the company, stipulate that the lenders can demand early repayment of financing in the event of a change in control.

(9) There are no indemnification agreements between the company and its Management Board and Supervisory Board members or employees that would take effect in the event of a public takeover bid.

Risk management

For information on risk management, please refer to note (42) Risks arising from financial instruments, in the risk report section of the consolidated financial statements.

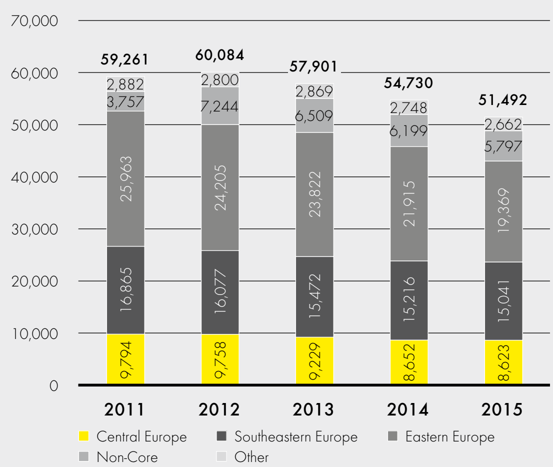
Corporate Governance

The Corporate Governance Report can be found in the Annual Report as well as on the RBI website (www.rbinternational.com → Investor Relations → Corporate Governance).

Human Resources

Human Resources deals with the key corporate processes for managing personnel resources within the Group, taking into account the needs of employees and corporate interests. As at 31 December 2015, RBI had 51,492 employees (full-time equivalents), 3,238 or 6 per cent fewer than at the end of 2014. The majority of this reduction is attributable to developments in Ukraine, Russia and Poland. The average age of employees remained relatively low at 36 years and women accounted for 67 per cent of the workforce. Graduates make up 73 per cent of employees, indicating a highly skilled workforce.

Development of personnel
Number of staff at year-end



New compensation structure

In accordance with the strategic realignment, the Management Board initiated the introduction of a new compensation structure in 2015. In putting this into effect, it was important to maintain RBI's good market position as an attractive employer.

In line with the clear trend within the European banking industry, the weighting of the variable compensation components was reduced. For roles which have very little or only an indirect influence on financial results, the variable component may also be entirely dispensed. Depending on local conditions position-related fixed allowances were introduced in various forms. When determining bonuses for certain business and management roles, greater weight is placed on the financial results of the RBI Group and the respective organizational unit and less on functional components in order to encourage teamwork.

Overall, the changes make it easier for employees to estimate their income and provide a higher level of income security. For the company, it creates greater transparency and improves compensation planning.

Professional and management development

Despite higher pressure on costs, RBI again placed great value on ensuring and continually improving the professional skills of its employees during the year under review. Key areas included, for example, risk management, sales, affluent retail customer business and IT. Further development of managers also remained an important focus: The largest Group-wide training initiative to date for managers within sales was continued under the "Branch Management Academy" project. By the end of 2015, 22 per cent of all branch managers within the network had already participated in the initiative. The Group-wide "GoIT" program for top IT executives was carried out successfully for the third time. Some areas such as the corporate and retail businesses and risk management also run extremely successful rotation programs in order to exchange expert knowledge. In addition, training measures were intensified in order to meet regulatory and compliance requirements and to continue to develop the qualifications of key personnel.

Performance and talent management

The annual standard processes to identify and develop talent – with areas of emphasis adapted to the needs of the respective Group unit –were carried out again in 2015. As a result, it was again possible to fill 100 per cent of the vacant management board positions in the network banks with internal candidates during the period under review.

RBI, like many international companies, is also working on the further development of their Performance Management System. In 2015, a new model for Group Executives was developed, which will be implemented in 2016 and will serve as the basis for adjustments for all other employee groups.

Establishment of a European Works Council

In July 2015, an agreement on establishing a European Works Council was signed at RBI. This created an information and consultation platform where employee representatives and central management exchange information on transnational issues. After the formal process to elect the members of the European Works Council, it convened in Vienna at the beginning of November 2015 for its inaugural meeting and for the first exchange of information with central management.

Local initiatives in the network banks

During the last financial year, numerous local Human Resources initiatives were again launched and implemented in the network banks. Last year, many network banks focused on improving internal and external customer satisfaction. The taken measures included related workshops, management events, training courses, and surveys.

In Russia, improving customer satisfaction was defined as one of the annual targets. Similarly, Croatia launched a project on the subject of customer orientation which included a survey of all managers within the bank. These interviews were conducted by employees from an internal talent pool made up of 400 local network bank staff in order to identify the strengths and best examples of successful implementation within the bank. The project has already prompted significant changes. In Bosnia and Herzegovina, the ongoing initiative to improve customer relationships has already become an internal trademark. In 2015, managers there had several opportunities to present their units including their key areas of responsibility and expertise and their principal tasks. Interfaces with other units were also examined and solutions for mutual support and cooperation were developed. In Bulgaria, a second customer survey was carried out in 2015. The noticeably improved result demonstrated that the measures implemented – as a consequence of the first survey to improve internal communication and cooperation – are starting to produce positive effects.

Outlook

Economic prospects

Central Europe

In the CE region, GDP growth is set to moderately weaken in the Czech Republic and Hungary in 2016. In contrast, growth in 2016 should remain at the high level of 2015 in Slovakia. Together with fiscal easing in Poland (which will provide short-term growth stimulus), economic growth for the entire region ought to remain above the 3 per cent mark in 2016.

Southeastern Europe

The SEE region is expected to gradually return to solid growth. After GDP growth of 2.8 per cent in 2015, the region's economic output should again be able to reach its current potential growth rate of over 3 per cent in 2016. Romania, in particular, could remain on a solid growth trajectory with GDP growth of 4 per cent; however, its fiscal policies run the risk of excessively extending the budget deficit and increasingly overheating the economy. Serbia should be able to start following Romania's positive development in 2016 after several years of slow growth. Croatia should no longer be in a recessionary phase, but it may take some time until the growth is sustainable.

Eastern Europe

In Russia, a renewed year of recession is expected in 2016. Ukraine, which showed signs of levelling out in 2015, is likely to finally come out of recession in 2016. Belarus, as a result of its interrelation with Russia, is expected to deal with a further GDP decrease in 2016. In general, Russia, Ukraine, and Belarus, show no indications of entering a sustained economic upswing in 2016 and significant event risks still remain.

Austria

In Austria, the moderate economic rebound – that began in 2015 – will probably gain some momentum in 2016, but will remain weaker overall than in previous upturns. The income tax relief, which entered into force in January 2016, is expected to pull private consumption out of a long-running period of stagnation. The ongoing pick-up in investment should also help to stimulate the economy.

CEE banking sector

Solid economic growth in CE and SEE, and the levelling-out in Eastern Europe, should have a positive impact on the CEE banking sector in 2016. Favorable developments in (new) operating business in 2016, however, could be overshadowed by the negative consequences of previous foreign-currency lending expansion in CE and SEE, as well as by the resolution of non-performing loan portfolios in CEE (particularly in SEE, Russia and Ukraine). As such, profitability in the CEE banking sector may not recover quite as fast as regional lending and asset growth, which is already increasing.

Outlook for RBI

We target a CET1 ratio (fully loaded) of at least 12 per cent and a total capital ratio (fully loaded) of at least 16 per cent by the end of 2017.

After the implementation of the strategic measures defined at the beginning of 2015, the cost base should be approximately 20 per cent below the level of 2014 (general administrative expenses 2014: € 3,024 million).

We aim for a return on equity before tax of approximately 14 per cent and a consolidated return on equity of approximately 11 per cent in the medium term.

We further aim to achieve a cost/income ratio of between 50 and 55 per cent in the medium term.

We expect net provisioning for impairment losses for 2016 to be below the level of 2015 (€ 1,264 million).

General administrative expenses for 2016 should be slightly below the level of the previous year (2015: € 2,914 million).

Events after the reporting date

Sale of Zuno to the Alfa Banking Group will not be concluded

On 1 March 2016, RBI announced that the sale of its direct bank ZUNO BANK AG to the Alfa Banking Group, as announced by RBI in September 2015, will not be concluded. ABH Holdings S.A., the Luxembourg-based parent company of the Alfa Banking Group, with which RBI had reached an agreement last year, withdrew from the contract of sale.

The effect of the transaction on RBI's regulatory capital ratios would have been negligible. The reasoning for selling Zuno was to reduce complexity and minimize overlap within the group. RBI is examining the next steps which could be either external or internal, primarily the full sale of Zuno, but also the full integration of Zuno into other RBI group entities, or partial sale.

New bank levy impacts earnings situation in Poland

On 15 January 2016, the Polish president signed the law, which had already been passed by parliament, for a bank levy on Polish banks. The bank levy will impact total assets by 0.44 per cent on an annual basis and will be collected in monthly installments from February 2016. Not included in this impact, is a base amount of PLN 4 billion (roughly equal to € 1 billion), investments in Polish government bonds and total capital.

Segment reports

Segment overview

Segmentation principles

Segment reporting at RBI is based on the current organizational structure pursuant to IFRS 8. A cash generating unit within the Group is either a country or a business activity. Markets in Central and Eastern Europe are thereby grouped together into regional segments comprising countries with comparable economic profiles and similar long-term economic growth expectations. Business activities outside the CEE region are divided according to business area.

This results in the following segments:

- Central Europe (Czech Republic, Hungary and Slovakia)
- Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia)
- Eastern Europe (Belarus, Kazakhstan, Russia and Ukraine)
- Group Corporates (business with large Austrian and multinational corporate customers managed from Vienna)
- Group Markets (customer and proprietary capital markets related business managed from Vienna)
- Corporate Center (central management functions at Group head office and other Group units)
- Non-Core (business areas that are being discontinued or reduced: Asia, Poland, Slovenia, USA, and direct bank Zuno)

The segment reporting section in the consolidated financial statements contains details on the division of the segments, particularly in respect to changes made during the reporting period to the segmentation.

Segment reports

Central Europe

in € million	2015	2014	Change	Q4/2015	Q3/2015	Change
Net interest income	654	694	(5.7)%	161	165	(2.4)%
Net fee and commission income	388	377	2.9%	98	93	4.5%
Net trading income	31	15	106.9%	9	(4)	–
Recurring other net operating income	(25)	(52)	(51.5)%	(6)	1	–
Operating income	**1,048**	**1,034**	**1.4%**	**261**	**255**	**2.3%**
General administrative expenses	(636)	(624)	1.9%	(186)	(156)	18.8%
Operating result	**412**	**410**	**0.6%**	**76**	**99**	**(23.6)%**
Net provisioning for impairment losses	(133)	(222)	(40.1)%	(43)	(25)	69.7%
Other results	31	(321)	–	22	18	23.6%
Profit/loss before tax	**310**	**(133)**	**–**	**54**	**91**	**(40.6)%**
Income taxes	(66)	(67)	(1.3)%	(11)	(17)	(34.0)%
Profit/loss after tax	**244**	**(200)**	**–**	**43**	**75**	**(42.0)%**
Risk-weighted assets (total RWA)	12,910	14,475	(10.8)%	12,910	13,951	(7.5)%
Assets	26,878	25,155	6.9%	26,878	26,179	2.7%
Net interest margin (average interest-bearing assets)	2.67%	3.09%	(0.42) PP	2.52%	2.69%	(0.16) PP
Return on equity before tax	**18.3%**	**–**	**–**	**12.7%**	**21.4%**	**(8.7) PP**

After the previous year's loss, RBI returned to generating a significant level of profit before tax in Central Europe, posting an increase of € 443 million to € 310 million, particularly due to negative non-recurring effects in Hungary in the previous year (Settlement Act), as well as lower bank levies and lower net provisioning for impairment losses.

Operating income

The Central Europe segment's net interest income fell 6 per cent year-on-year, or € 40 million, to € 654 million, largely due to historically low market interest rates. This included declines in Hungary and Slovakia, as well as an increase in the Czech Republic. Net interest income in Hungary decreased € 33 million, as a result of lower interest income from derivatives and low level of market interest rates. In Slovakia, lower interest rates also reduced net interest income by € 17 million, despite an increase in volumes; whereas in the Czech Republic – which continued on its growth trajectory – higher interest income from derivatives and lower interest rates in the deposit business increased net interest income by € 10 million. The segment's net interest margin dropped 42 basis points year-on-year to 2.67 per cent, due to the continued low interest rates in all of the segment's markets.

Net fee and commission income in the segment increased 3 per cent year-on-year, or € 11 million, to € 388 million. This included a rise of 34 per cent, or € 11 million, to € 42 million in net income from the loan and guarantee business, which was primarily driven by an increase in new business in Slovakia. Net income from the foreign currency, notes/coins, and precious metals business also increased – by € 5 million to € 81 million – as a result of higher volumes in Slovakia and Hungary. Net income from other banking services and net income from the securities business each increased € 1 million. In contrast, net income from the payment transfer business fell 4 per cent, or € 7 million, to € 196 million, due to lower volumes and margins, predominantly in the Czech Republic and Hungary.

The segment's net trading income rose 107 per cent, or € 16 million, to € 31 million. This included a € 12 million year-on-year increase in net income from currency-based transactions to € 24 million, attributable to valuation gains on foreign currency positions in the Czech Republic and Hungary. Net income from interest-based transactions increased from minus € 2 million in the previous year to € 8 million, primarily as a result of gains from the valuation of securities and interest-based derivatives in the Czech Republic. In contrast, net income from other transactions fell € 6 million, primarily due to the development in Hungary.

Recurring other net operating income for the region improved 52 per cent, or € 27 million, to minus € 25 million, primarily due to a € 9 million increase in rental income in Hungary, a € 7 million increase in net income from the disposal of tangible fixed assets and a € 9 million increase in net income from the release of other provisions, especially in Hungary.

General administrative expenses

The segment's general administrative expenses rose 2 per cent year-on-year, or € 12 million, to € 636 million. The increase was mainly driven by regulatory requirements, particularly the new bank resolution funds in Slovakia (€ 8 million) and Hungary (€ 3 million). Staff expenses dropped 1 per cent, or € 3 million, largely due to lower staff levels in Hungary. Other administrative expenses not only included the contributions to the bank resolution funds, but also higher legal, advisory and consulting expenses, office space expenses, as well as IT expenses. Deposit insurance fees declined in Slovakia. Depreciation of tangible and intangible fixed assets rose 5 per cent, or € 4 million, primarily due to higher depreciation resulting from the relocation of a data center to a new building in Slovakia. The number of business outlets in the segment fell 23 to 395 during the year. This included the closure of 42 business outlets in Hungary, as part of the realignment of the business model, and the addition of 17 business outlets in Slovakia, where the Raiffeisen brand continued to be rolled out as planned. The cost/income ratio in the region increased 0.3 percentage points to 60.7 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses in the Central Europe segment declined 40 per cent year-to-year, or € 89 million, to € 133 million, compared to the previous year. This included a € 119 million decline in net allocations to individual loan loss provisions to € 117 million, while net allocations to portfolio-based loan loss provisions amounted to € 16 million, compared to a release of € 14 million in the previous year. The reduction in net provisioning for impairment losses was predominantly attributable to Hungary, where it fell € 73 million to € 56 million due to lower net provisioning for loans to retail and corporate customers. In Slovakia, net provisioning for impairment losses declined € 17 million to € 37 million and also related to both retail and corporate customers. In the Czech Republic, net provisioning for impairment losses remained unchanged year-on-year at € 41 million. Here, a significant decrease in individual loan loss provisions, due to improvements in the economic environment and the sale of a large corporate customer's fully impaired loan, was offset by higher portfolio-based loan loss provisions to reflect new default probability rates for mortgage loans.

The portfolio of non-performing loans fell € 600 million over the course of the year to € 1,331 million, primarily due to a reduction of € 527 million in Hungary, which was mostly related to retail loans following the adoption of the Settlement Act. The decline amounted to € 48 million in the Czech Republic and € 25 million in Slovakia. The proportion of non-bank non-performing loans in the Central Europe segment's loan portfolio decreased 3.3 percentage points to 7.1 per cent. The NPL coverage ratio rose 1.5 percentage points to 75.3 per cent.

Other results and taxes

The Central Europe segment's other results increased € 352 million year-on-year to € 31 million.

In the reporting period, there was a partial release of € 67 million of the provisions for liabilities and charges that were recognized in Hungary in the previous year in connection with the implementation of changes required by the Settlement Act. A provision of € 251 million was recognized in the previous year's period after the government's plan was announced; in the course of the implementation the calculations proved to be less stringent than expected. The law related to the foreign exchange margins, which can be applied to foreign currency loan disbursement and installments, as well as to unilateral rate changes on consumer loans.

The bank levies contained in the other results fell € 50 million to € 35 million. A reduction in the tax rate lowered bank levies by € 7 million in Slovakia, while the decline in Hungary was attributable to the release of € 43 million in provisions for liabilities and charges. In 2014, the provisions had been recognized following a tax audit and were released after a positive decision was taken by the tax authority.

Net income from derivatives and liabilities decreased from plus € 7 million in the previous year's period to minus € 3 million in the reporting period. This change was primarily due to net income from hedging to adjust the currency and interest rate structure in the Czech Republic.

Net income from financial investments declined € 12 million year-on-year to minus € 4 million. This included a € 2 million loss from the valuation and sale of securities from the fair value portfolio, mainly as a result of government bonds in Hungary. In the previous year, also primarily attributable to Hungary, there was a gain of € 7 million. The impairment charges of € 3 million largely related to equity participations in Hungary.

The segment's income taxes remained unchanged year-on-year at € 66 million. The tax rate was 21 per cent in the reporting period. Higher taxes, due to higher net income in the Czech Republic and Slovakia, were offset by lower taxes in Hungary.

Detailed results of individual countries in the segment:

2015 in € million	Czech Republic	Hungary	Slovakia
Net interest income	235	121	298
Net fee and commission income	103	124	162
Net trading income	12	13	6
Recurring other net operating income	13	(38)	0
Operating income	**363**	**220**	**466**
General administrative expenses	(194)	(195)	(247)
Operating result	**169**	**25**	**218**
Net provisioning for impairment losses	(41)	(56)	(37)
Other results	(1)	49	(18)
Profit/loss before tax	**127**	**19**	**164**
Income taxes	(25)	(1)	(40)
Profit/loss after tax	**102**	**18**	**124**
Risk-weighted assets (total RWA)	4,477	2,940	5,493
Assets	9,265	6,394	11,223
Loans and advances to customers	7,095	3,481	8,189
hereof corporate %	44.7%	66.3%	46.8%
hereof retail %	54.7%	29.1%	53.0%
hereof foreign currency %	14.8%	37.5%	0.6%
Deposits from customers	6,807	4,233	8,728
Loan/deposit ratio (net)	100.7%	69.5%	91.1%
Equity	946	487	995
Return on equity before tax	15.0%	4.4%	17.4%
Return on equity after tax	12.0%	4.3%	13.1%
Cost/income ratio	53.5%	88.5%	53.1%
Net interest margin (average interest-bearing assets)	2.80%	2.01%	2.95%
Employees as at reporting date	2,753	2,016	3,854
Business outlets	128	72	195
Customers	408,129	533,010	819,336

Southeastern Europe

in € million	2015	2014	Change	Q4/2015	Q3/2015	Change
Net interest income	780	835	(6.6)%	189	193	(2.3)%
Net fee and commission income	380	358	6.1%	99	103	(4.6)%
Net trading income	50	56	(11.1)%	14	11	20.1%
Recurring other net operating income	3	28	(88.4)%	(9)	4	–
Operating income	**1,214**	**1,278**	**(5.0)%**	**292**	**312**	**(6.2)%**
General administrative expenses	(681)	(689)	(1.2)%	(190)	(170)	11.4%
Operating result	**533**	**589**	**(9.5)%**	**103**	**141**	**(27.3)%**
Net provisioning for impairment losses	(191)	(254)	(24.8)%	(66)	(42)	59.2%
Other results	(82)	13	–	2	(74)	–
Profit/loss before tax	**260**	**348**	**(25.3)%**	**38**	**25**	**50.7%**
Income taxes	(33)	(52)	(37.7)%	(9)	3	–
Profit/loss after tax	**227**	**296**	**(23.2)%**	**30**	**28**	**5.2%**
Risk-weighted assets (total RWA)	13,968	13,740	1.7%	13,968	14,523	(3.8)%
Assets	22,120	21,371	3.5%	22,120	21,817	1.4%
Net interest margin (average interest-bearing assets)	3.84%	4.27%	(0.43) PP	3.66%	3.83%	(0.17) PP
Return on equity before tax	**15.0%**	**16.7%**	**(1.7) PP**	**8.9%**	**6.0%**	**2.9 PP**

In Southeastern Europe, the law on the mandatory conversion of Swiss franc loans in Croatia, as well as declining interest margins due to low market interest rates, had a negative impact profit before tax. In contrast, the marked improvement in the credit risk situation in the majority of markets had a positive effect.

Operating income

Net interest income decreased 7 per cent year-on-year, or € 55 million, to € 780 million. All countries in the segment – with the exception of Kosovo – reported a decline. The steepest decline of € 15 million was in Croatia, where besides lower loan volumes, reduced market interest rates in particular led to a fall in net interest income. Lower interest rates were also mainly responsible for the negative developments in the other countries of the region. Accordingly, the net interest margin also fell – by 43 basis points to 3.84 per cent.

Net fee and commission income increased 6 per cent year-on-year, or € 22 million, to € 380 million. Net income from the loan and guarantee business was up € 7 million to € 22 million, as a result of lower defaults of given guarantees, primarily in Romania. Net income from the foreign currency, notes/coins and precious metals business improved 9 per cent, or € 6 million, to € 81 million, mainly due to higher volumes and margins in Romania. As a result of the first-time consolidation of a business in Croatia, which focuses on private pension recipients, net income from the management of investment and pension funds increased 50 per cent to € 16 million. Net income from the securities business was positively impacted by higher income, mainly in Romania, and was also up 37 per cent to € 19 million. In contrast, net income from other banking services fell € 4 million to € 21 million, primarily due to developments in Romania.

Net trading income was down 11 per cent year-on-year, or € 6 million, to € 50 million in Southeastern Europe. Lower income in Croatia, Romania, and Bulgaria, was mainly responsible for the € 8 million decrease in interest-based business to € 20 million. Lower volumes and interest rates resulted in declines. Net income from currency-based transactions improved € 2 million to € 30 million.

Recurring other net operating income declined 88 per cent year-on-year, or € 25 million, to € 3 million. The main factors for the decrease were lower net income from non-banking activities in Romania and Croatia, as well as higher allocations to other provisions for litigation in Romania and Albania.

General administrative expenses

General administrative expenses declined 1 per cent year-on-year, or € 8 million, to € 681 million. Staff expenses increased slightly – by 2 per cent, or € 5 million, to € 301 million – largely as a result of higher salaries in Romania. In contrast, staff expenses in Bosnia and Herzegovina and Serbia fell due to staff reductions. The segment's other administrative expenses remained almost unchanged at € 305 million. While operating expenses (office space and advertising expenses) declined, Bulgaria and Croatia reported higher contributions to the bank resolution fund (€ 6 million). Depreciation of tangible and intangible fixed assets was down € 13 million, as an impairment charge was taken in relation to a property in Romania in the comparable period in 2014. The cost/income ratio increased 2.4 percentage points to 56.1 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses amounted to € 191 million, which was 25 per cent, or € 63 million, lower than in the previous year. The largest declines were reported in Bulgaria, Croatia and Romania. In Bulgaria, net provisioning for impairment losses fell € 20 million to € 32 million, after higher loan loss provisioning for corporate customers was reported in the previous year. In Croatia, increased collection activity and restructuring measures resulted in a € 14 million decline in net provisioning for impairment losses (€ 36 million), above all in the large corporate customers business. In Romania, net provisioning for impairment losses was € 11 million lower (€ 74 million), reflecting the improvement in the risk profile of retail customers. Serbia and Bosnia and Herzegovina also reported decreases, while a slight increase was reported in Albania due to two corporate customer defaults.

Non-performing loans fell € 182 million from the start of the year to € 1,587 million. The largest declines were in Bulgaria (€ 90 million) and Romania (€ 71 million). The proportion of non-performing loans to non-banks in the segment's loan portfolio dropped 1.1 percentage points to 12.1 per cent. The NPL coverage ratio increased 5.1 percentage points to 71.6 per cent.

Other results and taxes

Other results amounted to minus € 82 million in the reporting year after plus € 13 million in the previous year. Government measures in Croatia and Serbia were largely responsible for the decrease. In Croatia, this involved a consumer protection law on the fixing of rates for foreign currency loans for one year, as well as the law passed by the Croatian parliament in September 2015 on the mandatory conversion of Swiss franc-denominated loans at the historical rates prevailing at the date of the loan. Provisions totaling € 82 million were formed to take account of these laws; after deduction of taxes the negative effect on consolidated profit was € 66 million. In Serbia, a new regulation on unilateral changes in interest rates for consumer loans linked to foreign currencies resulted in a negative effect of € 4 million. In addition, the deconsolidation of a Bulgarian group unit led to a loss of € 2 million. The € 3 million decline in net income from financial investments to € 5 million was attributable to valuation losses and lower proceeds from the sale of securities in the fair value portfolio, above all in Romania. The sale of VISA shares in Romania had a positive effect of € 2 million.

The tax expense decreased 38 per cent year-on-year, or € 20 million, to € 33 million, while the tax rate fell 2 percentage points to 13 per cent. The decline was mainly due to the recognition of deferred tax assets for expenses in connection with Swiss franc loans as a result of the legislative changes in Croatia described above.

Detailed results of individual countries:

2015 in € million	Albania	Bosnia and Herzegovina	Bulgaria
Net interest income	70	66	116
Net fee and commission income	11	35	41
Net trading income	15	2	2
Recurring other net operating income	(6)	1	0
Operating income	**90**	**104**	**158**
General administrative expenses	(45)	(59)	(90)
Operating result	**45**	**45**	**69**
Net provisioning for impairment losses	(31)	(8)	(32)
Other results	1	0	(3)
Profit/loss before tax	**15**	**36**	**34**
Income taxes	(2)	(4)	(3)
Profit/loss after tax	**12**	**32**	**31**
Risk-weighted assets (total RWA)	1,725	1,484	1,775
Assets	2,120	1,947	3,440
Loans and advances to customers	835	1,173	2,083
hereof corporate %	66.1%	31.4%	41.4%
hereof retail %	33.9%	68.1%	58.0%
hereof foreign currency %	60.2%	69.8%	54.5%
Deposits from customers	1,799	1,519	2,444
Loan/deposit ratio (net)	40.8%	72.1%	78.9%
Equity	222	269	495
Return on equity before tax	7.1%	14.4%	7.3%
Return on equity after tax	6.0%	12.8%	6.6%
Cost/income ratio	49.9%	57.1%	56.7%
Net interest margin (average interest-bearing assets)	3.83%	3.61%	3.60%
Employees as at reporting date	1,349	1,311	2,546
Business outlets	91	97	149
Customers	735,743	493,192	775,879

2015 in € million	Croatia	Kosovo	Romania	Serbia
Net interest income	136	40	264	89
Net fee and commission income	68	9	179	37
Net trading income	11	0	17	4
Recurring other net operating income	18	0	(14)	4
Operating income	**232**	**49**	**447**	**133**
General administrative expenses	(130)	(26)	(257)	(73)
Operating result	**102**	**23**	**189**	**60**
Net provisioning for impairment losses	(36)	(2)	(74)	(8)
Other results	(80)	0	3	(4)
Profit/loss before tax	**(14)**	**22**	**119**	**48**
Income taxes	3	(2)	(19)	(4)
Profit/loss after tax	**(11)**	**19**	**100**	**44**
Risk-weighted assets (total RWA)	2,966	472	4,031	1,515
Assets	4,616	848	7,232	1,948
Loans and advances to customers	2,939	488	4,472	1,098
hereof corporate %	39.1%	37.7%	32.6%	50.7%
hereof retail %	57.9%	62.3%	65.1%	49.0%
hereof foreign currency %	61.1%	0.0%	43.1%	64.1%
Deposits from customers	3,191	675	5,238	1,455
Loan/deposit ratio (net)	81.4%	69.1%	79.2%	67.6%
Equity	616	128	753	463
Return on equity before tax	–	18.4%	18.0%	10.4%
Return on equity after tax	–	16.5%	15.1%	9.5%
Cost/income ratio	56.1%	53.0%	57.6%	54.7%
Net interest margin (average interest-bearing assets)	3.29%	4.91%	3.95%	4.81%
Employees as at reporting date	2,133	715	5,437	1,550
Business outlets	78	52	512	85
Customers	455,912	283,552	2,130,125	665,946

Eastern Europe

in € million	2015	2014 restated	Change	Q4/2015	Q3/2015 restated	Change
Net interest income	949	1,220	(22.3)%	220	224	(2.2)%
Net fee and commission income	404	498	(18.9)%	109	101	8.9%
Net trading income	31	(177)	–	8	32	(74.4)%
Recurring other net operating income	(22)	(9)	146.4%	(13)	0	–
Operating income	**1,361**	**1,533**	**(11.2)%**	**324**	**357**	**(9.1)%**
General administrative expenses	(563)	(773)	(27.1)%	(156)	(138)	12.6%
Operating result	**798**	**760**	**4.9%**	**169**	**219**	**(22.9)%**
Net provisioning for impairment losses	(422)	(712)	(40.8)%	(102)	(81)	25.5%
Other results	173	116	48.8%	91	9	>500.0%
Profit/loss before tax	**550**	**165**	**234.0%**	**158**	**146**	**8.0%**
Income taxes	(128)	(65)	96.6%	(36)	(30)	19.9%
Profit/loss after tax	**422**	**100**	**323.6%**	**121**	**116**	**4.9%**
Risk-weighted assets (total RWA)	11,642	12,998	(10.4)%	11,642	13,194	(11.8)%
Assets	14,179	16,486	(14.0)%	14,179	16,005	(11.4)%
Net interest margin (average interest-bearing assets)	6.14%	6.63%	(0.49) PP	6.18%	5.91%	0.27 PP
Return on equity before tax	**33.5%**	**7.2%**	**26.3 PP**	**38.1%**	**34.8%**	**3.4 PP**

The Eastern Europe segment was again affected by a high level of currency volatility in 2015, as in the previous year. The average exchange rate of the Russian rouble was 26 per cent lower year-on-year, while the Ukrainian hryvnia and the Belarus rouble were down 35 and 23 per cent year-on-year, respectively. The risk situation improved markedly in Ukraine after very high provisions for loan losses were still necessary in the previous year due to the political situation in the Donbass region. Despite the currency-related decline in net interest income, Russia posted a 16 per cent increase in profit before tax. In Belarus, profit more than doubled as a result of the good overall earnings situation, a valuation gain from a capital hedge transaction, and the discontinuation of hyperinflation accounting.

Operating income

Net interest income was down 22 per cent year-on-year, or € 272 million, to € 949 million. This was mainly due to a currency-related decrease in net interest income in Russia (down 23 per cent, or € 188 million, to € 647 million) and in Ukraine (down 35 per cent, or € 96 million, to € 176 million). In contrast, net interest income in Belarus rose 11 per cent, or € 13 million, to € 125 million, due to volume-driven higher interest income from securities and leasing claims. The segment's net interest margin declined 49 basis points year-on-year to 6.14 per cent.

Net fee and commission income fell 19 per cent year-on-year, or € 94 million, to € 404 million. Net income from the payment transfer business dropped 19 per cent, or € 43 million, to € 184 million, mainly as a result of currency movements in Ukraine and Russia. Net income from the foreign currency, notes/coins and precious metals business declined 19 per cent, or € 28 million, to € 116 million, as a result of exchange rate and volume effects, primarily in Ukraine and Russia. The € 25 million fall in net income from the loan and guarantee business to € 58 million was also primarily driven by currency effects and the exit from the automobile finance business in Russia.

Net trading income improved from minus € 177 million to plus € 31 million. Net income from currency-based transactions was up € 170 million to € 21 million. Belarus reported a considerable increase of € 69 million and was attributable to positive effects from a strategic currency position, the discontinuation of financial reporting for hyperinflationary economies, and improved net income from proprietary trading. Furthermore, valuation gains from derivative financial instruments and foreign currency positions were booked in Russia; whereas in Ukraine, valuation losses from foreign currency positions reduced by € 37 million to € 75 million. As in the previous year, these losses arose due to the currency position following the devaluation of the Ukrainian hryvnia. Net income from interest-based transactions was up € 37 million to € 9 million on the back of valuation gains on securities positions and interest-based derivatives in Russia.

Recurring other net operating income was down 146 per cent year-on-year, or € 13 million, to minus € 22 million. This was mainly due to an increase of € 10 million in provisions, primarily in Russia, as well as business outlet closures and a € 3 million drop in net income from leasing.

General administrative expenses

General administrative expenses fell 27 per cent year-on-year, or € 210 million, to € 563 million. Russia and Ukraine accounted for most of the reduction, which largely reflected the depreciation of the Russian rouble and the Ukrainian hryvna. Staff expenses in the segment decreased € 86 million as a result of the release of bonus provisions for 2014 and a 12 per cent reduction in the level of staff. Depreciation fell € 39 million after an impairment charge of € 30 million had been taken in the previous year in relation to the brand and customer base in Ukraine. The number of business outlets in the segment fell by 119 to 862; of which, 93 were in Ukraine and 26 were in Russia (where the number of outlets in the eastern part of the country was reduced). The cost/income ratio improved 9.0 percentage points to 41.4 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses fell 41 per cent year-on-year, or € 291 million, to € 422 million. In Ukraine, net provisioning for impairment losses was down € 321 million to € 212 million. The decline was to some extent currency-related, though amounted to 39 per cent in local currency, as lower provisioning requirements for loans and advances to retail and corporate customers - in particular in connection with the Donbass region - more than offset the rise in net allocations for foreign currency loans. The latter was based on the bank's voluntary offer to convert foreign currency loans into local currency at a rate below the official exchange rate and on the adjustment of loan amounts in relation to collateral held in local currency. For currency-related reasons, net provisioning for impairment losses rose by only € 11 million to € 181 million in Russia; the increase in local currency, however, was 43 per cent. The economic conditions in Russia (recession, sanctions, commodity price and currency trends) resulted in higher net provisioning for impairment losses in the retail business. Higher risk costs also resulted from new non-performing loans to large corporate customers and loan sales. In Belarus, net provisioning was up € 18 million to € 26 million as a result of increased lending to large corporate customers.

Non-performing customer loans increased € 139 million to € 1,902 million. Of that amount, € 60 million related to Russia, while Ukraine and Belarus accounted for € 55 million and € 24 million, respectively. The proportion of non-performing loans to non-banks in the segment's loan portfolio rose 4.4 percentage points year-on-year to 18.9 per cent. The NPL coverage ratio was up 3.0 percentage points to 86.4 per cent.

Other results and taxes

Other results increased € 57 million year-on-year to € 173 million. In the reporting year, the deconsolidation of the Russian pension fund business, following its sale, led to a net gain of € 86 million. Net income from derivative financial instruments fell € 30 million to minus € 3 million in the reporting year. This resulted from the valuation of interest rate swaps carried out to mitigate interest rate structure risk and changes in the market values of banking book derivatives, above all in Russia. In contrast, net income from financial investments was almost unchanged year-on-year at € 90 million. Valuation gains on securities in the fair value portfolio – mainly on bonds in Russia – rose € 46 million to € 93 million. However, net proceeds from disposals of securities in that category declined € 42 million to minus € 3 million, after positive net income of € 39 million in the previous year primarily due to the partial repayment of fixed-income government bonds in Ukraine. Net proceeds from the sale of equity participations declined € 3 million, as VISA shares were sold in Belarus in the previous year.

The tax expense increased 97 per cent, or € 63 million, to € 128 million. This was mainly due to the € 49 million reduction in deferred tax assets as a result of the tax earnings forecasts in Ukraine and a € 10 million increase in the tax expense (higher tax rate) in Belarus. The segment's tax rate amounted to 23 per cent.

Detailed results of individual countries:

2015 in € million	Belarus	Russia	Ukraine
Net interest income	125	647	176
Net fee and commission income	63	258	82
Net trading income	70	34	(75)
Recurring other net operating income	(2)	(15)	(5)
Operating income	**256**	**923**	**178**
General administrative expenses	(73)	(356)	(134)
Operating result	**184**	**568**	**44**
Net provisioning for impairment losses	(26)	(181)	(212)
Other results	(1)	97	77
Profit/loss before tax	**157**	**484**	**(91)**
Income taxes	(38)	(96)	7
Profit/loss after tax	**119**	**387**	**(85)**
Risk-weighted assets (total RWA)	1,606	7,687	2,345
Assets	1,449	10,676	2,039
Loans and advances to customers	915	6,956	2,177
hereof corporate %	72.3%	64.8%	52.6%
hereof retail %	27.7%	35.2%	47.4%
hereof foreign currency %	70.7%	46.2%	59.1%
Deposits from customers	815	7,175	1,518
Loan/deposit ratio (net)	106.1%	90.4%	66.3%
Equity	321	1,198	198
Return on equity before tax	63.0%	39.5%	–
Return on equity after tax	47.7%	31.6%	–
Cost/income ratio	28.3%	38.5%	75.4%
Net interest margin (average interest-bearing assets)	8.63%	5.42%	8.53%
Employees as at reporting date	2,086	7,635	9,639
Business outlets	97	186	578
Customers	752,363	3,001,811	2,782,366

Group Corporates

in € million	2015	2014	Change	Q4/2015	Q3/2015	Change
Net interest income	326	317	2.9%	81	73	11.0%
Net fee and commission income	74	121	(38.8)%	19	18	5.9%
Net trading income	1	7	(88.9)%	0	1	(76.6)%
Recurring other net operating income	1	0	–	0	0	80.0%
Operating income	**402**	**444**	**(9.6)%**	**100**	**92**	**9.4%**
General administrative expenses	(143)	(123)	15.8%	(47)	(37)	28.6%
Operating result	**259**	**321**	**(19.4)%**	**53**	**55**	**(3.4)%**
Net provisioning for impairment losses	(141)	(196)	(28.0)%	(34)	15	–
Other results	(15)	(5)	192.4%	(4)	(4)	(2.9)%
Profit/loss before tax	**103**	**120**	**(14.6)%**	**15**	**65**	**(76.7)%**
Income taxes	(25)	(30)	(15.8)%	(4)	(16)	(78.1)%
Profit/loss after tax	**77**	**90**	**(14.2)%**	**12**	**49**	**(76.2)%**
Risk-weighted assets (total RWA)	8,590	9,106	(5.7)%	8,590	8,445	1.7%
Assets	13,873	15,615	(11.2)%	13,873	14,162	(2.0)%
Net interest margin (average interest-bearing assets)	2.08%	1.56%	0.52 PP	2.33%	1.97%	0.36 PP
Return on equity before tax	**9.3%**	**6.9%**	**2.4 PP**	**5.6%**	**23.7%**	**(18.1) PP**

Profit before tax in the Group Corporates segment fell 15 per cent, or € 18 million, to € 103 million, mainly as a result of lower net fee and commission income and increased general administrative expenses; however, this was largely offset by lower net provisioning for impairment losses.

Operating income

Net interest income in the segment increased year-on-year by 3 per cent, or € 9 million, to € 326 million. Lower loan volumes and declining margins in new business at Group head office (Austrian and multinational corporate customers serviced from Vienna) were offset by the positive impact of the partial reclassification of net fee and commission income items as net interest income. The segment's net interest margin increased 52 basis points to 2.08 per cent.

Net fee and commission income decreased 39 per cent year-on-year, or € 47 million, to € 74 million. Aside from the abovementioned reclassification, lower fee and commission income from bond issues, real estate and project financing transactions, as well as from export and investment financing, also had a negative effect on profit, while cash management, capital markets sales, and the guarantee business, reported higher fee and commission income. In addition, customer-specific earnings components relating to equity capital markets and mergers and acquisitions were included for the first time.

Net trading income declined 89 per cent, or € 6 million, due to interest-based derivative financial instruments at Group head office.

General administrative expenses

General administrative expenses increased 16 per cent, or € 20 million, to € 143 million. Staff and other administrative expenses increased due to salary increases and the segment's proportional cost allocation. The cost/income ratio increased 7.8 percentage points to 35.5 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses declined 28 per cent year-on-year, or € 55 million, to € 141 million. Net provisioning for impairment losses in the reporting period predominantly related to individual provisions for losses on loans to large corporate customers, especially in the multinational corporate customer business. The portfolio of non-performing loans rose € 28 million over the course of the year to € 1,268 million. The proportion of non-bank non-performing loans in the segment's portfolio increased 0.7 percentage points to 9.4 per cent. The NPL coverage ratio reached 56.7 per cent compared to 50.3 per cent in the previous year.

Other results and taxes

Other results declined € 10 million to minus € 15 million due to higher expenses for bank levies.

Income tax expense posted an earnings-related decline of 16 per cent, or € 5 million, to € 25 million.

Group Markets

in € million	2015	2014	Change	Q4/2015	Q3/2015	Change
Net interest income	74	123	(39.8)%	14	16	(12.9)%
Net fee and commission income	122	111	9.8%	31	24	30.9%
Net trading income	78	101	(22.7)%	28	14	95.2%
Recurring other net operating income	14	20	(31.2)%	5	3	64.3%
Operating income	**288**	**355**	**(19.0)%**	**78**	**57**	**36.8%**
General administrative expenses	(216)	(238)	(9.3)%	(57)	(51)	12.6%
Operating result	**72**	**118**	**(38.6)%**	**21**	**6**	**235.2%**
Net provisioning for impairment losses	7	1	>500.0%	7	1	453.6%
Other results	15	(14)	–	25	(2)	–
Profit/loss before tax	**94**	**105**	**(10.2)%**	**52**	**6**	**>500.0%**
Income taxes	(23)	(24)	(6.6)%	(13)	(2)	>500.0%
Profit/loss after tax	**72**	**81**	**(11.3)%**	**40**	**4**	**>500.0%**
Risk-weighted assets (total RWA)	3,781	3,916	(3.5)%	3,781	4,370	(13.5)%
Assets	13,461	16,684	(19.3)%	13,461	14,690	(8.4)%
Net interest margin (average interest-bearing assets)	0.77%	0.98%	(0.22) PP	0.64%	0.71%	(0.07) PP
Return on equity before tax	**17.2%**	**16.1%**	**1.1 PP**	**37.8%**	**3.9%**	**33.9 PP**

Profit before tax in the Group Markets segment declined 10 per cent, or € 11 million, mainly due to lower business volumes and the difficult market environment.

Operating income

Net interest income in the Group Markets segment decreased 40 per cent, or € 49 million, to € 74 million, primarily due to the reduction in interest income from securities as a result of lower volumes. The net interest margin declined 22 basis points to 0.77 per cent.

Net fee and commission income increased 10 per cent year-on-year, or € 11 million, to € 122 million. This was mainly due to positive developments in the areas of custody and fund brokerage, capital markets institutionals business, as well as guarantee business. In addition, an increase resulted from the partial reclassification of calculative net trading income items as net fee and commission income.

Net trading income declined 23 per cent, or € 23 million, to € 78 million. The reduction was caused by lower turnover in banknote trading, currency losses following the appreciation of the Swiss franc, valuation losses on securities, and the partial reclassification of calculative net trading income items as net fee and commission income. These factors were only partially offset by the improved valuation of a guarantee product.

General administrative expenses

General administrative expenses declined 9 per cent year-on-year, or € 22 million, to € 216 million, due to the release of bonus provisions for the 2014 financial year and significantly lower security expenses. The cost/income ratio rose 8.0 percentage points year-on-year to 74.9 per cent.

Net provisioning for impairment losses

Net releases of individual loan loss provisions amounted to € 6 million in the reporting period. The volume of non-performing loans (including to banks) rose € 20 million to € 415 million. The proportion of non-performing loans in the segment's total credit exposure was 5.7 per cent.

Other results and taxes

Other results increased € 29 million year-on-year to € 15 million. This increase was attributable to a € 32 million improvement in the valuation of bonds and a € 9 million increase in income from derivative financial instruments due to interest rate developments. This contrasted with a € 12 million higher pro-rata allocation of bank levies.

The tax expense declined slightly, by 7 per cent, or € 2 million, to € 23 million.

Corporate Center

in € million	2015	2014 restated	Change	Q4/2015	Q3/2015 restated	Change
Net interest income	1,124	1,049	7.1%	338	36	>500.0%
Net fee and commission income	17	(9)	–	5	13	(57.4)%
Net trading income	(147)	(55)	168.9%	(15)	(52)	(71.8)%
Recurring other net operating income	154	134	15.0%	44	48	(7.9)%
Operating income	**1,148**	**1,119**	**2.5%**	**373**	**45**	**>500.0%**
General administrative expenses	(306)	(264)	16.0%	(49)	(83)	(41.0)%
Operating result	**842**	**856**	**(1.6)%**	**324**	**(38)**	**–**
Net provisioning for impairment losses	(23)	(10)	137.7%	(14)	(8)	73.4%
Other results	(226)	(430)	(47.4)%	(190)	(18)	>500.0%
Profit/loss before tax	**593**	**416**	**42.4%**	**121**	**(64)**	**–**
Income taxes	22	(173)	–	(3)	12	–
Profit/loss after tax	**614**	**243**	**152.5%**	**117**	**(51)**	**–**
Risk-weighted assets (total RWA)	14,777	18,622	(20.6)%	14,777	16,378	(9.8)%
Assets	27,287	31,002	(12.0)%	27,287	27,557	(1.0)%

This segment essentially comprises net income from Group head office's governance functions and from other Group units. As a result, its net income is generally more volatile. Profit before tax improved 42 per cent, or € 177 million, year-on-year. Declines of € 180 million in income from derivatives and securities were more than offset by a reduction of € 391 million in goodwill impairments.

Operating income

Net interest income in the Corporate Center segment rose 7 per cent year-on-year, or € 75 million, to € 1,124 million. This was mainly due to € 113 million higher dividend income, primarily from a real estate holding company in Austria. This contrasted with lower interest income from the refinancing business due to falling intra-Group financing volumes. In addition to income from the predominantly short-term investment of free liquidity, interest expenses of € 76 million (2014: € 73 million) for the subordinated capital of RBI AG were also reported in this segment.

Net fee and commission income improved € 26 million year-on-year to € 17 million, predominantly as a result of the partial re-classification of expenses for guarantee fees and commissions to net interest income, where they were treated as a component of interest income.

The segment's net trading income decreased significantly – by 169 per cent year-on-year, or € 92 million, to minus € 147 million – primarily due to a loss of € 70 million from a hedging transaction for dividend income in Russian roubles.

Recurring other net operating income rose 15 per cent, or € 20 million, to € 154 million, with the majority of this income stemming from intra-Group service charges.

General administrative expenses

The segment's general administrative expenses rose 16 per cent, or € 42 million, to € 306 million, mainly due to the booking of Group head office's contribution of € 24 million to the newly-established bank resolution fund. In addition, staff expenses increased because of higher bonus provisions.

Net provisioning for impairment losses

In the reporting period, net provisioning for impairment losses for corporate customers of Group head office amounted to € 23 million, compared to € 10 million in the previous year.

Other results and taxes

The segment's other results improved € 204 million to minus € 226 million.

This was mainly attributable to a € 391 million reduction in goodwill impairment charges. Goodwill impairments for a Group unit in Ukraine and Serbia totaled € 7 million in the financial year. In the previous year, goodwill impairments totaled € 399 million (Poland € 194 million, Russia € 148 million, Albania € 51 million).

The development of net income from derivatives and liabilities was negative, declining € 91 million to minus € 3 million, as a result of the valuation of bank-book derivatives and own issues. Net income from financial investments also declined – by € 88 million – primarily due to impairments relating to various equity participations.

In contrast, the € 49 million in expenses for bank levies reported in the segment was € 30 million lower than in the comparable period of the previous year. The allocation method for the bank levy was adjusted in the reporting period.

A net loss of minus € 49 million was reported from the disposal of Group assets, mainly because of a provision for the sale of Raiffeisen Banka d.d., Maribor (€ 52 million) that was booked in the reporting period. In the previous year, minus € 11 million was posted, mainly as a result of the disposal of the trading group F.J. Elsner, Vienna.

Tax income of € 22 million was booked in the financial period, while there was a tax expense of € 173 million in the previous year's period. The decline was mainly due to the impairment of deferred tax assets that occurred in the previous year as a result of Group head office's budgeting.

Non-Core

in € million	2015	2014 restated	Change	Q4/2015	Q3/2015 restated	Change
Net interest income	385	496	(22.4)%	83	95	(12.7)%
Net fee and commission income	172	171	0.3%	44	45	(2.8)%
Net trading income	1	(1)	–	(2)	(5)	(55.7)%
Recurring other net operating income	19	6	222.7%	5	5	8.9%
Operating income	**577**	**672**	**(14.2)%**	**129**	**140**	**(7.4)%**
General administrative expenses	(462)	(433)	6.7%	(152)	(104)	46.3%
Operating result	**114**	**239**	**(52.2)%**	**(23)**	**36**	**–**
Net provisioning for impairment losses	(375)	(361)	3.9%	(227)	(52)	336.5%
Other results	(2)	(4)	(42.6)%	(1)	(1)	(2.5)%
Profit/loss before tax	**(263)**	**(126)**	**109.3%**	**(250)**	**(17)**	**>500.0%**
Income taxes	(24)	(71)	(67.1)%	(8)	(2)	359.1%
Profit/loss after tax	**(286)**	**(197)**	**45.3%**	**(258)**	**(19)**	**>500.0%**
Risk-weighted assets (total RWA)	10,611	11,829	(10.3)%	10,611	11,946	(11.2)%
Assets	18,835	21,281	(11.5)%	18,835	20,001	(5.8)%
Net interest margin (average interest-bearing assets)	2.01%	2.32%	(0.31) PP	1.85%	2.01%	(0.15) PP
Return on equity before tax	**–**	**–**	**–**	**–**	**–**	**–**

The Non-Core segment encompasses those business areas which are to be sold or reduced in line with RBI's strategic review. The loss before tax increased 109 per cent to € 263 million, largely due to a decline in operating income in Poland as a result of the planned reduction in volumes and low interest rates. In Poland, general administrative expenses rose as a result of higher deposit insurance fees and the impairment of the Polbank brand. As in the previous year, net provisioning for impairment losses remained elevated due to loans in Asia.

Operating income

Net interest income fell 22 per cent year-on-year, or € 111 million, to € 385 million. This was primarily attributable to an 18 per cent, or € 54 million, decline in net interest income in Poland to € 253 million, caused by continuing low market interest rates and repricing measures in the deposit business. In Asia, net interest income fell 38 per cent, or € 51 million, to € 84 million, due to loan defaults and a planned reduction in volumes. The net interest margin declined 31 basis points to 2.01 per cent year-on-year.

Net fee and commission income remained virtually unchanged year-on-year at € 172 million. This included a € 17 million decline in net income from the payment transfer business to € 32 million, due above all to lower income from the credit card and giro business in Poland after a change in legislation. In contrast, net income from other banking services rose € 14 million to € 2 million and was also due to developments in Poland. Likewise driven by activities in Poland, net income from the foreign currency, notes/coins, and precious metals business increased € 6 million to € 73 million, while net income from the sale of own and third party products decreased € 2 million to € 23 million.

Net trading income rose from minus € 1 million to plus € 1 million, with net income from interest-based transactions decreasing € 26 million year-on-year to € 8 million. The decrease was attributable to lower income from interest-based derivatives in Poland. Net income from currency-based transactions, in contrast, rose from minus € 35 million in the previous year to minus € 7 million, largely due to valuation gains in Poland.

Recurring other net operating income was up 223 per cent year-on-year, or € 13 million, to € 19 million, due to the release of other provisions in Slovenia, higher net income arising from non-banking activities, as well as higher net proceeds from the disposal of tangible and intangible fixed assets in Poland.

General administrative expenses

General administrative expenses increased 7 per cent year-on-year, or € 29 million, to € 462 million, with most of the increase occurring in Poland. Staff expenses were up 4 per cent, or € 7 million, to € 198 million: Declines were recorded due to the release of bonus provisions, especially in Poland, while transformation costs – particularly severance payments – resulted in an increase in Asia and the US. Other administrative expenses rose 6 per cent, or € 11 million, to € 197 million, due primarily to an increase of € 27 million in deposit insurance fees, including € 17 million for a special payment relating to the default of a Polish bank and contributions to a mortgage borrowers' support fund in Poland (€ 8 million). Depreciation of tangible and intangible fixed assets increased 21 per cent, or € 12 million, to € 67 million. This increase was caused by an impairment charge of € 21 million relating to the Polbank brand. The number of business outlets rose by 4 to 378. The cost/income ratio rose 15.7 percentage points to 80.2 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses rose 4 per cent year-on-year, or € 14 million, to € 375 million. In Asia, net provisioning for loans to large customers fell € 10 million, yet still remained high at € 297 million. Net provisioning for impairment losses in Poland rose € 19 million to € 45 million, as the proceeds from impaired loans were higher in the previous year (decline of € 54 million). Net provisioning would have been € 35 million lower year-on-year without this effect. In the US, net provisioning for impairment losses rose € 8 million to € 12 million.

The portfolio of non-performing loans rose € 35 million to € 1,903 million. While the portfolio increased by a further € 215 million to € 987 million in Asia, it declined € 129 million to € 731 million in Poland. In Slovenia, it fell € 75 million to € 134 million, due to the sale of non-performing loans. The proportion of non-performing loans to non-banks in the segment's loan portfolio increased 3.2 percentage points year-on-year to 15.4 per cent. The NPL coverage ratio rose 4.6 percentage points to 62.4 per cent.

Other results and taxes

Other results were up € 2 million year-on-year. This included a € 4 million increase in net income from financial investments in Poland and a € 2 million decline in net financial income in Asia.

Tax expense decreased 67 per cent year-on-year, or € 48 million, to € 24 million. The decline resulted predominantly from a deferred tax asset impairment of € 35 million from the previous year in Asia, as well as a lower tax expense in Poland and the US due to lower net income in the reporting year.

Detailed results of individual countries and sub-segments:

2015 in € million	Asia	Poland	Slovenia	USA
Net interest income	84	253	11	25
Net fee and commission income	11	147	8	6
Net trading income	(14)	14	0	0
Recurring other net operating income	0	15	4	1
Operating income	**82**	**429**	**22**	**32**
General administrative expenses	(52)	(343)	(19)	(23)
Operating result	**30**	**86**	**3**	**9**
Net provisioning for impairment losses	(297)	(45)	(19)	(12)
Other results	(3)	1	1	0
Profit/loss before tax	**(269)**	**42**	**(15)**	**(3)**
Income taxes	(7)	(16)	0	(1)
Profit/loss after tax	**(276)**	**25**	**(15)**	**(4)**
Risk-weighted assets (total RWA)	1,289	8,037	310	836
Assets	2,117	14,504	788	628
Loans and advances to customers	1,477	9,671	416	534
hereof corporate %	100.0%	32.3%	49.3%	100.0%
hereof retail %	0.0%	67.7%	49.2%	0.0%
hereof foreign currency %	67.3%	57.5%	5.1%	6.1%
Deposits from customers	186	8,888	436	0
Loan/deposit ratio (net)	–	103.3%	91.1%	–
Equity	–	1,481	44	38
Return on equity before tax	–	2.8%	–	–
Return on equity after tax	–	1.7%	–	–
Cost/income ratio	63.0%	80.0%	85.3%	71.2%
Net interest margin (average interest-bearing assets)	2.76%	1.84%	1.31%	3.56%
Employees as at reporting date	197	5,128	218	56
Business outlets	5	357	14	1
Customers	87	733,392	56,736	118

Asia: Some Asian entities are operated as branches; therefore no equity available.

Consolidated financial statements

Statement of comprehensive income

Income statement

in € thousand	Notes	2015	2014 restated	Change
Interest income		4,916,202	5,615,587	(12.5)%
Interest expenses		(1,589,552)	(1,826,657)	(13.0)%
Net interest income	**[2]**	**3,326,650**	**3,788,930**	**(12.2)%**
Net provisioning for impairment losses	[3]	(1,263,802)	(1,750,029)	(27.8)%
Net interest income after provisioning		**2,062,847**	**2,038,901**	**1.2%**
Fee and commission income		1,987,107	2,007,250	(1.0)%
Fee and commission expense		(467,913)	(421,362)	11.0%
Net fee and commission income	**[4]**	**1,519,193**	**1,585,888**	**(4.2)%**
Net trading income	[5]	16,415	(29,744)	–
Net income from derivatives and liabilities	[6]	(4,272)	88,253	–
Net income from financial investments	[7]	68,448	62,485	9.5%
General administrative expenses	[8]	(2,913,986)	(3,023,570)	(3.6)%
Other net operating income	[9]	(78,810)	(817,107)	(90.4)%
Net income from disposal of group assets	[10]	41,111	(9,755)	–
Profit/loss before tax		**710,946**	**(104,650)**	**–**
Income taxes	[11]	(275,955)	(482,539)	(42.8)%
Profit/loss after tax		**434,991**	**(587,189)**	**–**
Profit attributable to non-controlling interests	[33]	(56,142)	(29,659)	89.3%
Consolidated profit/loss		**378,850**	**(616,849)**	**–**

Previous year figures were restated according to IAS 8.41. This affected net provisioning for impairment losses by minus € 34,129 thousand and other net operating income by minus € 93,403 thousand, reduced by the resulting deferred tax income of € 3,422 thousand. Details can be found in the notes in the section principles underlying the preparation of financial statements.

Earnings per share

in € thousand	2015	2014 restated
Consolidated profit/loss	378,850	(616,849)
Average number of ordinary shares outstanding in thousand	292,414	284,898
Earnings per share in €	**1.30**	**(2.17)**

Earnings per share are obtained by dividing consolidated profit/loss by the average number of common shares outstanding. In the reporting year, the number of common shares outstanding was 292,414 thousand compared with 284,898 thousand in the previous year.

There were no conversion rights or options outstanding, a dilution of earnings per share did not take place.

Other comprehensive income and total comprehensive income

in € thousand	Total 2015	Total 2014 restated	Group equity 2015	Group equity 2014 restated	Non-controlling interests 2015	Non-controlling interests 2014
Profit/loss after tax	**434,991**	**(587,189)**	**378,850**	**(616,849)**	**56,142**	**29,659**
Items which are not reclassified to profit and loss	**2,205**	**(9,774)**	**2,205**	**(9,774)**	**0**	**0**
Remeasurements of defined benefit plans	2,941	(13,033)	2,941	(13,033)	0	0
Deferred taxes on items which are not reclassified to profit and loss	(735)	3,258	(735)	3,258	0	0
Items that may be reclassified subsequently to profit or loss	**(55,474)**	**(1,280,800)**	**(51,654)**	**(1,264,199)**	**(3,820)**	**(16,601)**
Exchange differences	(194,064)	(1,335,255)	(185,071)	(1,314,018)	(8,993)	(21,236)
Capital hedge	90,316	2,041	90,316	2,041	0	0
Hyperinflation	0	39,162	0	34,361	0	4,801
Net gains (losses) on derivatives hedging fluctuating cash flows	(436)	(10,241)	(436)	(10,241)	0	0
Net gains (losses) on financial assets available-for-sale	82,418	21,411	75,640	21,577	6,778	(166)
Deferred taxes on income and expenses directly recognized in equity	(33,708)	2,081	(32,103)	2,081	(1,606)	0
Other comprehensive income	**(53,269)**	**(1,290,575)**	**(49,449)**	**(1,273,973)**	**(3,820)**	**(16,601)**
Total comprehensive income	**381,722**	**(1,877,764)**	**329,401**	**(1,890,822)**	**52,322**	**13,058**

Other comprehensive income

According to IAS 19R revaluations of defined benefit plans are to be shown in other comprehensive income. This resulted in other comprehensive income of € 2,941 thousand in the reporting year (2014: minus € 13,033 thousand).

Exchange rate differences are derived primarily from changes in the value of the euro in relation to the Belarus rouble, Russian rouble and Ukrainian hryvnia. Moreover, a loss of € 4,018 thousand was reclassified to the income statement due to the sale of ZAO NPF Raiffeisen, Moscow. In the previous year, no profit or loss was reclassified to the income statement.

Capital hedge comprises hedges for investments in economically independent sub-units. The partial hedging of the net investments in Russia and Poland led to the positive result of € 90,316 thousand shown under this item.

As of 1 January 2015, the application of hyperinflation accounting in Belarus was discontinued as the relevant parameters indicating hyperinflation no longer existed. In the previous year, € 39,162 thousand was recognized in other comprehensive income in Belarus due to the application of IAS 29 (hyperinflation accounting).

Cash flow hedging has been applied in two Group units to hedge against interest rate risk. In the current reporting year, € 1,079 thousand was reclassified to the income statement. In the previous year, no profit or loss was reclassified to the income statement.

The item net gains (losses) on financial assets available-for-sale directly shown in equity, contains net valuation results from financial investments. The increase mainly resulted from the revaluation of shares in a credit card company. In the reporting year, minus € 15 thousand (2014: minus € 10 thousand) was reclassified to the income statement.

The components of retained earnings developed as follows:

in € thousand	Remeasure-ments reserve	Exchange differences	Capital hedge	Hyper-inflation	Cash flow hedge	Fair value reserve (afs financial assets)	Deferred taxes
As at 1/1/2014	**(2,440)**	**(1,748,209)**	**77,573**	**140,652**	**(17,666)**	**16,271**	**302,020**
Unrealized net gains (losses) of the period	(13,033)	(1,314,018)	2,041	34,361	(10,241)	21,567	5,341
Net gains (losses) reclassified to income statement	0	0	0	0	0	10	(2)
As at 31/12/2014	**(15,472)**	**(3,062,227)**	**79,614**	**175,012**	**(27,906)**	**37,848**	**307,359**
Unrealized net gains (losses) of the period	2,941	(189,089)	90,316	0	(1,515)	75,624	(32,835)
Net gains (losses) reclassified to income statement	0	4,018	0	0	1,079	15	(3)
As at 31/12/2015	**(12,532)**	**(3,247,298)**	**169,930**	**175,012**	**(28,342)**	**113,488**	**274,521**

Quarterly results

in € thousand	Q1/2015	Q2/2015 restated	Q3/2015 restated	Q4/2015
Net interest income	819,975	861,070	813,710	831,896
Net provisioning for impairment losses	(260,411)	(343,430)	(190,800)	(469,160)
Net interest income after provisioning	**559,564**	**517,639**	**622,910**	**362,735**
Net fee and commission income	359,629	385,049	384,103	390,413
Net trading income	(62,087)	63,788	(13,934)	28,647
Net income from derivatives and liabilities	19,660	(29,411)	20,318	(14,839)
Net income from financial investments	64,027	(2,946)	7,394	(27)
General administrative expenses	(690,718)	(697,108)	(713,126)	(813,033)
Other net operating income	(62,996)	33,367	(64,299)	15,117
Net income from disposal of group assets	588	(2,989)	9,638	33,874
Profit/loss before tax	**187,667**	**267,389**	**253,002**	**2,888**
Income taxes	(87,691)	(53,311)	(51,502)	(83,451)
Profit/loss after tax	**99,976**	**214,078**	**201,500**	**(80,563)**
Profit attributable to non-controlling interests	(16,609)	(21,703)	(15,762)	(2,068)
Consolidated profit/loss	**83,367**	**192,376**	**185,738**	**(82,631)**

The figures for second and third quarter 2015 were restated according to IAS 8.41. In the second quarter this affected net provisioning for impairment losses by minus € 11,705 thousand, reduced by the resulting deferred tax income of € 93 thousand. In the third quarter, other net operating income was restated by € 93,403 thousand.

in € thousand	Q1/2014	Q2/2014	Q3/2014	Q4/2014 restated
Net interest income	978,703	974,996	940,191	895,041
Net provisioning for impairment losses	(281,364)	(286,541)	(514,994)	(667,130)
Net interest income after provisioning	**697,339**	**688,454**	**425,197**	**227,911**
Net fee and commission income	375,512	389,173	403,814	417,388
Net trading income	(19,355)	28,208	29,548	(68,146)
Net income from derivatives and liabilities	(27,451)	(15,374)	102,647	28,431
Net income from financial investments	36,585	41,660	23,075	(38,836)
General administrative expenses	(754,600)	(764,077)	(776,471)	(728,422)
Other net operating income	(57,202)	(90,311)	(224,565)	(445,029)
Net income from disposal of group assets	(10,675)	(234)	1,186	(32)
Profit/loss before tax	**240,153**	**277,500**	**(15,568)**	**(606,735)**
Income taxes	(67,337)	(79,474)	(96,245)	(239,483)
Profit/loss after tax	**172,817**	**198,026**	**(111,813)**	**(846,219)**
Profit attributable to non-controlling interests	(12,138)	(14,640)	(7,121)	4,240
Consolidated profit/loss	**160,679**	**183,386**	**(118,934)**	**(841,979)**

In the fourth quarter 2014, net provisioning for impairment losses was restated by minus € 34,129 thousand, reduced by the resulting deferred tax income of € 3,422 thousand and other net operating income was restated by minus € 93,403 thousand.

Statement of financial position

Assets in € thousand	Notes	2015	2014 restated	Change
Cash reserve	[13, 33]	13,211,971	6,768,685	95.2%
Loans and advances to banks	[14, 33, 49]	10,837,209	15,573,241	(30.4)%
Loans and advances to customers	[15, 33, 49]	69,921,365	77,925,416	(10.3)%
Impairment losses on loans and advances	[16, 33]	(6,055,134)	(6,103,362)	(0.8)%
Trading assets	[17, 33, 49]	5,814,108	7,916,624	(26.6)%
Derivatives	[18, 33, 49]	1,573,637	1,643,201	(4.2)%
Financial investments	[19, 33, 49]	15,243,635	14,467,887	5.4%
Intangible fixed assets	[20, 22, 33]	620,912	665,849	(6.7)%
Tangible fixed assets	[21, 22, 33]	1,473,291	1,407,714	4.7%
Other assets	[23, 33, 49]	1,785,589	1,234,517	44.6%
Total assets		**114,426,583**	**121,499,772**	**(5.8)%**

Equity and liabilities in € thousand	Notes	2015	2014 restated	Change
Deposits from banks	[24, 33, 49]	16,369,175	22,408,371	(27.0)%
Deposits from customers	[25, 33, 49]	68,990,887	66,094,172	4.4%
Debt securities issued	[26, 33, 49]	7,501,593	10,593,069	(29.2)%
Provisions for liabilities and charges	[27, 33, 49]	813,823	968,913	(16.0)%
Trading liabilities	[28, 33, 49]	5,091,510	6,877,407	(26.0)%
Derivatives	[29, 33, 49]	984,299	778,205	26.5%
Other liabilities	[30, 33, 49]	2,009,976	1,416,803	41.9%
Subordinated capital	[31, 33, 49]	4,164,353	4,185,108	(0.5)%
Equity	[32, 33]	8,500,967	8,177,725	4.0%
Consolidated equity		7,587,555	8,300,012	(8.6)%
Consolidated profit/loss		378,850	(616,849)	–
Non-controlling interests		534,562	494,561	8.1%
Total equity and liabilities		**114,426,583**	**121,499,772**	**(5.8)%**

Statement of changes in equity

in € thousand	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity as at 1/1/2014	**594,591**	**2,500,000**	**2,575,082**	**3,651,965**	**557,336**	**484,824**	**10,363,798**
Capital increases/decreases	297,295	(2,500,000)	2,428,115	0	0	8,642	234,053
Transferred to retained earnings	0	0	0	59,065	(59,065)	0	0
Dividend payments	0	0	0	0	(498,270)	(41,185)	(539,455)
Total comprehensive income	0	0	0	(1,273,973)	(616,849)	13,058	(1,877,764)
Own shares/share incentive program	(144)	0	(4,793)	4,937	0	0	0
Other changes	0	0	(7,135)	(24,993)	0	29,221	(2,907)
Equity as at 31/12/2014 restated	**891,742**	**0**	**4,991,269**	**2,417,002**	**(616,849)**	**494,561**	**8,177,725**
Capital increases/decreases	0	0	0	0	0	62,670	62,670
Transferred to retained earnings	0	0	0	(616,849)	616,849	0	0
Dividend payments	0	0	0	0	0	(50,516)	(50,516)
Total comprehensive income	0	0	0	(49,449)	378,850	52,322	381,722
Own shares/share incentive program	144	0	2,604	0	0	0	2,748
Other changes	0	0	0	(48,908)	0	(24,475)	(73,383)
Equity as at 31/12/2015	**891,886**	**0**	**4,993,872**	**1,701,796**	**378,850**	**534,562**	**8,500,967**

The capital increases related to non-controlling interests concern mostly Raiffeisen Bank Aval JSC, Kiev.

The other changes in equity are mainly due to the purchase of a 25 per cent interest in RLI Holding Gesellschaft m.b.H., Vienna.

Further details about the above shown changes are reported in the notes under (32) Equity.

Statement of cash flows

in € thousand	2015	2014 restated
Profit/loss after tax	**434,991**	**(587,189)**
Non-cash positions in profit/loss and transition to net cash from operating activities:		
Write-downs/write-ups of tangible fixed assets and financial investments	325,974	775,035
Net provisioning for liabilities and charges and impairment losses	1,515,939	2,377,572
Gains (losses) from disposals of tangible fixed assets and financial investments	(78,297)	(57,539)
Other adjustments (net)	(1,186,118)	(200,703)
Subtotal	**1,012,490**	**2,307,177**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:		
Loans and advances to banks and customers	11,775,004	6,273,080
Trading assets/trading liabilities (net)	530,573	894,776
Other assets/other liabilities (net)	(3,344,951)	2,655,353
Deposits from banks and customers	(1,264,869)	(5,120,211)
Usage of provisions	(402,989)	(242,446)
Debt securities issued	(3,289,354)	(1,265,762)
Net cash from operating activities	**5,015,904**	**5,501,967**
Proceeds from sale of:		
Financial investments	3,932,588	1,375,538
Tangible and intangible fixed assets	173,022	110,400
Proceeds from disposal of group assets	105,468	92,786
Payments for purchase of:		
Financial investments	(2,084,588)	(5,445,145)
Tangible and intangible fixed assets	(328,070)	(415,279)
Payments for acquisition of subsidiaries	(494)	(37,800)
Net cash from investing activities	**1,797,926**	**(4,319,501)**
Capital increases	62,670	2,734,053
Payment ot participation capital	0	(2,500,000)
Inflows/outflows of subordinated capital	(36,574)	84,361
Dividend payments	(50,516)	(539,455)
Change in non-controlling interests	(48,673)	25
Net cash from financing activities	**(73,093)**	**(221,017)**

in € thousand	2015	2014 restated
Cash and cash equivalents at the end of previous period	**6,768,685**	**6,674,226**
Cash from the acquisition of subsidiaries	0	1
Net cash from operating activities	5,015,904	5,501,967
Net cash from investing activities	1,797,926	(4,319,501)
Net cash from financing activities	(73,093)	(221,017)
Effect of exchange rate changes	(26,874)	(866,992)
Cash and cash equivalents at the end of period[1]	**13,482,547**	**6,768,685**

1 Cash and cash equivalents at the end of period deviates from the item cash reserve due to the disclosure of Raiffeisen Banka d.d., Maribor, and ZUNO BANK AG, Vienna pursuant to IFRS 5.

Payments for taxes, interest and dividends	2015	2014 restated
Interest received	4,554,983	5,280,738
Dividends received	58,688	19,052
Interest paid	(1,566,966)	(1,762,365)
Income taxes paid	(281,142)	(226,492)

The statement of cash flows shows the structure and changes in cash and cash equivalents during the financial year and is broken down into three sections:

- net cash from operating activities
- net cash from investing activities
- net cash from financing activities

Net cash from operating activities comprises inflows and outflows from loans and advances to banks and customers, from deposits from banks and customers as well as debt securities issued. Inflows and outflows from trading assets and liabilities, from derivatives, as well as from other assets and other liabilities are also shown in operating activities. The interest, dividend and tax payments from operating activities are separately stated.

Net cash from investing activities shows inflows and outflows from financial investments, tangible and intangible assets, proceeds from disposal of Group assets, and payments for acquisition of subsidiaries.

Net cash from financing activities consists of inflows and outflows of equity and subordinated capital. This covers capital increases, dividend payments, and changes in subordinated capital.

Cash and cash equivalents include the cash reserve recognized in the statement of financial position, which consists of cash in hand and balances at central banks due at call. It does not include loans and advances to banks that are due on demand, which belong to operating activities.

Segment reporting

Segment classification

Segmentation principles

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities (country and functional responsibility model). A cash generating unit (CGU) within the Group is either a country or a business activity. Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are an essential component in the decision-making process. Segment classification is therefore also undertaken in accordance with IFRS 8. The reconciliation contains mainly the amounts resulting from the elimination of intra-group results and consolidation between the segments.

Markets in Central and Eastern Europe are thereby grouped together into regional segments comprising countries with comparable economic profiles and similar long-term economic growth expectations. Business activities outside the CEE region are divided according to business area.

In order to achieve the maximum possible transparency and clear lines of reporting, seven segments were defined in accordance with the IFRS 8 thresholds. IFRS 8 establishes a 10 per cent threshold for the key figures of operating income, profit after tax and segment assets.

In February 2015, RBI decided to implement a range of measures to increase its regulatory capitalization. These are intended to improve the CET1 ratio (fully loaded) to at least 12 per cent by the end of 2017. The operational areas designated for sale or rescaling of the business in order to significantly strengthen capital ratios were selected based on strategic considerations such as contribution to earnings/profitability, capital requirement, contribution to risk and importance in terms of the bank’s strategic core business. The measures include the sale of the operations in Poland and Slovenia, as well as the online bank Zuno AG. In line with the Group’s focus on Central and Eastern Europe, business activities in Asia and the USA will be significantly reduced or exited by the end of 2017. For this reason, internal management reporting and therefore segment reporting was adapted at the start of the year. A separate Non-Core segment encompasses those business areas which are to be disposed of or reduced. Additionally, the units in Russia, Ukraine, Belarus and Kazakhstan were combined in the Eastern Europe segment.

The following segments resulted thereof:

Central Europe

This segment encompasses the most advanced banking markets in Central and Eastern Europe, namely the EU members Czech Republic, Hungary and Slovakia. They are also the markets in which RBI has been operating the longest. In each of the countries, RBI is represented by a bank, leasing companies and other specialized financial institutions. In Slovakia, RBI is active in Corporate and Retail Customers business, including leasing. In retail business Tatra Banka is pursuing a multibrand strategy; besides the existing business outlets, outlets carrying the Raiffeisen brand are being further rolled out, with a focus on particular retail client groups. In the Czech Republic, RBI offers real estate leasing in addition to traditional banking services to corporate and retail customers. The focus is on broadening relationships with existing affluent customers. In Hungary, the Group provides services to private and corporate customers via the bank's countrywide network and also through leasing companies. As part of the strategy review, the focus now rests on corporate customers and affluent retail customers.

Southeastern Europe

The Southeastern Europe segment comprises Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia. In these markets, RBI is represented by banks and leasing companies, as well as separate capital management and asset management companies and pension funds in some markets. In Albania and Bulgaria, financial services are offered across all business areas. In Kosovo, RBI also offers a comprehensive product range. In Bosnia and Herzegovina the emphasis is on small and medium-sized enterprises, while also including a wide range of products for retail customers. In Croatia the focus is on large and medium-sized corporate customers and also on retail customers (including pension funds business). In Romania a broad range of financial services is offered via a tightly knit branch network. Moreover, the Moldovan corporate customer market is also served from Romania. In Serbia, the market is serviced by a universal bank and a leasing company.

Eastern Europe

This segment comprises Russia, Ukraine, Belarus and Kazakhstan. Raiffeisenbank Russia is one of the leading foreign banks in Russia and services both corporate and retail customers. The branch network also offers products tailored for affluent retail customers and small and medium-sized entities. In the course of the strategy review, the presence in large parts of the country was reduced and at the same time, the focus was placed on large cities. Furthermore, RBI is active in the new issuance business. The product range in Russia is rounded off by leasing business. In Ukraine RBI is represented by a bank, a leasing and a card-processing company and provides a full range of financial services and products via a tightly knit branch network. In Belarus, RBI is represented by a bank and a leasing company, whilst in Kazakhstan it is represented in the leasing business.

Group Corporates

The Group Corporates segment covers business with Austrian and international corporate customers of RBI AG, which are managed from Vienna and grouped within the Corporate Customers profit center. These customers include Austria's largest companies and Western European multinational customers. The segment also contains the large corporate business with Central and Eastern European customers as well multinationals with CEE business, included in the Network Corporate Customers & Support profit center.

Group Markets

The Group Markets segment covers RBI AG’s customer and proprietary business related to the capital market. Net income from currency, interest-based and securities trading as well as from trading in structured products for financial institutions is also allocated to this segment, as is proprietary business. The same applies to proprietary trading and market maker activities in Vienna. This segment includes net income from customer business, sales of all banking products and business relationships with banks, institutional customers, governments and local authorities. Furthermore, net income from Raiffeisen Centrobank arising from equity trading and capital market financing and from Kathrein Privatbank is also booked under this segment.

Corporate Center

The Corporate Center segment encompasses services provided by Group head office in various areas that serve to implement the Group’s overall strategy and that are allocated to this segment to ensure comparability. Therefore, this segment includes the following areas: Liquidity management and balance sheet structure management as part of proprietary trading, equity participation management, the banking operations carried out by Group head office for financing Group units, the Austrian transaction and services business for financial services providers, as well as other companies outside the financial service provider business that do not fall directly under another segment.

Non-Core

The Non-Core segment includes all business activities which are to be sold, rescaled or exited as a result of the strategic review decided upon in February 2015. These include the countries Poland and Slovenia as well as the online bank Zuno AG and the business activities in Asia and the USA.

In Poland, in addition to the credit business with corporate customers and small and medium-sized enterprises (including leasing and factoring), the focus is also on retail banking and on business with affluent customers. Although the sales process was started, it has been delayed because of the current political conditions. In Slovenia, the Group provides universal banking services and also leasing, with Group units concentrating in particular on local corporate customers. In December 2015, the sale of the Slovenian bank was agreed, the closing of the transaction is expected in the first half of 2016. The business volume of the Slovenian leasing company is being reduced as scheduled. Corporate customer business in Asia is operated via the outlets in Singapore and China (including Hong Kong); here too, a rescaling of business activities is in progress. In the USA, the business activities will be wound down by 2017. In addition, RBI is represented in Slovakia and the Czech Republic with its online bank Zuno which is up for sale.

Assessment of segment profit and loss

The segment reporting according to IFRS 8 shows the segment performance on the basis of internal management reporting, supplemented with the reconciliation of the segment results to the consolidated financial statements. In principle, RBI´s management reporting is based on IFRS. Therefore, no differences occur in the recognition and measurement principles between segment reporting and consolidated financial statements.

The governance of the separate segments is based on key indicators relating to profitability, growth, efficiency, constraints and business mix parameters. The target values of the separate key indicators are determined according to the specific market environment and adapted when necessary.

The performance of CGUs is evaluated as follows:

- **Profitability**

  Profitability is measured by the return on equity (ROE) and return on risk-adjusted capital (RORAC) based on the internal management systems. The return on equity shows the profitability of a CGU and is calculated as the ratio of profit/loss after deduction of non-controlling interests to average consolidated equity employed. The return on equity reflects the yield of the capital of each segment. The calculation of the RORAC incorporates risk-adjusted capital, which reflects the capital necessary in case of possible unexpected losses. In RBI this capital requirement is calculated within the economic capital model for credit, market and operational risk. This ratio shows the yield on the risk-adjusted equity (economic capital), but is not an indicator pursuant to IFRS. Within the different countries and business lines the actual RORAC generated is compared with the respective predetermined minimal value (RORAC hurdle), which reflects appropriate market yield expectations.

- **Efficiency**

  The cost/income ratio represents the cost efficiency of the segment. The cost/income ratio shows general administrative expenses in relation to operating income, which is the sum of net interest income, net fee and commission income, net trading income and other net operating income (less bank levies, impairment of goodwill, release of negative goodwill and any non-recurring effects recorded in sundry operating expenses).

- **Constraints**

  In accordance with the Basel III framework, specific legal regulations have to be considered. The proportion of common equity tier 1 capital to total risk-weighted assets (common equity tier 1 ratio) is for example an important indicator of whether the underlying capital is adequate for the business volume. Industry sector specifics lead to different risk weights within the calculation of risk-weighted assets according to CRR. These factors are crucial for the calculation of the regulatory minimum total capital requirements. In addition, as part of the annual Supervisory Review and Evaluation Process (SREP), the ECB stipulates in a notification that additional CET1 capital must be held in order to cover those risks which are not considered or are insufficiently considered in Pillar I. The efficient use of the available capital is calculated internally, whereby the actual usage is compared to the theoretically available risk coverage capital. The long-term liquidity ratios are also restrictive and are defined in accordance with the regulatory requirements.

- **Business Mix**

  The following key performance indicators are relevant in ensuring a reasonable and sustainable business structure, whereby the composition of the results and the underlying portfolio parameters are of significance. The structure of the primary funding basis for loans and advances to customers is measured using the loan/deposit ratio (net) which is the proportion of loans and advances to customers less impairment losses to deposits from customers (each less claims and obligations from (reverse) repurchase agreements and securities lending). The share of the result derived from the core business is also relevant. The net interest margin is calculated based on average interest-bearing assets. The proportion of the net fee and commission income to operating income is also a key performance indicator, which is included in the target setting for the business mix.

The presentation of segment performance is based on the income statement and geared to the reporting structure internally used. Income and expenses are attributed to the country and/or business area in which they are generated. Operating income positions are the net interest income, net fee and commission income, net trading income and the recurring other net operating income. The other results include the net income from financial investments, the net income from derivatives and liabilities, the net income from disposal of group assets, the bank levies, the impairment of goodwill, the release of negative goodwill and the charges resulting from the Settlement Act in Hungary and the mandatory conversion of Swiss franc-denominated loans into euro loans in Croatia and Serbia which are shown in sundry operating expenses. The segment result is shown up to the profit/loss after deduction of non-controlling interests. The segment assets are represented by the total assets and the risk-weighted assets. The item liabilities includes all positions from the liabilities side of the statement of financial position except the equity. The reconciliation includes mainly the amounts resulting from the elimination of intra-group results and consolidation between the segments. This is supplemented with financial ratios conventionally used within the industry to evaluate performance. The values shown in the segment reporting are for the most part taken from the IFRS individual financial statements which are also used for the compilation of the consolidated financial statements. In some units profit center results are taken from the internal management income statement.

Financial year 2015 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates	Group Markets
Net interest income	654,409	780,220	948,557	325,711	74,144
Net fee and commission income	387,818	380,344	403,764	74,056	121,683
Net trading income	31,311	50,138	30,505	773	78,136
Recurring other net operating income	(25,404)	3,267	(21,597)	1,012	13,928
Operating income	**1,048,134**	**1,213,970**	**1,361,229**	**401,551**	**287,891**
General administrative expenses	(635,848)	(680,562)	(563,252)	(142,751)	(215,676)
Operating result	**412,286**	**533,408**	**797,978**	**258,800**	**72,215**
Net provisioning for impairment losses	(132,879)	(191,017)	(421,523)	(140,874)	6,587
Other results	30,536	(82,217)	173,060	(15,337)	15,421
Profit/loss before tax	**309,943**	**260,174**	**549,515**	**102,589**	**94,223**
Income taxes	(65,813)	(32,686)	(127,589)	(25,406)	(22,563)
Profit/loss after tax	**244,130**	**227,488**	**421,925**	**77,183**	**71,661**
Profit attributable to non-controlling interests	(57,375)	(1,181)	(4,773)	(1,091)	0
Profit/loss after deduction of non-controlling interests	**186,755**	**226,307**	**417,153**	**76,092**	**71,661**
Risk-weighted assets (credit risk)	10,761,209	11,491,224	9,588,789	7,770,899	1,634,033
Risk-weighted assets (total RWA)	12,909,877	13,967,653	11,641,878	8,590,224	3,781,066
Total capital requirement	1,032,790	1,117,412	931,350	687,218	302,485
Assets	26,877,762	22,120,394	14,179,099	13,873,346	13,460,865
Liabilities	24,449,729	19,174,229	12,458,753	12,207,042	19,229,383
Net interest margin (average interest-bearing assets)	2.67%	3.84%	6.14%	2.08%	0.77%
NPL ratio	7.1%	12.1%	18.9%	9.4%	5.7%
NPL coverage ratio	75.3%	71.6%	86.4%	56.7%	82.0%
Cost/income ratio	60.7%	56.1%	41.4%	35.5%	74.9%
Provisioning ratio (average loans and advances to customers)	0.71%	1.44%	3.54%	0.94%	(0.24)%
Average equity	1,697,586	1,737,542	1,640,918	1,098,732	548,184
Return on equity before tax	**18.3%**	**15.0%**	**33.5%**	**9.3%**	**17.2%**
Business outlets	395	1,064	862	1	5

Significant changes in profit/loss are described below:

After the previous year's loss, RBI returned to generating a significant level of profit before tax in Central Europe, posting an increase of € 443 million to € 310 million, particularly due to negative non-recurring effects in Hungary in the previous year (Settlement Act), as well as lower bank levies and lower net provisioning for impairment losses.

In Southeastern Europe, the law on the mandatory conversion of Swiss franc loans in Croatia, as well as declining interest margins due to low market interest rates, had a negative impact on profit before tax. In contrast, the marked improvement in the credit risk situation in the majority of markets had a positive effect.

The Eastern Europe segment was again affected by a high level of currency volatility in 2015, as in the previous year. The average exchange rate of the Russian rouble was 26 per cent lower year-on-year, while the Ukrainian hryvnia and the Belarus rouble were down 35 and 23 per cent year-on-year, respectively. The risk situation improved markedly in Ukraine after very high provisions for loan losses were still necessary in the previous year due to the political situation in the Donbass region. Despite the currency-related decline in net interest income, Russia posted a 16 per cent increase in profit before tax, also driven by the sale of the Russian pension fund business. In Belarus, profit more than doubled as a result of the good overall earnings situation, a valuation gain from a capital hedge transaction, and the discontinuation of hyperinflation accounting.

Profit before tax in the Group Corporates segment fell 15 per cent, or € 17 million, to € 103 million, mainly as a result of lower net fee and commission income and increased general administrative expenses; lower net provisioning for impairment losses positively impacted the result.

Profit before tax in the Group Markets segment declined 10 per cent, or € 11 million, mainly due to lower business volumes and the difficult market environment.

Financial year 2015 in € thousand	Corporate Center	Non-Core	Reconciliation	Total
Net interest income	1,123,763	384,908	(965,062)	3,326,650
Net fee and commission income	17,399	171,740	(37,612)	1,519,193
Net trading income	(147,131)	542	(27,859)	16,415
Recurring other net operating income	153,895	19,488	(78,096)	66,493
Operating income	**1,147,927**	**576,677**	**(1,108,629)**	**4,928,751**
General administrative expenses	(305,850)	(462,452)	92,405	(2,913,986)
Operating result	**842,077**	**114,225**	**(1,016,224)**	**2,014,765**
Net provisioning for impairment losses	(23,090)	(374,737)	13,731	(1,263,802)
Other results	(226,401)	(2,305)	67,225	(40,017)
Profit/loss before tax	**592,587**	**(262,817)**	**(935,269)**	**710,946**
Income taxes	21,644	(23,541)	0	(275,955)
Profit/loss after tax	**614,230**	**(286,358)**	**(935,269)**	**434,991**
Profit attributable to non-controlling interests	(18,500)	(9)	26,787	(56,142)
Profit/loss after deduction of non-controlling interests	**595,730**	**(286,366)**	**(908,481)**	**378,850**
Risk-weighted assets (credit risk)	13,707,964	9,192,475	(12,687,947)	51,458,646
Risk-weighted assets (total RWA)	14,777,339	10,611,238	(13,007,057)	63,272,218
Total capital requirement	1,182,187	848,899	(1,040,565)	5,061,777
Assets	27,287,163	18,834,740	(22,206,785)	114,426,583
Liabilities	17,009,804	17,147,627	(15,750,951)	105,925,617
Net interest margin (average interest-bearing assets)	–	2.01%	–	3.00%
NPL ratio	–	15.4%	–	11.9%
NPL coverage ratio	–	62.4%	–	71.3%
Cost/income ratio	26.6%	80.2%	–	59.1%
Provisioning ratio (average loans and advances to customers)	–	2.68%	–	1.64%
Average equity	2,039,659	1,459,596	(1,839,391)	8,382,827
Return on equity before tax	**29.1%**	**–**	**–**	**8.5%**
Business outlets	0	378	–	2,705

The Corporate Center segment essentially comprises net income from Group head office's governance functions and from other Group units. As a result, its net income (in particular dividends from other segments) is generally more volatile. Profit before tax improved 39 per cent, or € 163 million, year-on-year. Declines of € 180 million in income from derivatives and securities were more than offset by a reduction of € 391 million in goodwill impairments.

The Non-Core segment encompasses those business areas which are to be sold or reduced in line with the strategic review. The loss before tax increased 45 per cent to € 263 million, largely due to a decline in operating income as a result of the reduction in volumes and low interest rates in Poland. In Poland, general administrative expenses rose as a result of higher deposit insurance fees and the impairment of the Polbank brand. As in the previous year, net provisioning for impairment losses remained elevated primarily due to loans in Asia.

Reconciliation comprises consolidation adjustments to reconcile segments with Group results. The financials of the reportable segments are shown after elimination of intra-segment items. However, the inter-segment items are eliminated in the reconciliation. The main eliminations are dividend payments to head office and inter-segment revenues charged and expenses carried by the head office.

Financial year 2014[1] in € thousand	Central Europe	Southeastern Europe	Eastern Europe restated[2]	Group Corporates	Group Markets
Net interest income	694,228	835,128	1,220,400	316,506	123,245
Net fee and commission income	377,002	358,312	498,158	121,085	110,847
Net trading income	15,133	56,429	(176,640)	6,930	101,139
Recurring other net operating income	(52,345)	28,043	(8,766)	(253)	20,236
Operating income	**1,034,017**	**1,277,912**	**1,533,152**	**444,268**	**355,467**
General administrative expenses	(624,160)	(688,577)	(772,794)	(123,241)	(237,893)
Operating result	**409,857**	**589,334**	**760,358**	**321,027**	**117,574**
Net provisioning for impairment losses	(221,753)	(254,145)	(712,127)	(195,654)	1,050
Other results	(321,001)	13,279	116,289	(5,246)	(13,689)
Profit/loss before tax	**(132,897)**	**348,468**	**164,520**	**120,127**	**104,935**
Income taxes	(66,646)	(52,435)	(64,904)	(30,185)	(24,153)
Profit/loss after tax	**(199,543)**	**296,033**	**99,616**	**89,942**	**80,782**
Profit attributable to non-controlling interests	(42,438)	(286)	12,355	(42)	(3)
Profit/loss after deduction of non-controlling interests	**(241,981)**	**295,747**	**111,971**	**89,900**	**80,779**
Risk-weighted assets (credit risk)	12,353,893	11,375,394	11,030,067	8,663,471	3,081,634
Risk-weighted assets (total RWA)	14,475,056	13,739,596	12,998,298	9,106,275	3,916,309
Total capital requirement	1,158,004	1,099,168	1,039,864	728,502	313,305
Assets	25,154,645	21,370,657	16,485,865	15,614,915	16,684,026
Liabilities	22,961,270	18,368,424	14,543,823	12,413,543	15,554,790
Net interest margin (average interest-bearing assets)	3.09%	4.27%	6.63%	1.56%	0.98%
NPL ratio	10.4%	13.2%	14.5%	8.6%	5.5%
NPL coverage ratio	73.8%	66.5%	83.4%	50.3%	76.1%
Cost/income ratio	60.4%	53.7%	50.4%	27.7%	66.9%
Provisioning ratio (average loans and advances to customers)	1.23%	1.85%	3.52%	1.53%	(0.04)%
Average equity	2,124,746	2,090,063	2,277,398	1,733,118	653,192
Return on equity before tax	**–**	**16.7%**	**7.2%**	**6.9%**	**16.1%**
Business outlets	418	1,087	981	1	5

1 Adaptation of previous year figures due to change of segment reporting.
2 2014 figures restated.

Financial year 2014[1] in € thousand	Corporate Center restated[2]	Non-Core restated[2]	Reconciliation	Total
Net interest income	1,049,052	495,939	(945,568)	3,788,930
Net fee and commission income	(8,641)	171,227	(42,102)	1,585,888
Net trading income	(54,714)	(797)	22,775	(29,744)
Recurring other net operating income	133,772	6,038	(121,882)	4,843
Operating income	**1,119,469**	**672,407**	**(1,086,776)**	**5,349,916**
General administrative expenses	(263,651)	(433,348)	120,094	(3,023,570)
Operating result	**855,818**	**239,060**	**(966,682)**	**2,326,346**
Net provisioning for impairment losses	(9,713)	(360,617)	2,930	(1,750,029)
Other results[1]	(430,057)	(4,018)	(36,524)	(680,967)
Profit/loss before tax	**416,048**	**(125,575)**	**(1,000,276)**	**(104,650)**
Income taxes	(172,746)	(71,469)	0	(482,539)
Profit/loss after tax	**243,302**	**(197,044)**	**(1,000,276)**	**(587,189)**
Profit attributable to non-controlling interests	(2,056)	1,011	1,799	(29,659)
Profit/loss after deduction of non-controlling interests	**241,246**	**(196,033)**	**(998,477)**	**(616,849)**
Risk-weighted assets (credit risk)	16,567,461	9,969,801	(15,993,946)	57,047,775
Risk-weighted assets (total RWA)	18,622,447	11,829,451	(15,966,307)	68,721,124
Total capital requirement	1,489,796	946,356	(1,277,305)	5,497,690
Assets	31,001,591	21,281,119	(26,093,046)	121,499,772
Liabilities	21,793,558	20,901,592	(13,214,952)	113,322,048
Net interest margin (average interest-bearing assets)	–	2.32%	–	3.24%
NPL ratio	–	12.2%	–	11.4%
NPL coverage ratio	–	57.8%	–	67.5%
Cost/income ratio	23.6%	64.4%	–	56.5%
Provisioning ratio (average loans and advances to customers)	–	1.58%	–	2.17%
Average equity	2,660,775	1,749,516	(2,399,000)	10,889,808
Return on equity before tax	**15.6%**	**–**	**–**	**–**
Business outlets	0	374	–	2,866

1 Adaptation of previous year figures due to different allocation.
2 2014 figures restated.

Notes

Principles underlying the preparation of financial statements

Reporting entity

Raiffeisen Bank International AG (RBI AG) is registered at the Vienna Commercial Court (Handelsgericht Wien) under Companies Register number FN 122.119m. The company address is at Am Stadtpark 9, 1030 Vienna. The consolidated financial statements are lodged with the Companies Register in accordance with Austrian disclosure regulations and published in the official register of the Wiener Zeitung.

With a holding of just over 60 per cent, Raiffeisen Zentralbank Österreich AG (RZB) is the majority owner of RBI; the remaining shares are held in free float and are traded on the Vienna Stock Exchange. RZB is the central institution of the Austrian Raiffeisen Banking Group (RBG), the head of the RZB Group and also the service unit for RBG. A majority stake in RBI and RZB is indirectly held by Raiffeisen-Landesbanken-Holding GmbH and they are therefore included in its consolidated financial statements.

Raiffeisen Bank International (RBI) is a universal bank focusing on corporate and retail customers in Central and Eastern Europe (CEE) and exclusively on corporate customers in Austria. In CEE, RBI has a closely-knit network of subsidiary banks, leasing companies and numerous specialized financial service providers with around 2,700 business outlets. In Austria, RBI specializes in corporate banking and investment banking business. It is Austria's corporate finance bank and provides services to the country's top 1,000 companies. Numerous major international and multinational customers and financial firms also trust in its comprehensive service offering.

The consolidated financial statements were signed by the Management Board on March 2, 2016 and subsequently submitted for the notice of the Supervisory Board.

Principles underlying the consolidated fianancial statements

The consolidated financial statements for the 2015 financial year and the comparative figures for the 2014 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) insofar as they were adopted by the EU on the basis of IAS Regulation (EC) 1606/2002. The interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) that are already applicable have been considered. All standards published by the IASB as International Accounting Standards and adopted by the EU have been applied to the financial statements for 2015. The consolidated financial statements also satisfy the requirements of Section 245a of the Austrian Commercial Code (UGB) and Section 59a of the Austrian Banking Act (BWG) regarding exempting consolidated financial statements that comply with internationally accepted accounting principles. IAS 20, IAS 41 and IFRS 6 have not been applied as there were no relevant business transactions in the Group.

The consolidated financial statements are based on the reporting packages of all fully consolidated Group members, which are prepared according to IFRS rules and uniform Group standards. All fully consolidated companies prepare their annual financial statements as of and for the year ended December 31. Figures in these financial statements are stated in € thousand. The following tables may contain rounding differences.

The consolidated financial statements are based on the going concern principle.

A financial asset is recognized when it is probable that the future economic benefits will flow to the company and the acquisition or production costs or another value can be reliably measured. A financial liability is recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of the obligation and the amount at which the settlement will take place can be measured reliably. An exception is certain financial instruments which are recognized at fair value at the reporting date. Revenue is recognized if the conditions of IAS 18 are met and if it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Restatements

RBI was subject to an examination under Section 2 (1) 2 of the Accounting Control Act (RL-KG). The examination covered the 2014 consolidated financial statements and 2015 semi-annual consolidated financial statements. The examination results are taken into account in the present consolidated financial statements.

Formally, the examination is deemed completed on notification of the decision. This notification had not yet been issued at the time the consolidated financial statements were prepared. RBI expects the confirmation of the examination result in the second quarter of 2016. The examination identified a need for the following restatements:

- Contrary to the provisions of IAS 36.33(a) in conjunction with IAS 36.34, the intrinsic value of the goodwill of Raiffeisen Polbank of € 93,403 thousand as at 31 December 2014 and 30 June 2015 could not be sufficiently substantiated. The examination led to different assumptions being employed for cash-flow planning with regard to the budgeted net interest income (a key driver for the company's profit/loss), in light of the assessment of underlying economic conditions. This means that an impairment of € 93,403 thousand should have been recorded in profit/loss in the 2014 reporting year.

- Within the context of individual examinations, it was established on the basis of loan valuations of two groups of affiliated customers, that as at 31 December 2014 the amount reported for loans and advances to customers was at least € 34,129 thousand too high; this was because contrary to IAS 39.59, insufficient account had in particular been taken of macroeconomic changes such as the devaluation of the Russian rouble and the collapse in raw material prices in China. This means that a higher individual loan loss provision (by an amount of € 36,820 thousand) should have been recorded in profit/loss in the 2014 reporting year. This resulted in a release of portfolio-based provisions of € 2,691 thousand. After considering the deferred taxes of € 3,422 thousand, the restatement requirement, affecting profit/loss, was € 30,707 thousand.

- Contrary to IAS 7.27, the cash flows of foreign subsidiaries were calculated using the exchange rate on the reporting date instead of an approximation of the actual exchange rate. In particular, this has an impact if foreign currencies are subject to marked fluctuations. As foreign currencies are used to a significant extent within the Group, individual positions within the consolidated cash flow statement are affected accordingly.

According to IAS 8.41, earlier periods must be restated retrospectively. All figures from previous years have been shown in the consolidated financial statements as if the restatement requirement from earlier periods had never occurred. For the consolidated 2014 financial statements, therefore, the restatements described above have been applied retrospectively. The effects on the income statement, the statement of financial position and the consolidated equity are as follows:

Income statement

in € thousand	2014 restated	Restatements	2014 published
Interest income	5,615,587	0	5,615,587
Current income from associates	0	0	0
Interest expenses	(1,826,657)	0	(1,826,657)
Net interest income	**3,788,930**	**0**	**3,788,930**
Net provisioning for impairment losses	(1,750,029)	(34,129)	(1,715,900)
Net interest income after provisioning	**2,038,901**	**(34,129)**	**2,073,030**
Fee and commission income	2,007,250	0	2,007,250
Fee and commission expense	(421,362)	0	(421,362)
Net fee and commission income	**1,585,888**	**0**	**1,585,888**
Net trading income	(29,744)	0	(29,744)
Net income from derivatives and liabilities	88,253	0	88,253
Net income from financial investments	62,485	0	62,485
General administrative expenses	(3,023,570)	0	(3,023,570)
Other net operating income	(817,107)	(93,403)	(723,704)
Net income from disposal of group assets	(9,755)	0	(9,755)
Profit/loss before tax	**(104,650)**	**(127,532)**	**22,882**
Income taxes	(482,539)	3,422	(485,961)
Profit/loss after tax	**(587,189)**	**(124,110)**	**(463,079)**
Profit attributable to non-controlling interests	(29,659)	0	(29,659)
Consolidated profit/loss	**(616,849)**	**(124,110)**	**(492,738)**

Statement of financial position

Assets in € thousand	2014 restated	Restatements	2014 published
Cash reserve	6,768,685	0	6,768,685
Loans and advances to banks	15,573,241	0	15,573,241
Loans and advances to customers	77,925,416	0	77,925,416
Impairment losses on loans and advances	(6,103,362)	(34,129)	(6,069,233)
Trading assets	7,916,624	0	7,916,624
Derivatives	1,643,201	0	1,643,201
Financial investments	14,467,887	0	14,467,887
Investments in associates	0	0	0
Intangible fixed assets	665,849	(93,403)	759,252
Tangible fixed assets	1,407,714	0	1,407,714
Other assets	1,234,517	3,422	1,231,096
Total assets	**121,499,772**	**(124,110)**	**121,623,883**

Equity and liabilities in € thousand	2014 restated	Restatements	2014 published
Deposits from banks	22,408,371	0	22,408,371
Deposits from customers	66,094,172	0	66,094,172
Debt securities issued	10,593,069	0	10,593,069
Provisions for liabilities and charges	968,913	0	968,913
Trading liabilities	6,877,407	0	6,877,407
Derivatives	778,205	0	778,205
Other liabilities	1,416,803	0	1,416,803
Subordinated capital	4,185,108	0	4,185,108
Equity	8,177,725	(124,110)	8,301,835
Consolidated equity	8,300,012	0	8,300,012
Consolidated profit/loss	(616,849)	(124,110)	(492,738)
Non-controlling interests	494,561	0	494,561
Total equity and liabilities	**121,499,772**	**(124,110)**	**121,623,883**

Equity

in € thousand	2014 restated	Restatements	2014 published
Consolidated equity	8,300,012	0	8,300,012
Subscribed capital	891,742	0	891,742
Capital reserves	4,991,269	0	4,991,269
Retained earnings	2,417,002	0	2,417,002
Consolidated profit/loss	(616,849)	(124,110)	(492,738)
Non-controlling interests	494,561	0	494,561
Total	**8,177,725**	**(124,110)**	**8,301,835**

Statement of cash flows

in € thousand	2014 restated	Restatements	2014 published
Profit/loss after tax	**(587,189)**	**(124,110)**	**(463,079)**
Non-cash positions in profit/loss and transition to net cash from operating activities:			
Write-downs/write-ups of tangible fixed assets and financial investments	681,632	93,403	681,632
Net provisioning for liabilities and charges and impairment losses	2,377,572	30,707	2,346,865
Gains (losses) from disposals of tangible fixed assets and financial investments	(57,539)	0	(57,539)
Profit/loss from at-equity	0	0	0
Other adjustments (net)	(107,300)	275,410	(476,113)
Subtotal	**2,307,177**	**275,410**	**2,031,767**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Loans and advances to banks and customers	6,273,080	(207,463)	6,480,543
Trading assets/trading liabilities (net)	894,776	121,542	773,234
Other assets/other liabilities (net)	2,655,353	127,714	2,527,639
Deposits from banks and customers	(5,120,211)	(115,217)	(5,004,994)
Usage of provisions	(242,446)	(242,446)	
Debt securities issued	(1,265,762)	60,278	(1,326,040)
Net cash from operating activities	**5,501,967**	**19,818**	**5,482,149**
Proceeds from sale of:			
Financial investments	1,375,538	0	1,375,538
Tangible and intangible fixed assets	110,400	0	110,400
Proceeds from disposal of group assets	92,786	0	92,786
Payments for purchase of:	0	0	
Financial investments	(5,445,145)	0	(5,445,145)
Tangible and intangible fixed assets	(415,279)	0	(415,279)
Payments for acquisition of subsidiaries	(37,800)	0	(37,800)
Net cash from investing activities	**(4,319,501)**	**0**	**(4,319,501)**
Capital increases	2,734,053	0	2,734,053
Payment ot participation capital	(2,500,624)	(624)	(2,500,000)
Inflows/outflows of subordinated capital	84,985	0	84,985
Dividend payments	(539,455)	0	(539,455)
Change in non-controlling interests	25	0	25
Net cash from financing activities	**(221,017)**	**(624)**	**(220,393)**

Earnings per share

in € thousand	2014 restated	Restatements	2014 published
Consolidated profit/loss	(616,849)	(124,110)	(492,738)
Average number of ordinary shares outstanding in thousand	284,898	0	284,898
Earnings per share in €	**(2.17)**		**(1.73)**

Foreign currency translation

The consolidated financial statements of RBI are prepared in euro which is the functional currency of RBI AG. The functional currency is the currency of the principal economic environment in which the company operates. Each entity within the Group determines its own functional currency taking all factors listed in IAS 21 into account.

All financial statements of fully consolidated companies prepared in a functional currency other than euro were translated into the reporting currency euro employing the modified closing rate method in accordance with IAS 21. Equity was translated at its historical exchange rates while all other assets, liabilities and the notes were translated at the prevailing foreign exchange rates as of the reporting date. Differences arising from the translation of equity (historical exchange rates) are offset against retained earnings.

The income statement items were translated at the average exchange rates during the year calculated on the basis of month-end rates. Differences arising between the exchange rate as of the reporting date and the average exchange rate applied in the income statement are offset against equity (retained earnings). According to IAS 21, in cases of significantly fluctuating exchange rates, the transaction rate is applied instead of the average rate.

Accumulated exchange differences are reclassified from the item "exchange differences" shown in other comprehensive income to the income statement under net income from disposal of group assets, in the event of a disposal of a foreign business operation which leads to loss of control, joint management or significant influence over this business operation.

In the case of two subsidiaries headquartered outside the euro area, the US dollar was the reporting currency for measurement purposes given the economic substance of the underlying transactions, as both the transactions and the financing were undertaken in US dollars. In the case of four subsidiaries headquartered in the euro area, the Russian rouble was the reporting currency for measurement purposes given the economic substance of the underlying transactions.

The following exchange rates were used for currency translation:

	2015		2014	
Rates in units per €	**As at 31/12**	**Average 1/1-31/12**	**As at 31/12**	**Average 1/1-31/12**
Albanian lek (ALL)	137.280	139.668	140.140	139.932
Belarusian rouble (BYR)	20,300.000	17,582.154	14,380.000	13,612.308
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	7.638	7.621	7.658	7.634
Czech koruna (CZK)	27.023	27.305	27.735	27.542
Hungarian forint (HUF)	315.980	310.045	315.540	308.987
Kazakh tenge (KZT)	371.310	249.078	221.970	235.872
Malaysian Ringgit (MYR)	4.696	4.338	4.247	4.348
Polish zloty (PLN)	4.264	4.191	4.273	4.191
Romanian leu (RON)	4.524	4.444	4.483	4.441
Russian rouble (RUB)	80.674	69.043	72.337	51.424
Serbian dinar (RSD)	121.626	120.779	120.958	117.157
Singapore dollar (SGD)	1.542	1.529	1.606	1.682
Swiss franc (CHF)	1.084	1.084	1.084	1.084
Turkish lira (TRY)	3.177	3.024	2.832	2.899
Ukrainian hryvnia (UAH)	26.223	24.016	19.233	15.638
US-Dollar (USD)	1.089	1.113	1.214	1.326

Accounting in hyperinflationary economies – IAS 29

The relevant provisions for accounting in hyperinflationary economies according to IAS 29 were applied for two subsidiaries in Belarus until December 31, 2014. Due to the changes in the general purchasing power of the functional currency, it was necessary to retrospectively adjust all historical acquisition and production costs arising since 2011 and they were disclosed in the prevailing measuring unit as at December 31 2014. From January 1, 2015, accounting for hyperinflationary economies was discontinued because the relevant parameters indicating hyperinflation were no longer given. The carrying values in 2015 were based on all carrying values stated in the prevailing measuring unit as at December 31, 2014. Expense and income items were again translated using the average exchange rate for the consolidated financial statements, whereas the application of IAS 29 required period-end exchange rates.

Critical accounting judgments and key sources of estimation uncertainty

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experience and other factors such as planning and expectations or forecasts of future events that appear likely from the current perspective. The estimates and underlying assumptions are reviewed on an ongoing basis. Alterations to estimates that affect only one period will be taken into account only in that period. If the following reporting periods are also affected, the alterations will be taken into consideration in the current and following periods. The critical accounting judgments and key sources of estimation uncertainty are as follows:

Risk provisions for loans and advances

At each reporting date, all financial assets, not measured at fair value through profit or loss, are subject to an impairment test to determine whether an impairment loss is to be recognized through profit or loss. In particular, it is required to determine whether there is objective evidence of impairment as a result of a loss event occurring after initial recognition and to estimate the amount and timing of future cash flows when determining an impairment loss. Risk provisions are described in detail in the notes under (42) Risks arising from financial instruments, in the section on credit risk.

Fair value of financial instruments

Fair value is the price received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price can be directly observed or has been estimated on the basis of a measurement method. In determining the fair value of an asset or liability, the Group takes account of certain features of the asset or liability (e.g. condition and location of the asset or restrictions in the sale and use of an asset) if market participants would also take account of such features in determining the price for the acquisition of the respective asset or for the transfer of the liability at the measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique or pricing model. For valuation methods and models, estimates are generally used depending on the complexity of the instrument and the availability of market-based data. The inputs to these models are derived from observable market data where possible. Under certain circumstances, valuation adjustments are necessary in order to account for model risk, liquidity risk or credit risk. The valuation models are described in the notes in the section on financial instruments – Recognition and measurement. In addition, the fair values of financial instruments are shown in the notes under (40) Fair value of financial instruments.

Deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits or deductible temporary differences can be utilized. This assessment requires significant management judgments and assumptions. In determining the amount of deferred tax assets, the management uses historical tax capacity and profitability information and, if relevant, forecasted operating results based upon approved business plans, including a review of the eligible carry-forward period.

Deferred taxes are not reported separately in the income statement and statement of financial position. Details are provided in the statement of comprehensive income and in the notes under (11) Income taxes, (23) Other assets, and (27) Provisions for liabilities and charges.

Provisions for pensions and similar obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. The interest rate used to discount the Group's defined benefit obligations is determined on the basis of the yields obtained in the market at the balance sheet date for top-rated fixed-income corporate bonds. Considerable discretion has to be exercised in this connection in setting the criteria for the selection of the corporate bonds representing the universe from which the yield curve is derived. The main criteria for the selection of such corporate bonds are the issuance volumes of the bonds, the quality of the bonds and the identification of outliers, which are not taken into account. Mercer's recommendation is used to determine the interest rate. Assumptions and estimates used for the defined benefit obligation calculations are described in the section on pension obligations and other termination benefits. Quantitative data for long term employee provisions are disclosed in the notes under (27) Provisions for liabilities and charges.

Impairment of non-financial assets

Certain non-financial assets, including goodwill and other intangible assets, are subject to an annual impairment review. Goodwill and other intangible assets are tested more frequently if events or changes in circumstances, such as an adverse change in business climate, indicate that these assets may be impaired. The determination of the recoverable amount requires judgments and assumptions to be made by management. Because these estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change, the Group considers these estimates to be critical. Details concerning the impairment review of non-financial assets are disclosed in the section on business combinations. Additionally, the carrying amounts of goodwill are presented in the notes under (20) intangible assets.

Notes to the income statement

(1) Income statement according to measurement categories

in € thousand	2015	2014 restated
Net gains (losses) on financial assets and liabilities held-for-trading	**105,649**	**326,186**
Financial assets and liabilities at fair value through profit or loss	**370,614**	**305,518**
Interest income	162,108	232,940
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	208,506	72,578
Financial assets available-for-sale	**47,182**	**(10,813)**
Interest income	87,651	20,256
Net realized gains (losses) on financial assets available-for-sale	2,664	6,873
Impairment on financial assets available-for-sale	(43,134)	(37,942)
Loans and advances	**2,776,114**	**3,027,019**
Interest income	4,039,632	4,777,047
Net realized gains (losses) on financial assets not measured at fair value through profit and loss	10,724	67,953
Impairment on financial assets not measured at fair value through profit and loss	(1,274,243)	(1,817,982)
Financial assets held-to-maturity	**164,129**	**167,090**
Interest income	152,359	162,942
Net realized gains (losses) on financial assets not measured at fair value through profit and loss	11,750	4,156
Write-ups/impairment on financial assets not measured at fair value through profit and loss	21	(8)
Financial liabilities	**(1,585,647)**	**(1,823,390)**
Interest expenses	(1,589,552)	(1,826,657)
Income from repurchase of liabilities	3,905	3,267
Derivatives (hedging)	**200,752**	**134,323**
Net interest income	194,763	109,116
Net gains (losses) from hedge accounting	5,989	25,207
Net revaluations from exchange differences	**64,645**	**33,960**
Sundry operating income and expenses	**(1,432,492)**	**(2,264,544)**
Profit/loss before tax	**710,946**	**(104,650)**

(2) Net interest income

Net interest income includes interest income and interest expenses from banking business, dividend income, and fees and commissions with interest-like characteristics.

in € thousand	2015	2014
Interest and interest-like income, total	**4,916,202**	**5,615,587**
Interest income	4,815,800	5,566,419
from balances at central banks	35,420	38,992
from loans and advances to banks	162,985	204,055
from loans and advances to customers	3,656,077	4,325,780
from financial investments	314,268	394,608
from leasing claims	172,598	180,583
from derivative financial instruments – economic hedge	279,689	313,285
from derivative financial instruments – hedge accounting	194,763	109,116
Current income	87,850	21,530
from shares and other variable-yield securities	198	1,274
from shares in affiliated companies	76,110	17,077
from other interests	11,541	3,179
Interest-like income	18,229	27,638
Negative interest from financial assets	(5,677)	0
Interest expenses and interest-like expenses, total	**(1,589,552)**	**(1,826,657)**
Interest expenses	(1,530,715)	(1,784,422)
on deposits from central banks	(53,964)	(69,089)
on deposits from banks	(190,163)	(278,612)
on deposits from customers	(905,602)	(976,437)
on debt securities issued	(194,370)	(252,060)
on subordinated capital	(186,615)	(208,224)
Interest-like expenses	(61,896)	(42,234)
Negative interest from financial liabilities	3,058	0
Total	**3,326,650**	**3,788,930**

Interest income includes interest income (unwinding) from impaired loans to customers and banks in the amount of € 180,255 thousand (2014: € 204,653 thousand). Interest income from impaired loans and advances to customers and banks is recognized based on the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Moreover, the disclosure of negative interest has been changed: to date this has been shown under the item "other net operating income". Previous year figures have not been reclassified due to materiality reasons.

(3) Net provisioning for impairment losses

Net provisioning for impairment losses on items reported on and off the statement of financial position is as follows:

in € thousand	2015	2014 restated
Individual loan loss provisions	**(1,324,169)**	**(1,866,107)**
Allocation to provisions for impairment losses	(1,967,334)	(2,366,653)
Release of provisions for impairment losses	638,597	559,157
Direct write-downs	(117,352)	(125,120)
Income received on written-down claims	121,921	66,509
Portfolio-based loan loss provisions	**49,642**	**48,125**
Allocation to provisions for impairment losses	(194,730)	(271,338)
Release of provisions for impairment losses	244,372	319,463
Gains from loan termination or sale	**10,724**	**67,953**
Total	**(1,263,802)**	**(1,750,029)**

Details on risk provisions are shown under note (16) Impairment losses on loans and advances.

(4) Net fee and commission income

in € thousand	2015	2014
Payment transfer business	644,469	711,871
Loan and guarantee business	198,497	209,884
Securities business	136,056	127,242
Foreign currency, notes/coins, and precious metals business	381,034	392,811
Management of investment and pension funds	43,044	38,328
Sale of own and third party products	52,030	49,424
Other banking services	64,063	56,328
Total	**1,519,193**	**1,585,888**

(5) Net trading income

Net trading income includes interest and dividend income, financing costs, commissions and any changes in fair value of trading portfolios.

in € thousand	2015	2014[1]
Interest-based transactions	67,993	40,825
Currency-based transactions	(60,259)	(50,857)
Equity-/index-based transactions	7,134	8,322
Credit derivatives business	(926)	(635)
Other transactions	2,473	(27,400)
Total	**16,415**	**(29,744)**

1 Adaptation of previous year figures due to change in earnings allocation to sub-items.

(6) Net income from derivatives and liabilities

in € thousand	2015	2014
Net income from hedge accounting	5,989	25,207
Net income from credit derivatives	(90)	386
Net income from other derivatives	(125,718)	76,220
Net income from liabilities designated at fair value	111,643	(16,827)
Income from repurchase of liabilities	3,905	3,267
Total	**(4,272)**	**88,253**

Net income from hedge accounting includes a valuation result from derivatives used in fair value hedges of minus € 112,615 thousand (2014: plus € 399,401 thousand) and changes in the carrying amount of the fair value hedged items of plus € 118,812 thousand (2014: minus € 374,195 thousand).

Net income from other derivatives includes valuation results from derivatives held to hedge against market risks (except trading assets/liabilities). They relate to a non-homogeneous portfolio and therefore do not satisfy the requirements for hedge accounting according to IAS 39.

Net income from liabilities designated at fair value comprises a loss from changes in own credit risk amounting to € 2,572 thousand (2014: profit of € 166,210 thousand) and a positive effect from changes in market interest rates totaling € 114,215 thousand (2014: negative effect of € 183,037 thousand).

(7) Net income from financial investments

Net income from financial investments comprises valuation results and net proceeds from sales of securities from the financial investment portfolio (held-to-maturity), from securities measured at fair value through profit and loss, and equity participations which include shares in affiliated companies and other companies.

in € thousand	2015	2014
Net income from securities held-to-maturity	**11,770**	**4,148**
Net valuations of securities	21	(8)
Net proceeds from sales of securities	11,750	4,156
Net income from equity participations	**(44,654)**	**(32,790)**
Net valuations of equity participations	(45,311)	(37,711)
Net proceeds from sales of equity participations	656	4,921
Net income from securities at fair value through profit and loss	**97,147**	**89,405**
Net valuations of securities	75,570	37,716
Net proceeds from sales of securities	21,576	51,689
Net income from available-for-sale securities	**4,185**	**1,721**
Total	**68,448**	**62,485**

Net proceeds from sales of securities held-to-maturity resulted exclusively from sales of bonds which were close to their maturity date.

(8) General administrative expenses

in € thousand	2015	2014
Staff expenses	(1,389,414)	(1,449,627)
Other administrative expenses	(1,173,095)	(1,192,813)
herof operating other administrative expenses	(1,005,874)	(1,088,348)
hereof regulatory other administrative expenses	(167,221)	(104,465)
Depreciation of tangible and intangible fixed assets	(351,476)	(381,130)
Total	**(2,913,986)**	**(3,023,570)**

Staff expenses

in € thousand	2015	2014
Wages and salaries	(1,053,851)	(1,097,245)
Social security costs and staff-related taxes	(255,289)	(270,438)
Other voluntary social expenses	(37,997)	(40,056)
Expenses for defined contribution pension plans	(11,359)	(10,936)
Expenses/income for defined benefit pension plans	(1,308)	3,085
Expenses for other post-employment benefits	(8,256)	(8,746)
Expenses for other long-term employee benefits	(5,033)	(5,445)
Termination benefits	(11,000)	(1,961)
Expenses on share incentive program (SIP)	(1,905)	(927)
Deferred bonus payments according to Section 39b BWG	(3,416)	(16,958)
Total	**(1,389,414)**	**(1,449,627)**

Other administrative expenses

in € thousand	2015	2014
Office space expenses	(271,220)	(312,203)
IT expenses	(253,518)	(253,551)
Communication expenses	(68,671)	(75,012)
Legal, advisory and consulting expenses	(96,978)	(105,253)
Advertising, PR and promotional expenses	(102,009)	(109,285)
Office supplies	(27,649)	(33,511)
Car expenses	(17,718)	(19,682)
Security expenses	(37,045)	(49,673)
Traveling expenses	(16,021)	(18,192)
Training expenses for staff	(16,736)	(17,546)
Sundry administrative expenses	(98,310)	(94,440)
Operating other administrative expenses	**(1,005,874)**	**(1,088,348)**
Deposit insurance fees	(125,853)	(104,465)
Resolution fund	(41,367)	0
Regulatory other administrative expenses	**(167,221)**	**(104,465)**
Total	**(1,173,095)**	**(1,192,813)**

Legal, advisory and consulting expenses include audit fees in relation to RBI AG and its subsidiaries which comprise expenses for the audit of financial statements amounting to € 6,172 thousand (2014: € 6,742 thousand) and tax advisory as well as other additional consulting services provided by the auditors amounting to € 5,747 thousand (2014: € 4,462 thousand). Thereof, € 2,157 thousand (2014: € 1,914 thousand) relates to the Group auditor for the audit of the financial statements and € 1,450 thousand (2014: € 792 thousand) accounts for the other consulting services.

Depreciation of tangible and intangible fixed assets

in € thousand	2015	2014
Tangible fixed assets	(149,716)	(173,271)
Intangible fixed assets	(170,864)	(178,418)
Leased assets (operating lease)	(30,896)	(29,441)
Total	**(351,476)**	**(381,130)**

Amortization of intangible fixed assets capitalized in the course of initial consolidation amounted to € 5,747 thousand (2014: € 3,204 thousand) which relates to scheduled amortization of customer relationship intangibles.

The depreciation of tangible and intangible fixed assets includes impairments of € 50,246 thousand (2014: € 49,090 thousand). The impairments comprise impairment losses for buildings and land of € 17,850 thousand and impairment losses for intangible assets of € 31,993 thousand, mainly for the brand Polbank and software.

Expenses for severance payments and retirement benefits

in € thousand	2015	2014
Members of the management board and senior staff	(3,045)	(5,773)
Other employees	(25,233)	(26,276)
Total	**(28,278)**	**(32,049)**

The same regulations for employees are in principle valid for the members of the Management Board. These regulations provide a basic contribution to a pension fund from the company and an additional contribution if the employee pays own contributions of the same amount. Three members of the Management Board additionally have individual retirement benefits, which are funded by a reinsurance policy.

In the event of termination of function or employment contract and departure from the company, one member of the Management Board is entitled to severance payments according to the Salaried Employees Act (Angestelltengesetz) in connection with the Bank Collective Agreement (Bankenkollektivvertrag), one member of the Management Board according to contractual agreements and four members of the Management Board according to the Company Retirement Plan Act (Betrieblichen Mitarbeitervorsorgegesetz). The entitlement to receive severance payments according to the Salaried Employees Act or according to contractual agreements lapses in the case of termination by the employee.

Moreover, protection against the risk of occupational disability exists which is covered by a pension fund and/or by individual pension agreements secured through reinsurance. The contracts of the members of the Management Board run for the functional duration or are limited to a maximum of five years. Severance payments in the event of early termination of function without good cause amount to a maximum of two years total remuneration.

(9) Other net operating income

in € thousand	2015	2014 restated
Net income arising from non-banking activities	21,375	27,336
Sales revenues from non-banking activities	43,892	428,541
Expenses arising from non-banking activities	(22,517)	(401,205)
Net income from additional leasing services	5,602	(4,215)
Revenues from additional leasing services	61,531	56,647
Expenses from additional leasing services	(55,929)	(60,863)
Rental income from operating lease (vehicles and equipment)	30,880	31,002
Rental income from investment property incl. operating lease (real estate)	47,498	35,684
Net proceeds from disposal of tangible and intangible fixed assets	1,196	(5,179)
Other taxes	(75,476)	(85,444)
Net expense from allocation and release of other provisions	(4,470)	(24,702)
Negative interest	0	(363)
Sundry operating income	114,907	115,162
Sundry operating expenses	(75,019)	(84,437)
Recurring other net operating income	**66,493**	**4,843**
Impairment of goodwill	(6,954)	(399,066)
Income from release of negative goodwill	0	5,394
Bank levies	(119,100)	(176,970)
Profit/loss from banking business due to governmental measures	(19,249)	(251,308)
Total	**(78,810)**	**(817,107)**

The reduction in sales revenues and expenses from non-banking activities primarily resulted from the disposal of Centrotrade Group and F.J. Elsner Trading Ges.m.b.H., Vienna.

Other net operating income includes impairments of goodwill amounting to € 6,954 thousand which were made in relation to Group units in Ukraine and in Serbia. In the previous year, impairments of goodwill totaling € 399,066 thousand for Group units in Russia, Poland and Albania were included.

The item "profit/loss from banking business due to governmental measures" comprises provisions in Croatia of € 81,987 thousand and in Serbia of € 3,951 thousand. In contrast, in Hungary part of the provision in the amount of € 251,308 thousand formed in the previous year was released (€ 66,689 thousand).

Moreover, the disclosure of negative interest has been changed: this is now shown under the item "interest income". Previous year figures have not been reclassified due to materiality reasons.

(10) Net income from disposal of group assets

in € thousand	2015	2014
Net income from disposal of group assets	92,587	(9,755)
Impairment of assets held for sale	(51,772)	0
Total	**41,111**	**(9,755)**

In the reporting period, 22 subsidiaries were excluded from the consolidated group due to materiality reasons. Moreover, six subsidiaries were excluded due to sale and two subsidiaries due to merger. Net income from this disposal of group assets amounted to minus € 41,111 thousand (2014: minus € (9,755) thousand).

The sale of ZAO NPF Raiffeisen, Moscow, resulted in a gain of € 86,171 thousand. The currency effects of € 4,018 thousand that were realized from this transaction have been reclassified to the income statement.

A provision of € 51,772 thousand has been recognized for the expected loss from the sale of Raiffeisen Banka d.d., Maribor. The contract was signed in December 2015. After receipt of regulatory approvals, the closing is expected in the first half-year 2016.

Details are shown in the notes (52) Group composition.

(11) Income taxes

in € thousand	2015	2014 restated
Current income taxes	(281,314)	(303,335)
Austria	(47,225)	(31,610)
Foreign	(234,088)	(271,725)
Deferred taxes	5,359	(179,204)
Total	**(275,955)**	**(482,539)**

RBI AG and 25 of its domestic subsidiaries are members of a joint tax entity headed by Raiffeisen Zentralbank Österreich Aktiengesellschaft. In the reporting year, the existing tax compensation agreement was expanded with a supplementary agreement. If RBI AG has a negative result in the tax accounts which cannot be used in the group, the group parent is not obliged to pay negative tax contributions to RBI AG. However, the amount is to be settled in the event of a withdrawal from the tax group. The obligation of the tax group head to pay a negative tax contribution to RBI AG for usable losses remains.

The following reconciliation shows the relationship between profit before tax and the effective tax burden:

in € thousand	2015	2014 restated
Profit/loss before tax	**710,946**	**(104,650)**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	**(177,736)**	**26,162**
Effect of divergent foreign tax rates	77,554	79,759
Tax decrease because of tax-exempted income from equity participations and other income	38,059	42,095
Tax increase because of non-deductible expenses	(167,810)	(198,981)
Impairment on loss carry-forwards	(3,151)	(196,370)
Other changes	(42,871)	(209,042)
Effective tax burden	**(275,955)**	**(482,539)**
Tax rate in per cent	**38.8%**	**–**

In the reporting year, impairment of deferred tax assets from tax loss carryforwards amounting to € 3,151 thousand (2014: € 196,370 thousand) was recognized because the tax losses cannot be used based on the current medium-term tax planning. Other changes in the previous year mainly derive from tax losses that cannot be capitalized.

Notes to the statement of financial position

(12) Statement of financial position according to measurement categories

Assets according to measurement categories in € thousand	2015	2014 restated
Cash reserve	**13,211,971**	**6,768,685**
Trading assets	**6,678,474**	**8,618,064**
Positive fair values of derivative financial instruments	3,696,941	5,169,950
Shares and other variable-yield securities	203,289	347,823
Bonds, notes and other fixed-interest securities	2,778,244	3,100,291
Financial assets at fair value through profit or loss	**5,363,032**	**3,853,910**
Shares and other variable-yield securities	3,751	7,745
Bonds, notes and other fixed-interest securities	5,359,281	3,846,165
Financial assets available-for-sale	**3,428,362**	**2,365,617**
Investments in other affiliated companies	176,390	340,398
Other interests	146,042	89,191
Bonds, notes and other fixed-interest securities	3,103,430	1,935,420
Shares and other variable-yield securities	2,499	608
Loans and advances	**75,646,253**	**88,499,546**
Loans and advances to banks	10,837,209	15,573,241
Loans and advances to customers	69,921,365	77,925,416
Other non-derivative financial assets	942,814	1,104,252
Impairment losses on loans and advances	(6,055,134)	(6,103,362)
Financial assets held-to-maturity	**6,452,241**	**8,248,360**
Bonds, notes and other fixed-interest securities	6,452,241	8,248,360
Derivatives (hedging)	**709,272**	**941,762**
Positive fair values of derivatives (hedging)	709,272	941,762
Other assets	**2,936,978**	**2,203,829**
Intangible and tangible fixed assets	2,094,203	2,073,563
Inventories	68,636	40,747
Assets held for sale	774,139	89,519
Total assets	**114,426,583**	**121,499,772**

Positive fair values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category "trading assets".

Equity and liabilities according to measurement categories in € thousand	2015	2014 restated
Trading liabilities	**5,641,019**	**7,455,063**
Negative fair values of other derivative financial instruments	4,492,701	6,264,124
Short-selling of trading assets	453,459	498,071
Certificates issued	694,859	692,868
Financial liabilities	**97,809,019**	**102,101,840**
Deposits from banks	16,369,175	22,408,371
Deposits from customers	68,990,887	66,094,172
Debt securities issued	6,274,628	8,463,040
Subordinated capital	4,164,353	3,719,455
Other non-derivative financial liabilities	716,207	1,405,300
Liabilities held for sale (IFRS 5)	1,293,769	11,503
Liabilities at fair value through profit and loss	**1,226,965**	**2,595,682**
Debt securities issued	1,226,965	2,130,029
Subordinated capital	0	465,653
Derivatives (hedging)	**434,791**	**200,549**
Negative fair values of derivatives (hedging)	434,791	200,549
Provisions for liabilities and charges	**813,823**	**968,910**
Equity	**8,500,967**	**8,177,728**
Total equity and liabilities	**114,426,583**	**121,499,772**

Negative fair values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category “trading liabilities”.

(13) Cash reserve

in € thousand	2015	2014
Cash in hand	2,495,135	3,025,233
Balances at central banks	10,716,836	3,743,452
Total	**13,211,971**	**6,768,685**

(14) Loans and advances to banks

in € thousand	2015	2014
Giro and clearing business	1,651,648	2,068,822
Money market business	6,547,259	10,922,086
Loans to banks	2,415,874	2,074,561
Purchased loans	49,781	290,807
Leasing claims	57	78
Claims evidenced by paper	172,590	216,888
Total	**10,837,209**	**15,573,241**

The purchased loans amounting to € 49,781 thousand (2014: € 290,807 thousand) are fully assigned to the measurement category “loans and advances”.

Loans and advances to banks classified regionally (counterparty domicile) are as follows:

in € thousand	2015	2014
Austria	3,383,989	3,453,186
Foreign	7,453,220	12,120,056
Total	**10,837,209**	**15,573,241**

Loans and advances to banks break down into the following segments:

in € thousand	2015	2014
Central banks	2,355,185	3,157,929
Commercial banks	8,475,233	12,410,161
Multilateral development banks	6,790	5,151
Total	**10,837,209**	**15,573,241**

(15) Loans and advances to customers

in € thousand	2015	2014
Credit business	44,550,999	51,361,301
Money market business	2,962,552	3,661,924
Mortgage loans	16,815,309	17,102,794
Purchased loans	1,774,747	1,805,454
Leasing claims	3,170,455	3,100,548
Claims evidenced by paper	647,303	893,394
Total	**69,921,365**	**77,925,416**

Purchased loans amounting to € 1,774,747 thousand (2011: € 1,805,454 thousand) are assigned to the measurement category "loans and advances".

in € thousand	2015	2014
Sovereigns	814,425	1,451,165
Corporate customers – large corporates	41,685,252	48,581,806
Corporate customers – mid market	2,786,716	2,957,576
Retail customers – private individuals	21,878,405	22,316,947
Retail customers – small and medium-sized entities	2,756,567	2,617,921
Total	**69,921,365**	**77,925,416**

Loans and advances to customers classified regionally (counterparty domicile) are as follows:

in € thousand	2015	2014
Austria	5,297,257	6,945,074
Foreign	64,624,108	70,980,342
Total	**69,921,365**	**77,925,416**

Details on leasing claims are shown in the notes under (44) Finance leases.

(16) Impairment losses on loans and advances

Provisions for impairment losses are formed in accordance with uniform Group standards and cover all recognizable credit risks. A table showing the development of the impairment losses on loans and advances can be found in the risk report. Provisions for impairment losses are allocated to the following asset classes:

in € thousand	2015	2014 restated
Banks	119,916	114,621
Sovereigns	5,392	789
Corporate customers – large corporates	3,778,315	3,617,168
Corporate customers – mid market	289,427	305,253
Retail customers – private individuals	1,583,638	1,810,936
Retail customers – small and medium-sized entities	278,447	254,596
Total	**6,055,134**	**6,103,362**

Loans and advances and loan loss provisions according to asset classes are shown in the following table:

2015 in € thousand	Fair value	Carrying amount	Individually impaired assets	Individual loan loss provisions	Portfolio-based loan loss provisions	Net carrying amount
Banks	10,806,542	10,837,209	120,657	117,672	2,244	10,717,293
Sovereigns	709,805	814,425	7,808	5,027	364	809,033
Corporate customers – large corporates	37,126,663	41,685,252	5,557,602	3,635,428	142,887	37,906,937
Corporate customers – mid market	2,476,074	2,786,716	377,006	280,241	9,186	2,497,289
Retail customers – private individuals	20,507,112	21,878,405	1,810,777	1,409,232	174,406	20,294,767
Retail customers – small and medium-sized entities	2,613,887	2,756,567	378,288	250,229	28,218	2,478,120
Total	**74,240,083**	**80,758,573**	**8,252,139**	**5,697,828**	**357,306**	**74,703,439**

2014 restated in € thousand	Fair value	Carrying amount	Individually impaired assets	Individual loan loss provisions	Portfolio-based loan loss provisions	Net carrying amount
Banks	15,572,292	15,573,241	128,379	111,768	2,853	15,458,620
Sovereigns	1,475,715	1,451,165	361	34	755	1,450,376
Corporate customers – large corporates	44,005,863	48,581,806	5,827,723	3,425,116	192,052	44,964,638
Corporate customers – mid market	2,617,603	2,957,576	456,321	292,077	13,177	2,652,323
Retail customers – private individuals	20,276,431	22,316,947	2,167,138	1,640,373	170,562	20,506,011
Retail customers – small and medium-sized entities	2,419,920	2,617,921	335,537	224,830	29,766	2,363,326
Total	**86,367,824**	**93,498,657**	**8,915,458**	**5,694,197**	**409,165**	**87,395,295**

Impaired financial assets

Impairments and collateral according to asset classes are shown in the following table:

2015 in € thousand	Individually impaired assets	Individual loan loss provisions	Individually impaired assets after deduction of ILLP	Collateral for individually impaired assets	Interest on individually impaired assets
Banks	120,657	117,672	2,986	183	153
Sovereigns	7,808	5,027	2,781	46	30
Corporate customers – large corporates	5,557,602	3,635,428	1,922,174	1,401,764	95,616
Corporate customers – mid market	377,006	280,241	96,765	82,404	12,420
Retail customers – private individuals	1,810,777	1,409,232	401,545	412,123	58,620
Retail customers – small and medium-sized entities	378,288	250,229	128,059	123,087	16,965
Total	**8,252,139**	**5,697,828**	**2,554,310**	**2,019,607**	**183,804**

ILLP individual loan loss provisions.

2014 restated in € thousand	Individually impaired assets	Individual loan loss provisions	Individually impaired assets after deduction of ILLP	Collateral for individually impaired assets	Interest on individually impaired assets
Banks	128,379	111,768	16,612	11,983	165
Sovereigns	361	34	327	103	55
Corporate customers – large corporates	5,827,723	3,425,116	2,402,612	1,940,132	102,372
Corporate customers – mid market	456,321	292,077	164,244	211,907	21,293
Retail customers – private individuals	2,167,138	1,640,373	526,764	570,725	70,956
Retail customers – small and medium-sized entities	335,537	224,830	110,704	149,203	9,811
Total	**8,915,458**	**5,694,197**	**3,221,263**	**2,884,053**	**204,653**

ILLP individual loan loss provisions.

(17) Trading assets

in € thousand	2015	2014
Bonds, notes and other fixed-interest securities	**2,778,244**	**3,100,291**
Treasury bills and bills of public authorities eligible for refinancing	1,029,632	1,658,097
Other securities issued by the public sector	299,452	349,213
Bonds and notes of non-public issuers	1,449,160	1,092,980
Shares and other variable-yield securities	**203,289**	**347,823**
Shares	173,360	320,670
Mutual funds	29,922	27,144
Other variable-yield securities	7	9
Positive fair values of derivative financial instruments	**2,832,575**	**4,468,510**
Interest-based transactions	1,927,195	3,320,065
Currency-based transactions	833,322	1,064,940
Equity-/index-based transactions	69,838	63,599
Credit derivatives business	1,776	18,087
Other transactions	443	1,820
Total	**5,814,108**	**7,916,624**

Pledged securities which are permitted to be sold or repledged by the transferee shown under the item "trading assets" amounted to € 1,079,590 thousand (2014: € 679,017 thousand).

(18) Derivatives

in € thousand	2015	2014
Positive fair values of derivatives in fair value hedges (IAS 39)	**691,539**	**941,453**
Interest-based transactions	691,539	941,266
Currency-based transactions	0	187
Positive fair values of derivatives in cash flow hedges (IAS 39)	**1,021**	**309**
Currency-based transactions	1,021	309
Positive fair values of derivatives in net investment hedge (IAS 39)	**16,711**	**0**
Currency-based transactions	16,711	0
Positive fair values of credit derivatives	**0**	**23**
Positive fair values of other derivatives	**864,366**	**701,417**
Interest-based transactions	560,995	270,276
Currency-based transactions	303,371	430,939
Equity-/index-based transactions	0	202
Total	**1,573,637**	**1,643,201**

As long as the conditions for hedge accounting according to IAS 39 are fulfilled, derivative financial instruments are reported at their fair values (dirty prices) in their function as hedging instruments. The items hedged by fair value hedges are loans and advances to customers, deposits from banks and debt securities issued, which are hedged against interest rate risks. The changes in carrying amount of the hedged underlying transactions in IAS 39 fair value hedges are included in the respective items of the statement of financial position.

This item also includes the positive fair values of derivative financial instruments which are used for hedging against market risks (excluding trading assets and trading liabilities) for a non-homogeneous portfolio. These derivatives do not meet the conditions for IAS 39 hedge accounting.

The table below shows the expected hedged cash flows from assets and the effect on the statement of comprehensive income by period:

in € thousand	2015	2014
1 year	411,398	380,276
More than 1 year, up to 5 years	1,577,255	1,174,058
More than 5 years	3,460,207	3,190,637

(19) Financial investments

This position consists of securities available-for-sale, financial assets at fair value through profit or loss, and securities held-to-maturity as well as strategic equity participations held on a long-term basis.

in € thousand	2015	2014
Bonds, notes and other fixed-interest securities	**14,914,953**	**14,029,945**
Treasury bills and bills of public authorities eligible for refinancing	9,026,174	7,192,257
Other securities issued by the public sector	3,807,862	5,725,443
Bonds and notes of non-public issuers	2,060,554	1,091,882
Other	20,363	20,363
Shares and other variable-yield securities	**6,250**	**8,353**
Shares	2,598	4,085
Mutual funds	390	2,792
Other variable-yield securities	3,262	1,477
Equity participations	**322,432**	**429,589**
Interest in affiliated companies	176,408	340,398
Other interests	146,024	89,191
Total	**15,243,635**	**14,467,887**

Pledged securities permitted to be sold or repledged by the transferee shown under financial investments amounted to € 259,526 thousand (2014: € 351,868 thousand).

The carrying amount of the securities reclassified into the category "held-to-maturity" amounted at the date of reclassifications to € 452,188 thousand. Thereof, reclassifications in 2008 amounted to € 371,686 thousand and in 2011 € 80,502 thousand. As of 31 December 2015, the carrying amount totaled € 13,614 thousand and the fair value totaled € 14,208 thousand. In 2015, a result from the reclassified securities of € 557 thousand (2014: € 1,414 thousand) was shown in the income statement. If the reclassification had not been made, a loss of € 355 thousand (2014: loss of € 1 thousand) would have arisen.

The carrying amount of the securities reclassified into the category "loans and advances" amounted to € 1,559,682 thousand at the date of reclassification in 2008. As of 31 December 2015, none of the securities that had been reclassified into the category "loans and advances" remained. In the previous year, the carrying amount was € 17,928 thousand.

Equity participations valued at amortized cost for which fair values could not be measured reliably amounted to € 231,869 thousand (2014: € 426,111 thousand).

(20) Intangible fixed assets

in € thousand	2015	2014 restated
Software	531,165	531,198
Goodwill	39,585	46,993
Other intangible fixed assets	50,162	87,657
hereof brand	36,657	61,966
hereof customer relationships	12,643	19,872
Total	**620,912**	**665,849**

Software

The item software comprises acquired software amounting to € 411,138 thousand (2014: € 422,154 thousand) and internally developed software amounting to € 120,027 thousand (2014: € 109,044 thousand).

Goodwill

The following overview shows the development of the book value of goodwill, gross amounts and cumulative impairments of goodwill, by cash generating units. The main goodwill position relates to Raiffeisenbank a.s., Prague (RBCZ).

Development of goodwill

2015 in € thousand	RBAL	RBCZ	RBPL	RBRU	Other	Total
As at 1/1	**0**	**36,908**	**0**	**0**	**10,085**	**46,993**
Disposals	0	0	0	0	(91)	(91)
Impairment	0	0	0	0	(6,954)	(6,954)
Exchange rate changes	0	972	0	0	(1,335)	(363)
As at 31/12	**0**	**37,881**	**0**	**0**	**1,704**	**39,585**
Gross amount	51,705	37,881	193,225	133,138	138,352	554,302
Cumulative impairment[1]	(51,705)	0	(193,225)	(133,138)	(136,648)	(514,717)

2014 in € thousand	RBAL	RBCZ	RBPL	RBRU	Other	Total
As at 1/1	**50,628**	**37,323**	**198,323**	**236,974**	**21,028**	**544,276**
Impairment	(50,726)	0	(194,757)	(148,482)	(5,101)	(399,066)
Exchange rate changes	97	(414)	(3,566)	(88,492)	(5,842)	(98,217)
As at 31/12	**0**	**36,908**	**0**	**0**	**10,085**	**46,993**
Gross amount	56,428	36,908	192,826	148,482	169,306	603,950
Cumulative impairment[1]	(56,428)	0	(192,826)	(148,482)	(159,227)	(556,962)

1 Calculated with average exchange rates
RBAL: Raiffeisen Bank Sh.a., Tirana (AL)
RBCZ: Raiffeisenbank a.s., Prague (CZ)
RBPL: Raiffeisen Bank Polska S.A., Warsaw (PL)
RBRU: AO Raiffeisenbank, Moscow (RU)

In the financial year 2015, impairment of goodwill on Group level amounted to € 6,954 thousand (2014: € 399,066 thousand) and related to Group units in Ukraine and Serbia. The gross amount and cumulative impairments relating to Raiffeisen Bank Aval JSC, Kiev, is now shown in the column Other. The changes in the amounts are a result of exchange rate movements.

Contrary to the provisions of IAS 36.33(a) in conjunction with IAS 36.34, the intrinsic value of the goodwill of Raiffeisen Polbank of € 93,403 thousand as at 31 December 2014 and 30 June 2015 could not be sufficiently substantiated. The assumptions used for cash-flow planning with regard to the budgeted net interest income as a key driver for the company's profit/loss did not comply with the specifications for impairment tests which state that cash-flow forecasts have to be based on reasonable and justifiable assumptions with regard to the estimated underlying economic conditions. This means that an impairment in the amount of € 93,403 thousand should have been recognized in the 2014 financial year profit/loss.

Impairment test for goodwill

At the end of each financial year, goodwill is reviewed by comparing the recoverable value of each cash generating unit for which goodwill is recognized with its carrying value. The carrying value is equal to net assets including goodwill and other intangible assets which are recognized within the framework of business combinations. In line with IAS 36, impairment tests for goodwill are carried out during the year if a reason for impairment occurs.

Recoverable value

In the course of impairment testing the carrying amount of each cash generating unit (CGU) is compared with the recoverable amount. If the recoverable amount of a cash generating unit is below its carrying amount, the difference is recognized as impairment in the income statement under other net operating income.

RBI generally identifies the recoverable amount of cash generating units on the basis of the "value-in-use" concept using a dividend discount model. The dividend discount model reflects the characteristics of the banking business including the regulatory framework. The present value of estimated future dividends that can be distributed to shareholders after taking into account relevant regulatory capital requirements represents the recoverable value.

The calculation of the recoverable amount is based on a five-year detailed planning period. The sustainable future growth (stabilization phase) is based on the premise of perpetuity (perpetual annuity); in the majority of cases country nominal growth rates of earnings are assumed, which are based on the long-term expected rate of inflation. For companies that have a significant overcapitalization an interim period of five years is defined, but without extending the detailed planning phase. Within this period, it is possible for these CGUs to make full payments without violating the capital adequacy requirements. In the stabilization phase, profit retention relating to growth while ensuring compliance with capital requirements is imperative. If, however, zero growth is assumed in the stabilization phase, no profit retention is required.

In the stabilization phase the model is based on a normal economically sustainable earnings situation, whereby convergence of expected return on equity and cost of equity is assumed.

Key assumptions

Key assumptions that have been made for the individual cash generating units:

2015 Cash generating units	RBCZ
Discount rates (after tax)	9.7% – 10.7%
Growth rates in phase I and II	9.0%
Growth rates in phase III	3.0%
Planning period	5 years

2014 Cash generating units	RBCZ	RBPL
Discount rates (after tax)	9.1% – 9.7%	9.2% – 9.7%
Growth rates in phase I and II	26.8%	21.3%
Growth rates in phase III	3.0%	3.4%
Planning period	5 years	5 years

RBCZ: Raiffeisenbank a.s., Prague (CZ)
RBPL: Raiffeisen Bank Polska S.A., Warsaw (PL)

The use value of a cash generating unit is sensitive to various parameters: primarily to the level and development of future dividends, to the discount rates as well as the nominal growth rate in the stabilization phase. The applied discount rates have been calculated using the capital asset pricing model: they are composed of a risk-free interest rate and a risk premium for entrepreneurial risk taking. The risk premium is calculated as the market risk premium that varies according to the country in which the unit is registered multiplied by the beta factor for the indebted company. The values for the risk-free interest rate and the market risk premium are defined using accessible external market data sources. The risk measure beta factor is derived from a peer group of financial institutions operating in Western and Eastern Europe. The above-mentioned interest rate parameters represent market assessments; therefore they are not stable and could in the event of a change affect the discount rates.

The following table provides a summary of significant planning assumptions and a description of the management approach to identify the values that are assigned to each significant assumption under consideration of a risk assessment.

Cash generating unit	Significant assumptions	Management approach	Risk assumption
RBCZ	Czech Republic is a core market for the Group where a selective growth strategy is pursued. Improvement through increased use of alternative distribution channels and additional consulting services. Stable costs are assumed.	The assumptions are based on internal as well as external sources. Macroeconomic assumptions of the research department were compared with external data sources and the 5-year plans were presented to the Management Board. Moreover, the detail planning phase was approved by the Supervisory Board.	Weakening of the macroeconomic environment. Possible negative effects of changed local capital requirements. Pressure on interest margins through greater competition.

RBCZ: Raiffeisenbank a.s., Prague (CZ)

Sensitivity analysis

A sensitivity analysis was carried out based on the above-mentioned assumptions in order to evaluate the stability of the impairment test for goodwill. From a number of options for this analysis, two parameters were selected, namely the cost of equity and the reduction of the growth rate. The following overview demonstrates to what extent an increase in the cost of equity or a reduction in the long-term growth rate could occur without the value in use of cash generating units declining below the respective carrying value (equity capital plus goodwill).

2015 Maximum sensitivity[1]	RBCZ
Increase in discount rate	0.3 PP
Reduction of the growth rates in phase III	Not meaningful

2014 Maximum sensitivity[1]	RBCZ	RBPL
Increase in discount rate	0.7 PP	n.a.
Reduction of the growth rates in phase III	Not meaningful	Not meaningful

1 The respective maximum sensitivity refers to the change of the perpetuity.
RBCZ: Raiffeisenbank a.s., Prague (CZ)
RBPL: Raiffeisen Bank Polska S.A., Warsaw (PL)

The recoverable values of all other units were either higher than the respective book values or are immaterial.

Brand

Group companies use brands to differentiate their services from the competition. According to IFRS 3, brands of acquired companies have been recognized separately under the item "intangible fixed assets". Brands have an indeterminable useful life and are therefore not subject to scheduled amortization. Brands are tested annually in the course of the impairment test of goodwill per cash generating unit and additionally whenever indications of impairment arise.

Brand rights are only recognized for Raiffeisen Bank Polska S.A., Warsaw (RBPL) and for Raiffeisen Bank Aval JSC, Kiev (AVAL). The carrying values of the brands as well as gross amounts and cumulative impairment losses have developed as shown below:

2015 in € thousand	AVAL	RBPL	Total
As at 1/1	**15,163**	**46,803**	**61,966**
Impairment[1]	(1,102)	(20,731)	(21,833)
Exchange differences	(3,953)	476	(3,477)
As at 31/12	**10,109**	**26,548**	**36,657**
Gross amount	27,073	46,905	73,978
Cumulative impairment[2]	(16,964)	(20,357)	(37,321)

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2014 in € thousand	AVAL	RBPL	Total
As at 1/1	**66,715**	**44,733**	**111,447**
Impairment[1]	(28,456)	0	(28,456)
Exchange differences	(23,096)	2,070	(21,025)
As at 31/12	**15,163**	**46,803**	**61,966**
Gross amount	38,300	46,803	85,104
Cumulative impairment[2]	(23,137)	0	(23,137)

1 Calculated with average exchange rates
2 Calculated with period-end exchange rates
AVAL: Raiffeisen Bank Aval JSC, Kiev (UA)
RBPL: Raiffeisen Bank Polska S.A., Warsaw (PL)

According to IAS 36.9 at the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired based on a list of external and internal indicators of impairment. In the fourth quarter, there were such indicators due to increased political uncertainty and higher refinancing costs in Poland. As a result, an impairment of € 20,731 thousand was recognized for the brand Polbank.

The brand value of the Raiffeisen Bank Aval JSC, Kiev (AVAL), was determined using the comparable historical cost approach, because neither immediately comparable transactions nor a market with observable prices was available at the time of purchase price allocation. Documentation of brand-related marketing expenses in the previous years was taken as the basis for the historical cost approach. In 2015, the impairment test led to an impairment of € 1,102 thousand.

The value of the Polbank brand was determined using the relief from royalty method, because neither immediately comparable transactions nor a market with observable prices was available at the time of purchase price allocation. The underlying premise of this method is that the brand has a fair value equal to the present value of the royalty income attributable to it.

Customer relationships

If customer contracts and associated customer relationships are acquired in a business combination, they must be recognized separately from goodwill, if they are based on contractual or other rights. The acquired companies meet the criteria for a separate recognition of non-contractual customer relationships for existing customers. The customer base is valued using the multi-period excess earnings method based on projected future income and expenses allocable to the respective customer base. The projections are based on planning figures for the corresponding years.

The Group has capitalized customer relationship intangibles only in relation to Raiffeisen Bank Polska S.A., Warsaw (RBPL) and Raiffeisen Bank Aval JSC, Kiev (AVAL). In the reporting year the book values of the customer relationships as well as the gross amounts and cumulative impairments developed as follows:

2015 in € thousand	AVAL	RBPL	Total
As at 1/1	**10,390**	**9,481**	**19,872**
Depreciation	(992)	(3,329)	(4,321)
Impairment[1]	(324)	0	(324)
Exchange differences	(2,661)	78	(2,583)
As at 31/12	**6,413**	**6,230**	**12,643**
Gross amount	18,171	16,511	34,682
Cumulative impairment[2]	(11,758)	(10,280)	(22,039)

2014 in € thousand	AVAL	RBPL	Total
As at 1/1	**22,159**	**14,119**	**36,278**
Depreciation	(1,239)	(4,245)	(5,484)
Impairment[1]	(1,092)	0	(1,092)
Exchange differences	(9,437)	(393)	(9,830)
As at 31/12	**10,390**	**9,481**	**19,872**
Gross amount	24,784	16,475	41,258
Cumulative impairment[2]	(14,394)	(6,993)	(21,387)

1 Calculated with average exchange rates.
2 Calculated with period-end exchange rates.
AVAL: Raiffeisen Bank Aval JSC, Kiev (UA)
RBPL: Raiffeisen Bank Polska S.A., Warsaw (PL)

The impairment test of customer relationships of Raiffeisenbank Aval JSC, Kiev (AVAL), recognized for the business division retail customers at the date of initial consolidation, identified an impairment loss of € 324 thousand in the reporting year. The impairment test of customer relationships of Raiffeisen Bank Polska S.A., Warsaw (RBPL), identified no impairment need in 2015.

(21) Tangible fixed assets

in € thousand	2015	2014
Land and buildings used by the Group for own purpose	486,684	568,482
Other land and buildings (investment property)	470,603	275,245
Office furniture, equipment and other tangible fixed assets	230,832	298,202
Leased assets (operating lease)	285,172	265,785
Total	**1,473,291**	**1,407,714**

The fair value of investment property totaled € 474,098 thousand (2014: € 276,658 thousand).

Details about leasing claims are shown in the notes under (44) Finance leases.

(22) Development of fixed assets

	Cost of acquisition or conversion						
in € thousand	As at 1/1/2015	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2015
Intangible fixed assets	**2,231,728**	**(13,486)**	**(130,448)**	**155,898**	**(63,496)**	**13,669**	**2,193,865**
Goodwill	603,950	0	(49,648)	0	0	0	554,302
Software	1,477,596	(13,469)	(59,026)	155,016	(62,254)	17,294	1,515,157
Other intangible fixed assets	150,182	(17)	(21,774)	882	(1,242)	(3,625)	124,406
Tangible fixed assets	**2,610,498**	**191,542**	**(74,388)**	**191,233**	**(215,205)**	**(13,669)**	**2,690,011**
Land and buildings used by the Group for own purpose	834,146	0	(71,936)	24,540	(33,525)	553	753,778
Other land and buildings	310,215	189,429	58,517	11,647	(18,140)	(5,041)	546,627
of which land value of developed land	12,352	(3)	(907)	495	(488)	0	11,449
Office furniture, equipment and other tangible fixed assets	1,086,895	2,113	(76,148)	77,452	(107,763)	(14,945)	967,604
Leased assets (operating lease)	379,242	0	15,179	77,594	(55,777)	5,764	422,002
Total	**4,842,226**	**178,056**	**(204,836)**	**347,131**	**(278,701)**	**0**	**4,883,876**

	Write-ups, amortization, depreciation, impairment			Carrying amount
in € thousand	Cumulative	hereof Write-ups	hereof Depreciation	As at 31/12/2015
Intangible fixed assets	**(1,569,091)**	**0**	**(177,819)**	**620,912**
Goodwill	(514,717)	0	(6,954)	39,585
Software	(980,130)	0	(143,403)	531,165
Other intangible fixed assets	(74,244)	0	(27,461)	50,162
Tangible fixed assets	**(1,216,691)**	**7,505**	**(180,612)**	**1,473,291**
Land and buildings used by the Group for own purpose	(267,094)	2,919	(41,901)	486,684
Other land and buildings	(76,024)	667	(19,023)	470,603
of which land value of developed land	(529)	0	(578)	10,920
Office furniture, equipment and other tangible fixed assets	(736,743)	3,637	(88,792)	230,832
Leased assets (operating lease)	(136,830)	282	(30,896)	285,172
Total	**(2,785,782)**	**7,505**	**(358,431)**	**2,094,203**

2014 restated	Cost of acquisition or conversion						
in € thousand	As at 1/1/2014	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2014
Intangible fixed assets	**2,471,602**	**(913)**	**(338,603)**	**176,036**	**(76,187)**	**(207)**	**2,231,728**
Goodwill	796,344	(1,527)	(190,867)	0	0	0	603,950
Software	1,473,212	678	(96,463)	175,727	(75,470)	(88)	1,477,596
Other intangible fixed assets	202,046	(64)	(51,273)	309	(717)	(119)	150,182
Tangible fixed assets	**2,849,002**	**140,862**	**(420,807)**	**239,244**	**(198,010)**	**207**	**2,610,498**
Land and buildings used by the Group for own purpose	968,421	13,642	(161,963)	37,215	(20,134)	(3,035)	834,146
Other land and buildings	237,673	130,417	(43,948)	20,152	(36,675)	2,596	310,215
of which land value of developed land	13,445	1,060	(2,343)	190	0	0	12,352
Office furniture, equipment and other tangible fixed assets	1,274,129	(3,197)	(185,361)	92,287	(90,389)	(574)	1,086,895
Leased assets (operating lease)	368,779	0	(29,536)	89,590	(50,812)	1,221	379,242
Total	**5,320,604**	**139,949**	**(759,410)**	**415,280**	**(274,197)**	**0**	**4,842,226**

2014 restated	Write-ups, amortization, depreciation, impairment			Carrying amount
in € thousand	Cumulative	hereof Write-ups	hereof Depreciation	As at 31/12/2014
Intangible fixed assets	**(1,537,131)**	**987**	**(577,484)**	**665,849**
Goodwill	(528,209)	0	(399,066)	46,993
Software	(946,398)	987	(140,634)	531,198
Other intangible fixed assets	(62,525)	0	(37,784)	87,657
Tangible fixed assets	**(1,202,784)**	**6,202**	**(202,712)**	**1,407,714**
Land and buildings used by the Group for own purpose	(265,664)	2,685	(48,944)	568,482
Other land and buildings	(34,970)	0	(19,445)	275,245
of which land value of developed land	(3)	0	0	12,349
Office furniture, equipment and other tangible fixed assets	(788,693)	3,338	(104,882)	298,202
Leased assets (operating lease)	(113,457)	179	(29,441)	265,785
Total	**(2,739,915)**	**7,189**	**(780,196)**	**2,073,563**

In the previous year, additions to intangible fixed assets include single investments exceeding € 10,000 thousand in Group head office.

(23) Other assets

in € thousand	2015	2014 restated
Tax assets	322,829	368,654
Current tax assets	59,485	80,670
Deferred tax assets	263,345	287,984
Receivables arising from non-banking activities	63,784	63,202
Prepayments and other deferrals	132,054	248,726
Clearing claims from securities and payment transfer business	133,628	256,314
Lease in progress	43,785	29,971
Assets held for sale	774,139	89,519
Inventories	68,636	40,747
Valuation fair value hedge portfolio	24,058	29,157
Any other business	222,675	108,226
Total	**1,785,589**	**1,234,517**

Application of IFRS 5

The item "assets held for sale" mainly comprises Raiffeisen Banka d.d., Maribor, and ZUNO BANK AG, Vienna.

In the consolidated financial statements of RBI, these companies are reported on the statement of financial position as of 31 December 2015 as assets held for sale under the items "other assets" and "other liabilities", on the basis of IFRS 5 application criteria. In accordance with IFRS 5 disclosure requirements, the statement of financial position items (assets and liabilities) relating to the above companies have been neither reclassified nor otherwise changed for prior periods. As the sales do not meet any of the criteria set out in IFRS 5.32, they are not classified as discontinued operations.

In December 2015, RBI signed the contract for the sale of its 100 per cent stake in Raiffeisen Banka d.d., Maribor, to Biser Bidco. Biser Bidco is a company managed by Apollo Global Management, LLC and is not a related party of RBI. Due to procedural aspects in respect to formal approval of the transaction by the financial market regulatory authorities, closing of the transaction is expected in the first half of 2016.

On a consolidated basis, the asset held for sale in accordance with IFRS 5 is measured at the lower of carrying amount and fair value less disposal costs. As the sales contract was signed before the end of the fourth quarter, the agreed purchase price is the best indicator of the fair value of the asset held for sale. The agreed sales price is lower than the equity of Raiffeisen Banka d.d., Maribor, which amounted to € 43,550 thousand as of 31 December 2015. The resulting impairment loss was initially allocated to the non-current assets of the asset held for sale in accordance with IFRS 5. A provision for onerous contracts in accordance with IAS 37 was formed for the remaining impairment loss, as the contractual obligation already existed on 31 December 2015.

The impairment loss relating to the non-financial assets as well as the charge for the provision were reported under other net operating income:

in € thousand	2015
Impairment of tangible fixed assets	(11,934)
Impairment of intangible fixed assets	(1,879)
Allocation of provisions on an onerous contract	(37,958)
Total	**(51,772)**

In September 2015, Raiffeisen Bank International signed the contract for the sale of its 100 per cent stake in ZUNO BANK AG, Vienna, to ABH Holdings S.A., the parent company of Alfa Banking Group, domiciled in Luxembourg. ABH Holdings S.A. is not a related party of Raiffeisen Bank International. During the period in which the financial statements were being prepared, ABH Holdings S.A., the entity with which RBI had reached an agreement in 2015, withdrew from the purchase contract. The reasons for the withdrawal are not connected with the company for sale. RBI 's intention to sell remains unchanged and negotiations with potential buyers are being resumed. On a consolidated basis, the asset held for sale in accordance with IFRS 5 is valued at the lower of carrying amount and fair value less disposal costs. As the sales contract was signed before the end of the third quarter, the agreed purchase price has been used as the best indicator of the fair value of the asset held for sale. Despite the withdrawal of the buyer, it is assumed that the sales price will be higher than the equity of the company, which amounted to € 19,471 thousand as of 31 December 2015.

The carrying amounts of the assets and liabilities as at 31 December 2015 are as follows:

Assets held for sale in € 000	ZUNO	RBSI	Others	Total
Cash reserve	57,019	213,558	0	270,576
Loans and advances to banks	0	11,593	0	11,593
Loans and advances to customers	74,762	339,974	0	414,735
Impairment losses on loans and advances	(5,257)	(61,524)	0	(66,781)
Financial investments	2,846	107,983	0	110,829
Intangible fixed assets	4,208	0	0	4,208
Tangible fixed assets	1,372	0	0	1,372
Other assets	1,412	2,349	23,846	27,607
Total	**136,362**	**613,932**	**23,846**	**774,139**

Liabilities held for sale in € 000	ZUNO	RBSI	Others	Total
Deposits from banks	0	69,941	0	69,941
Deposits from customers	773,170	435,529	0	1,208,700
Provisions for liabilities and charges	2,057	3,339	0	5,396
Other liabilities	3,514	6,218	0	9,732
Total	**778,742**	**515,027**	**0**	**1,293,769**

ZUNO: ZUNO BANK AG, Vienna
RBSI: Raiffeisen Banka d.d., Maribor

Deferred taxes

in € thousand	2015	2014 restated
Deferred tax assets	263,345	287,984
Provisions for deferred taxes	(57,400)	(46,063)
Net deferred taxes	**205,945**	**241,921**

The net deferred taxes result from the following items:

in € thousand	2015	2014 restated
Loans and advances to customers	199,441	131,842
Impairment losses on loans and advances	158,440	158,657
Tangible and intangible fixed assets	10,867	11,966
Other assets	4,633	4,098
Provisions for liabilities and charges	59,335	61,538
Trading liabilities	72,177	93,832
Other liabilities	361,864	146,508
Tax loss carry-forwards	48,824	35,947
Other items of the statement of financial position	200,306	2,965
Deferred tax assets	**1,115,887**	**647,354**
Loans and advances to banks	10,971	422
Loans and advances to customers	70,976	39,363
Impairment losses on loans and advances	98,371	44,172
Trading assets	85,922	84,691
Tangible and intangible fixed assets	77,468	77,205
Deposits from customers	603	458
Provisions for liabilities and charges	0	80
Other liabilities	4,828	3,479
Other items of the statement of financial position	560,803	155,562
Deferred tax liabilities	**909,942**	**405,433**
Net deferred taxes	**205,945**	**241,921**

In the consolidated financial statements, deferred tax assets are recognized for unused tax loss carry-forwards which amounted to € 48,824 thousand (2014: € 35,947 thousand). The tax loss carry-forwards are mainly without any time limit. The Group did not recognize deferred tax assets of € 476,384 thousand (2014: € 379,427 thousand) because from a current point of view there is no prospect of realizing them within a reasonable period of time.

(24) Deposits from banks

in € thousand	2015	2014
Giro and clearing business	3,694,353	5,407,236
Money market business	7,950,665	10,115,946
Long-term refinancing	4,724,157	6,885,189
Total	**16,369,175**	**22,408,371**

The Group refinances itself periodically with international commercial banks and multinational development banks. These credit contracts contain ownership clauses normally used in business. These clauses grant permission to the parties to the contracts for exceptional termination in the event of a change in direct or indirect control of RBI AG, e.g. if Raiffeisen Zentralbank Österreich Aktiengesellschaft ceases to be a majority shareholder of RBI AG. This could lead to increased refinancing costs for the Group.

Deposits from banks classified regionally (counterparty domicile) break down as follows:

in € thousand	2015	2014
Austria	6,003,632	8,765,167
Foreign	10,365,543	13,643,204
Total	**16,369,175**	**22,408,371**

Deposits from banks break down into the following segments:

in € thousand	2015	2014
Central banks	1,241,339	1,634,593
Commercial banks	13,229,751	18,897,999
Multilateral development banks	1,898,085	1,875,779
Total	**16,369,175**	**22,408,371**

(25) Deposits from customers

in € thousand	2015	2014
Sight deposits	37,487,997	33,347,793
Time deposits	28,408,583	29,942,895
Savings deposits	3,094,308	2,803,483
Total	**68,990,887**	**66,094,172**

Deposits from customers break down as follows:

in € thousand	2015	2014
Sovereigns	1,713,265	1,150,609
Corporate customers – large corporates	30,643,854	31,288,909
Corporate customers – mid market	2,989,683	2,729,038
Retail customers – private individuals	28,547,853	26,785,780
Retail customers – small and medium-sized entities	5,096,233	4,139,835
Total	**68,990,887**	**66,094,172**

Deposits from customers classified regionally (customer domicile) are as follows:

in € thousand	2015	2014
Austria	7,742,505	6,493,008
Foreign	61,248,382	59,601,164
Total	**68,990,887**	**66,094,172**

(26) Debt securities issued

in € thousand	2015	2014
Bonds and notes issued	7,402,374	10,059,300
Money market instruments issued	94,024	516,859
Other debt securities issued	5,195	16,910
Total	**7,501,593**	**10,593,069**

The following table contains debt securities issued amounting to or exceeding € 200,000 thousand nominal value:

Issuer	ISIN	Type	Currency	Nominal value in € thousand	Coupon	Due
RBI AG	XS0803117612	senior public placements	EUR	750,000	2.8%	10/7/2017
RBI AG	XS0989620694	senior public placements	EUR	500,000	1.9%	8/11/2018

(27) Provisions for liabilities and charges

in € thousand	As at 1/1/2015	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	As at 31/12/2015
Severance payments and other	81,377	(109)	12,966	(1,153)	(3,010)	(402)	89,669
Retirement benefits	33,429	0	492	(3,541)	0	0	30,380
Taxes	129,225	217	108,244	(24,319)	(65,004)	(12,776)	135,587
Current	83,162	(2,629)	87,487	(22,757)	(64,763)	(2,313)	78,187
Deferred	46,063	2,846	20,756	(1,562)	(241)	(10,463)	57,400
Contingent liabilities and commitments	97,748	160	44,961	(36,166)	(7,305)	(594)	98,804
Pending legal issues	94,285	0	35,378	(13,532)	(34,918)	(444)	80,770
Overdue vacation	50,656	(177)	8,200	(8,286)	(302)	(3,107)	46,984
Bonus payments	154,003	(652)	127,712	(99,473)	(50,114)	(1,792)	129,683
Restructuring	12,658	0	20,671	(6,506)	(10,686)	(832)	15,305
Provisions for banking business due to governmental measures	251,308	0	81,987	(67,258)	(163,319)	12,044	114,762
Other	64,224	(26,659)	81,665	(20,580)	(70,056)	43,285	71,878
Total	**968,913**	**(27,220)**	**522,276**	**(280,814)**	**(404,715)**	**35,383**	**813,823**

Severance and similar payments include provisions for service anniversary bonuses and other payments in the amount of € 26,600 thousand (2014: € 21,191 thousand) and obligations from other benefits due to termination of employment according to IAS 19R amounting to € 63,070 thousand (2014: € 60,186 thousand). The item "assets held for sale" includes provisions for severance payments and similar of € 367 thousand.

The item "provision for banking business charges due to governmental measures" comprises provisions in Croatia of € 81,987 thousand and in Serbia of € 3,951 thousand. In contrast, in Hungary part of the provision in the amount of € 251,308 thousand formed in the previous year was released (€ 66,689 thousand).

RBI is involved in litigation arising from the undertaking of banking business. RBI does not expect that these legal cases will have a material impact on the financial position of the Group. As of 31 December 2015, Group-wide provisions for pending legal issues amounted to € 80,770 thousand (2014: € 94,285 thousand). Single cases exceeding € 10,000 thousand occurred in Austria and Slovakia (2014: in Austria, Slovakia and Ukraine).

- Legal steps were taken against Raiffeisen Bank International AG, Vienna, in connection with the early repayment of Icelandic claims.

- In Slovakia, a customer has taken legal action in relation to a disputed amount of approximately € 71 million against Tatra banka a.s., Bratislava, in connection with agreed credit facilities and non-execution of payment transfer orders, which ultimately led to the termination of the customer's business activities.

Pension obligations and other termination benefits

The Group contributes to the following defined benefit pension plans and other post-employment benefits:

- Defined benefit pension plans in Austria and other countries

- Other post-employment benefits in Austria and other countries

- These defined benefit plans and other post-employment benefits expose RBI to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Funding

For pensions there are different plans: unfunded, partly funded and fully funded. The partly and fully funded plans are all placed by Valida Pension AG. Valida Pension AG is a pension fund, and is subject in particular to the provisions of the PKG (Pension Act) and BPG (Company Pension Act).

RBI expects to pay € 278 thousand in contributions to its defined benefit plans in 2016. In the financial year 2015, RBI's contribution to its defined benefit plans was € 382 thousand.

Pension obligations/defined benefit pension plans

Financial status

in € thousand	2015	2014
Defined benefit obligation (DBO)	44,143	48,117
Plan assets at fair value	(13,763)	(14,687)
Net liability/asset	30,380	33,429

The defined benefit obligations developed as follows:

in € thousand	2015	2014
DBO as at 1/1	48,117	38,206
Current service cost	668	1,146
Interest cost	940	1,297
Payments	(1,061)	(815)
Loss/(gain) on DBO due to past service cost	(1,146)	0
Transfer	(917)	675
Remeasurement	(2,458)	7,607
DBO as at 31/12	**44,143**	**48,117**

Plan assets developed as follows:

in € thousand	2015	2014
Plan assets at fair value as at 1/1	14,687	12,904
Interest income	292	452
Contributions to plan assets	382	329
Payments from fund	(275)	(169)
Transfer	(1,343)	600
Return on plan assets excluding interest income	19	572
Plan assets at fair value as at 31/12	**13,762**	**14,687**

The return on plan assets for 2015 was € 311 thousand (2014: € 1,023 thousand). The fair value of rights to reimbursement recognized as an asset was € 15,519 thousand (2014: € 17,210 thousand) as at year-end 2015.

Structure of plan assets

Plan assets broke down as follows:

Per cent	2015	2014
Bonds	51	57
Shares	27	33
Alternative Investments	2	1
Property	4	4
Cash	17	5
Total	**100**	**100**
hereof own financial instruments	1	1

In the reporting year, most of the plan assets were quoted on an active market, less than 10 per cent were not quoted on an active market.

Asset Liability Matching

The pension provider Valida established an asset/risk management process (ARM process). According to this process, the risk-bearing capacity of each fund is evaluated once a year based on the liability structure of investment and risk associations. Based on this risk-bearing capacity, the investment structure of the fund is derived. When determining the investment structure, defined and documented customer requirements are also taken into account.

The defined investment structure is implemented in the two funds named "VRG 60" and "VRG 7", in which the accrued amounts for RZB/RBI are invested, with an investment concept. The weighting of predefined asset classes moves within a range according to objective criteria, which can be derived from market trends. In times of stress, hedges of the equity component are put in place.

Actuarial assumptions

The following table shows the actuarial assumptions used to calculate the net defined benefit obligation:

Per cent	2015	2014
Discount rate	2.0	2.0
Future pension basis increase	3.0	3.0
Future pension increase	2.0	2.0

The following table shows the longevity assumptions used to calculate the net defined benefit obligation:

Years	2015	2014
Longevity at age 65 for current pensioners – males	20.9	20.8
Longevity at age 65 for current pensioners – females	23.5	24.4
Longevity at age 65 for current members aged 45 – males	24.5	23.4
Longevity at age 65 for current members aged 45 – females	26.7	26.6

The weighted average duration of the net defined benefit obligation was 16.0 years (2014: 17.0 years).

Sensitivity analysis

Changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	2015		2014	
in € thousand	Addition	Decrease	Addition	Decrease
Discount rate (1 per cent change)	(5,939)	7,427	(7,019)	8,705
Future salary growth (0.5 per cent change)	496	(474)	679	(650)
Future pension increase (0.25 per cent change)	1,464	(1,398)	1,666	(1,588)
Remaining life expectancy (change 1 year)	1,766	(2,012)	1,910	(2,203)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Other termination benefits

The other termination benefits developed as follows:

in € thousand	2015	2014
DBO as at 1/1	60,186	51,700
Current service cost	3,781	3,548
Interest cost	1,162	1,662
Payments	(1,430)	(2,874)
Loss/(gain) on DBO due to past service cost	(17)	(25)
Transfer	240	177
Remeasurement	(464)	5,997
DBO as at 31/12	**63,458**	**60,186**

Actuarial assumptions

The following table shows the actuarial assumptions used to calculate the other termination benefits:

Per cent	2015	2014
Discount rate	2.0	2.0
Additional future salary increase for employees	3.0	3.0

Sensitivity analysis

Changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

in € thousand	2015 Addition	2015 Decrease	2014 Addition	2014 Decrease
Discount rate (1 per cent change)	(6,400)	7,566	(6,527)	7,729
Future salary growth (0.5 per cent change)	3,545	(3,333)	3,638	(3,362)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Employee benefit expenses

Details of employee benefit expenses (expenses for defined benefit pension plans, other benefits due to termination of employment) are stated under note (8) General administrative expenses.

(28) Trading liabilities

in € thousand	2015	2014
Negative fair values of derivative financial instruments	**3,943,192**	**5,686,468**
Interest-based transactions	2,004,541	3,078,848
Currency-based transactions	784,285	1,444,607
Equity-/index-based transactions	1,024,373	1,017,912
Credit derivatives business	1,960	17,372
Other transactions	128,033	127,730
Short-selling of trading assets	**453,459**	**498,071**
Certificates issued	**694,859**	**692,868**
Total	**5,091,510**	**6,877,407**

(29) Derivatives

in € thousand	2015	2014
Negative fair values of derivatives in fair value hedges (IAS 39)	**194,932**	**137,379**
Interest-based transactions	194,932	137,379
Negative fair values of derivatives in cash flow hedges (IAS 39)	**239,858**	**63,171**
Currency-based transactions	239,858	63,171
Negative fair values of credit derivatives	**154**	**23**
Negative fair values of other derivative financial instruments	**549,355**	**577,633**
Interest-based transactions	190,655	272,281
Currency-based transactions	358,700	305,290
Equity-/index-based transactions	0	62
Total	**984,299**	**778,205**

As long as the conditions for hedge accounting according to IAS 39 are fulfilled, derivative financial instruments are measured at their fair values (dirty prices) in their function as hedging instruments. The hedged items in connection with fair value hedges are loans and advances to customers, deposits from banks and debt securities issued, which are hedged against interest rate risk.

The table below shows the expected hedged cash flows from liabilities by periods affecting the statement of comprehensive income:

in € thousand	2015	2014
1 year	3,714,123	3,166,513
More than 1 year, up to 5 years	385,701	0
More than 5 years	109,874	0

Net losses of € 435 thousand (2014: net loss € 10,241 thousand) relating to the effective portion of cash flow hedges were recognized in other comprehensive income.

(30) Other liabilities

in € thousand	2015	2014
Liabilities from non-banking activities	75,397	51,872
Liabilities from insurance contracts	112	202,337
Accruals and deferred items	214,618	224,935
Liabilities from dividends	877	835
Clearing claims from securities and payment transfer business	168,052	413,960
Valuation fair value hedge portfolio	63,839	143,605
Liabilities held for sale (IFRS 5)	1,293,769	11,503
Other liabilities	193,312	367,755
Total	**2,009,976**	**1,416,803**

Details on the item "liabilities held for sale" are shown under note (23).

Liabilities from insurance contracts were reduced significantly due to sale of ZAO NPF Raiffeisen, Moscow.

(31) Subordinated capital

in € thousand	2015	2014
Hybrid tier 1 capital	396,725	396,725
Subordinated liabilities and supplementary capital	3,767,628	3,788,383
Total	**4,164,353**	**4,185,108**

The following table contains subordinated borrowings that exceed 10 per cent of the total subordinated capital:

Issuer	ISIN	Type	Currency	Nominale in € Tausend	Kupon[1]	Fälligkeit
RBI AG	XS0619437147	Subordinated capital	EUR	500,000	6.625%	18.05.2021
RBI AG	XS0981632804	Subordinated capital	EUR	500,000	6.000%	16.10.2023
RBI AG	XS1034950672	Subordinated capital	EUR	500,000	4.500%	21.02.2025

1 Current interest rate, interest clauses are agreed.

In the reporting period, expenses on subordinated capital totaled € 186,615 thousand (2014: € 208,224 thousand).

(32) Equity

in € thousand	2015	2014 restated
Consolidated equity	7,587,555	8,300,012
Subscribed capital	891,886	891,742
Capital reserves	4,993,872	4,991,269
Retained earnings	1,701,796	2,417,002
Consolidated profit/loss	378,850	(616,849)
Non-controlling interests	534,562	494,561
Total	**8,500,967**	**8,177,725**

The development of equity is shown under the section statement of changes in equity.

Subscribed capital

As of 31 December 2015, the subscribed capital of RBI AG as defined by the articles of incorporation amounted to unchanged € 893,586 thousand. The subscribed capital consists of 292,979,038 non-par bearer shares. After deduction of own shares of 557,295, the stated subscribed capital totaled € 891,886 thousand.

Own shares

The Annual General Meeting held on 4 June 2014 authorized the Management Board to acquire own shares, pursuant to Section 65 (1), item 4 and 8 of the Austrian Joint Stock Companies Act (AktG), during a period of 30 months as of the date of the resolution (i.e. by 3 December 2016), up to 10 per cent of the subscribed capital of the company and to withdraw if applicable. This authorization may be exercised in full or in part or also in several installments and for one or more purposes – with the exception of securities trading – by the company, by affiliated companies or, for their account, by third parties. The acquisition price for repurchasing the shares may be no lower than € 1.00 per share and no higher than 10 per cent above the average unweighted closing price over the ten trading days prior to exercising this authorization. The Management Board was further authorized pursuant to Section 65 (1b) of the Austrian Joint Stock companies Act, to decide, with the approval of the Supervisory Board, on the sale of own shares by means other than the stock exchange or a public tender, to the full or partial exclusion of shareholders' subscription rights. This authorization applies for a period of five years from the date of the resolution (i.e. until 3 June 2019). Shareholders' subscription rights may only be excluded if the own shares are used to pay for a contribution in kind, to acquire enterprises, businesses or branches of activity of one or several companies in Austria or abroad, or for the purpose of implementing the company's Share Incentive Program (SIP) for executives and members of the Management Boards of the company and affiliated enterprises. In addition, if convertible bonds are issued in accordance with the Annual General Meeting resolution of 26 June 2013, shareholders' subscription rights may also be excluded in order to issue (own) shares to the holders of these convertible bonds who exercise the conversion or subscription rights granted them under the terms of the convertible bonds to shares of the company. No own shares have been bought since the authorization was issued in June 2014.

The acquisition of own shares mainly serves to cover the obligation of RBI within the framework of the share incentive program (SIP) towards the members of the Management Board and executive employees. These bonus payments are carried out in the form of company shares.

The Annual General Meeting held on 4 June 2014 also authorized the Management Board, in accordance with Section 65 (1), item 7 of the Austrian Joint Stock Companies Act (AktG), to acquire own shares for the purpose of securities trading, which may also be conducted off-market, during a period of 30 months from the date of the resolution (i.e. until 3 December 2016), of up to a maximum of 5 per cent of the respective subscribed capital of the company. The consideration for each share to be acquired must not be less than half the closing price at the Vienna Stock Exchange on the last day of trading preceding the acquisition and must not exceed twice the closing price. This authorization may be exercised in full or in part or also in several installments by the company, by affiliated companies or, for their account, by third parties.

Authorized capital

Pursuant to Section 169 of the Austrian Stock Corporation Act (AktG), the Management Board has been authorized since the Annual General Meeting of 4 June 2014 to increase the capital stock – in one or more tranches – by up to € 446,793,032.95 by issuing up to 146,489,519 new common bearer shares with voting rights against contributions in cash and/or in kind (including by way of the right of indirect subscription by a bank pursuant to Section 153 (6) of AktG) by 25 August 2019 at the latest and to fix the offering price and terms of the issue with the approval of the Supervisory Board. The Management Board is further authorized to exclude shareholders' subscription rights, with the approval of the Supervisory Board, (i) if the capital increase is carried out by contributions in kind or (ii) if the capital increase is carried out by contributions in cash and the shares issued under the exclusion of subscription rights do not exceed 10 per cent of the company's capital stock (exclusion of subscription rights).

Convertible bonds

In the Annual General Meeting held on 26 June 2013, the Management Board was authorized pursuant to Section 174 (2) of the Austrian Joint Stock Companies Act (AktG) to issue – with the approval of the Supervisory Board – convertible bonds in a total nominal amount of up to € 2,000,000 thousand, also in several tranches, within five years from the date of the resolution, which grant holders conversion or subscription rights for up to 39,101,024 common bearer shares of the company with a pro-rata share in the subscribed capital of up to € 119,258 thousand. Shareholders` subscription rights to the convertible bonds are excluded. No convertible bonds have been issued to date, however.

Contingent capital

Pursuant to Section 159 (2) item 1 of the Austrian Joint Stock Companies Act (AktG), the subscribed capital has been increased contingently by a maximum of € 119,258 thousand by issuing a maximum of 39,101,024 common bearer shares (contingent capital). The contingent capital increase will only be performed if and when use is made of an irrevocable right of exchange or subscription granted on shares by the company to creditors holding convertible bonds issued on the basis of the resolution of the Annual General Meeting on 26 June 2013 and the Management Board does not decide to issue own shares.

Dividend proposal

No dividends will be distributed for the 2015 financial year.

Number of shares outstanding

Number of shares	2015	2014
Number of shares issued as at 1/1	**292,979,038**	**195,505,124**
New shares issued		97,473,914
Number of shares issued as at 31/12	**292,979,038**	**292,979,038**
Own shares as at 1/1	604,517	557,295
Purchase of own shares	0	47,222
Sale of own shares	(47,222)	0
Less own shares as at 31/12	**557,295**	**604,517**
Number of shares outstanding as at 31/12	**292,421,743**	**292,374,521**

Non-controlling interests

The following table contains financial information of subsidiaries which are held by the Group and in which material non-controlling interests exist. Intra-group transactions are not eliminated in the below reported amounts.

2015 in € thousand	Ownership interest	Net assets	Profit/loss after tax	Other comprehensive income	Total comprehensive income
Raiffeisen Bank Aval JSC, Kiev (UA)	31.8%	74,814	(2,660)	(2,232)	(4,892)
Raiffeisenbank a.s., Prague (CZ)	25.0%	225,695	23,241	5,951	29,192
Tatra banka a.s., Bratislava (SK)	21.2%	201,576	24,567	3,536	28,104
Priorbank JSC, Minsk (BY)	12.3%	36,065	13,009	(11,951)	1,059
Other	n/a	(3,588)	(2,015)	875	(1,140)
Total		**534,562**	**56,142**	**(3,820)**	**52,322**

The European Bank for Reconstruction and Development (EBRD) participated in the capital increase of Raiffeisen Bank Aval JSC, Kiev, which took place in December 2015. The non-controlling interests changed by 28 percentage points to 31.8 per cent.

2014 in € thousand	Ownership interest	Net assets	Profit/loss after tax	Other comprehensive income	Total comprehensive income
Raiffeisen Bank Aval JSC, Kiev (UA)	3.8%	9,211	(10,393)	(13,064)	(23,456)
Raiffeisenbank a.s., Prague (CZ)	25.0%	206,162	18,599	(1,377)	17,223
Tatra banka a.s., Bratislava (SK)	21.2%	202,769	22,086	77	22,162
Other	n/a	76,418	(633)	(2,237)	(2,870)
Total		**494,561**	**29,659**	**(16,601)**	**13,058**

As apposed to the above stated financial information which only relates to non-controlling interests, the following table contains summary financial information of the individual subsidiaries (including non-controlling interests):

2015 in € thousand	Raiffeisen Bank Aval JSC, Kiev (UA)	Raiffeisenbank a.s., Prague (CZ)	Tatra banka a.s., Bratislava (SK)	Priorbank JSC, Minsk (BY)
Operating income	177,484	342,178	417,263	236,271
Profit/loss after tax	(70,709)	92,962	115,787	106,115
Other comprehensive income	(59,317)	27,165	16,666	(99,525)
Total comprehensive income	**(130,026)**	**120,128**	**132,453**	**6,590**
Current assets	1,163,589	3,890,887	4,278,006	1,033,626
Non-current assets	790,149	5,224,497	6,719,135	275,061
Current liabilites	1,636,383	7,230,308	8,838,163	843,362
Non-current liabilities	82,356	982,297	1,208,949	171,144
Net assets	**234,999**	**902,780**	**950,030**	**294,181**
Net cash from operating activities	336,012	1,251,199	772,106	58,094
Net cash from investing activities	(1,975)	36,058	(66,230)	(11,455)
Net cash from financing activities	(299,940)	(18,165)	(138,078)	(25,583)
Effect of exchange rate changes	(35,339)	6,769	752	(36,046)
Net increase in cash and cash equivalents	**(1,242)**	**1,275,862**	**568,551**	**(14,990)**
Dividends paid to non-controlling interests during the year [1]	0	9,659	28,861	3,231

1 Included in net cash from investing activites.

2014 in € thousand	Raiffeisen Bank Aval JSC, Kiev (UA)	Raiffeisenbank a.s., Prague (CZ)	Tatra banka a.s., Bratislava (SK)
Operating income	264,427	316,722	413,357
Profit/loss after tax	(276,248)	74,397	104,090
Other comprehensive income	(374,219)	(6,019)	361
Total comprehensive income	**(650,467)**	**68,378**	**104,451**
Current assets	1,070,823	3,248,597	3,359,497
Non-current assets	1,283,849	4,900,980	6,304,800
Current liabilites	1,868,881	6,202,288	7,429,309
Non-current liabilities	240,944	1,122,639	1,279,332
Net assets	**244,846**	**824,650**	**955,656**
Net cash from operating activities	241,396	(194,932)	(311,213)
Net cash from investing activities	14,993	(15,557)	(43,476)
Net cash from financing activities	(398,490)	244,019	3,246
Effect of exchange rate changes	(138,016)	(1,587)	841
Net increase in cash and cash equivalents	**(280,118)**	**31,944**	**(350,602)**
Dividends paid to non-controlling interests during the year [1]	3,008	8,363	26,821

1 Included in net cash from investing activites.

Significant restrictions

For Raiffeisenbank a.s., Prague, a syndicate contract exists between RBI AG and the joint shareholder. The syndicate contract regulates especially purchase options between direct and indirect shareholders. The syndicate contracts expire automatically if control over the company changes – also in the case of a takeover bid.

In the course of the approval process for the acquisition of Polbank shares, it was promised – besides other consent efforts – to the Polish Financial Market Authority that 15 per cent of the shares of the Polish banking unit is to be quoted on the Warsaw stock exchange in June 2016 at the latest. Furthermore, it was promised that shares of RBI are to be listed on the Warsaw stock exchange (in addition to the listing at the Vienna stock exchange) from June 2018 at the latest or that the amount of quoted shares of the Polish banking unit is to be increased to 25 per cent.

The EBRD participated in the capital increase of Raiffeisen Bank Aval JSC, Kiev, which took place in December 2015. Within the course of this transaction, RBI agreed with EBRD to offer RBI shares to EBRD in exchange of AVAL shares held by EBRD after six years of its participation in a so-called share swap. The execution of this transaction is subject to approvals from regulatory authorities, the Annual General Meeting and Committees.

As at end of 2014, the Ukrainian National Bank launched foreign currency transfer controls. Besides other restrictions, a foreign investor is not able to carry out dividend payments and other capital transactions. First of all, this restriction is valid til first quarter 2016.

Share-based remuneration

In 2014, the share incentive program (SIP) was terminated due to regulatory complexities. The last tranches of the SIP were issued in 2011, in 2012 and in 2013. The respective duration periods are five years, therefore the next tranche will not mature before 2016. As at the reporting date, contingent shares for three tranches were allotted. As at 31 December 2015, the number of these contingent shares was 900,223 (of which 198,258 shares were attributable to the 2011 allotment, 370,857 shares to the 2012 allotment and 331,108 shares to the 2013 allotment). The originally published number of contingently allotted shares changed due to various personnel changes within Group units. It is shown on an aggregated level in the following table:

Share incentive program (SIP) 2011 – 2013 Group of persons	Number of contingently allotted shares as at 31/12/2015	Minimum of allotment of shares	Maximum of allotment of shares
Members of the management board of the company	289,066	86,720	433,599
Members of the management boards of bank subsidiaries affiliated with the company	372,176	111,653	558,264
Executives of the company and other affiliated companies	238,981	71,694	358,472

In the financial year 2015, no shares were bought back for the share incentive program.

Disclosures to financial instruments

(33) Breakdown of remaining terms to maturity

2015 in € thousand	Short-term assets/liabilities Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Long-term assets/liabilities More than 1 year, up to 5 years	More than 5 years
Cash reserve	13,211,971	0	0	0	0
Loans and advances to banks	1,961,987	5,527,674	1,305,561	469,110	1,572,876
Loans and advances to customers	7,698,266	11,134,422	10,212,342	22,726,471	18,149,864
Impairment losses on loans and advances	(6,055,134)	0	0	0	0
Trading assets	438,770	405,188	644,488	2,822,342	1,503,321
Financial investments	326,237	4,244,823	2,156,345	7,253,683	1,262,547
Sundry assets	2,600,863	486,136	455,333	994,483	916,614
Total assets	**20,182,959**	**21,798,243**	**14,774,069**	**34,266,090**	**23,405,221**
Deposits from banks	3,715,948	4,800,766	2,322,350	3,671,258	1,858,854
Deposits from customers	40,468,200	15,375,668	9,068,723	2,640,591	1,437,705
Debt securities issued	0	598,857	1,153,153	5,043,017	706,566
Trading liabilities	412,115	482,505	599,953	2,052,374	1,544,563
Subordinated capital	0	5,807	22,025	484,642	3,651,878
Sundry liabilities	1,658,554	746,096	501,670	595,476	306,302
Subtotal	**46,254,817**	**22,009,699**	**13,667,873**	**14,487,357**	**9,505,869**
Equity	8,500,967	0	0	0	0
Total equity and liabilities	**54,755,784**	**22,009,699**	**13,667,873**	**14,487,357**	**9,505,869**

2014 restated in € thousand	Short-term assets/liabilities Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Long-term assets/liabilities More than 1 year, up to 5 years	More than 5 years
Cash reserve	6,768,685	0	0	0	0
Loans and advances to banks	2,057,411	10,157,846	1,523,621	1,204,515	629,848
Loans and advances to customers	7,586,977	13,614,713	11,692,835	26,408,155	18,622,736
Impairment losses on loans and advances	(6,103,362)	0	0	0	0
Trading assets	416,509	747,972	1,087,690	3,141,555	2,522,898
Financial investments	483,400	3,661,166	2,088,061	6,867,792	1,367,468
Sundry assets	2,654,625	624,936	575,302	573,547	522,872
Total assets	**13,864,244**	**28,806,632**	**16,967,509**	**38,195,564**	**23,665,823**
Deposits from banks	5,646,567	6,226,713	2,678,278	5,659,758	2,197,054
Deposits from customers	36,468,428	16,355,797	8,610,372	2,948,455	1,711,119
Debt securities issued	0	1,687,878	1,744,941	6,641,947	518,303
Trading liabilities	542,955	858,461	777,386	2,459,932	2,238,673
Subordinated capital	0	8,730	82,942	466,306	3,627,131
Sundry liabilities	1,928,573	686,403	192,919	161,150	194,875
Subtotal	**44,586,525**	**25,823,981**	**14,086,837**	**18,337,548**	**10,487,156**
Equity	8,177,725	0	0	0	0
Total equity and liabilities	**52,764,250**	**25,823,981**	**14,086,837**	**18,337,548**	**10,487,156**

(34) Foreign currency volumes

in € thousand	2015	2014 restated
Assets	55,305,039	62,898,948
Liabilities	48,228,043	57,618,631

(35) Securitization

The Group as originator

Securitization represents a special form of refinancing and credit risk enhancement under which risks from loans or lease agreements are packaged into portfolios and placed with capital market investors.The objective of the Group's securitization transactions is to relieve Group regulatory total capital and to use additional refinancing sources.

The following transactions for all or at least individual tranches were executed with external contractual partners and are still active in the reporting year. The stated amounts represent the volumes of the underlying portfolios and the junior tranche at the transaction closing date. Three of the transactions shown in the table in 2014 were terminated early, in the course of 2015, and are shown in a separate table:

in € thousand	Seller of claims or secured party	Date of contract	End of maturity	Volume	Portfolio	Junior tranche
Synthetic Transaction ROOF INFRASTRUCTURE 2014	Raiffeisen Bank International AG, Vienna	December 2014	March 2027	1,500,416	Corporate loans, guarantees, revolving credit facilities	6.1%
Synthetic Transaction ROOF RBCZ 2015	Raiffeisenbank a.s., Prague	December 2015	April 2024	1,000,000	Corporate loans and guarantees	1.4%
Synthetic Transaction ROOF Real Estate 2015	Raiffeisen Bank International AG, Vienna	July 2015	May 2025	719,628	Corporate loans (real estate financing)	7.1%
True Sale Transaction ROOF Poland Leasing 2014 Ltd, Dublin (IE)	Raiffeisen-Leasing Polska S.A. Warschau (PL)	top-up – December 2015	October 2025	345,927	Car and machine leasing contracts	26.0%
Synthetic Transaction (JEREMIE) ROOF Romania SME 2011(1)	Raiffeisenbank S.A., Bucharest (RO)	December 2010	December 2023	172,500	SME loans	25.0%
Synthetic Transaction (JEREMIE) ROOF Bulgaria SME 2011(1)	Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	December 2010	August 2020	65,000	SME loans	25.0%
Synthetic Transaction (JEREMIE) ROOF Slovakia SME 2013(1)	Tatra banka a.s., Bratislava (SK)	March 2014	June 2025	60,000	SME loans	17.5%
WB EDIF First Loss Portfolio Guarantee	Raiffeisenbank Austria d.d., Zagreb (HR)	April 2015	May 2023	20,000	SME loans	22.0%

SME: small and medium-sized enterprises

In the reporting year some new securitization programs with external investors were initiated. They are described briefly as follows:

The synthetic securitization "ROOF Real Estate 2015" is composed of real estate loans and advances to corporate customers from Austria and Germany originated by RBI AG and was concluded in July 2015. The transaction was split into a senior and a junior tranche. The junior tranche was externally placed and includes a portfolio guarantee amount of up to € 55,000 thousand.

In December 2015 a synthetic securitization of € 1,000,000 thousand in loans and advances to corporate customers and project finance loans originated by Raiffeisenbank a.s., Prague, was concluded. This synthetic securitization is referred to as "ROOF RBCZ 2015" and was split into a senior, a mezzanine and a junior tranche. The mezzanine tranche was sold to two institutional investors, while Raiffeisenbank a.s. holds the credit risk of the junior and senior tranches.

Another securitization transaction initially placed in 2014 by a leasing subsidiary in Poland with an underlying portfolio of car leasing contracts was tapped in December 2015. The original underlying transaction volume was raised from PLN 950,000 thousand to approximately PLN 1,500,000 thousand. The SPV established for this transaction is fully consolidated because the leasing subsidiary in Poland as the only transferor possesses decision-making rights in relation to the SPV that could significantly affect the value of the SPV's assets and liabilities. It has the ability to direct the activities that most significantly affect the SPV's returns, as it has the right to make decisions about the customer loans in the portfolio (i.e. the assets acquired by the SPV) and the refinancing of the SPV. Therefore, according to IFRS 10 effective control exists. The senior and mezzanine tranches of the notes are externally placed through supranational and institutional investors and the junior tranche of the notes amounting to PLN 383,500 thousand, or 26 per cent of the total transaction volume, is held internally by the originating leasing subsidiary in Poland.

In the reporting year, Raiffeisenbank Austria d.d., Zagreb, signed a portfolio guarantee agreement under the Western Balkan Enterprise Development and Innovation Facility (WB EDIF); the agreement is financed by the EU and aims to support small and medium-sized enterprises in accessing finance.

The following securitization programs concluded in former years were still active in the reporting year:

A synthetic securitization of loans and advances to corporate customers essentially originated by RBI AG has been active since 2014 under "ROOF INFRASTRUCTURE 2014". The junior tranche is externally placed and amounts to € 88,100 thousand.

Within the scope of further synthetic securitizations, the Group participated in the JEREMIE programs in Bulgaria and Romania ("ROOF Romania and Bulgaria SME 2011-1"), as well as in Slovakia since 2013 ("ROOF Slovakia SME 2013-1"). The European Investment Fund (EIF) provides guarantees from EIF under the JEREMIE initiative to network banks granting loans to small and medium-sized enterprises. The current volume of the portfolio under the JEREMIE first loss guarantees amounts to € 31,463 thousand (2014: € 71,436 thousand) for the utilized volume of Raiffeisenbank S.A., Bucharest, € 13,963 thousand (2014: € 64,845 thousand) for Raiffeisenbank (Bulgaria) EAD, Sofia, and € 45,699 thousand (2014: € 13,483 thousand) for Tatra banka a.s., Bratislava.

In addition to the securitizations with investors external to the Group as shown in the table, a true sale securitization program in relation to a retail mortgage loans portfolio of AO Raiffeisenbank, Moscow, rolled out in 2013 and amounting to approximately € 125,000 thousand is still active and in place within the Group. The senior tranche as well as the junior tranche are held within the Group. Due to portfolio amortization and repayments, the carrying amount of the outstanding loans and advances of this transaction amounted to € 30,666 thousand at year-end 2015 (2014: € 44,106 thousand).

The following securitization programs from previous years were terminated in the reporting year:

in € thousand	Seller of claims or secured party	Date of contract	End of maturity	Volume	Portfolio	Junior tranche
True Sale Transaction Raiffeisen Leasing Polska Auto Lease Securitisation	Raiffeisen-Leasing Polska S.A. Warsaw (PL)	February 2012	early termination April 2015	141,068	Car leasing contracts	15.0%
Synthetic transaction ROOF WESTERN EUROPE CLO (2012)(1)	Raiffeisen Bank International AG, Vienna	July 2012	early termination July 2015	996,076	Corporate loans, securities, guarantees	0.8%
Future Flow Securitization ROOF Russia DPR Finance Company S.A.	ZAO Raiffeisenbank, Moscow (RU)	June 2012	early termination June 2015	126,894	Rights in "diversified payment rights" (DPR)	n/a

The true sale transaction comprising Polish car leasing contracts was repaid early, in April 2015. It had been concluded in 2012 by transferring securitized receivables to a SPV called Compass Variety Funding Limited, Dublin (IE)

In July 2015 RBI AG exercised the contractually foreseen early call option for the synthetic securitization closed in 2012 ("ROOF WESTERN EUROPE CLO - 2012- 1") with an underlying portfolio of corporate customer assets originated by RBI AG. With the exception of the mezzanine tranche which amounted to € 47,000 thousand, the other tranches had been placed within the Group.

In June 2015 the externally placed "Diversified Payments Rights" transaction of AO Raiffeisenbank, Moscow ("Future Flow Securitization ROOF Russia DPR") was repaid early.

The Group as investor

Besides the above-mentioned refinancing and packaging of designated portfolios of loans or leasing claims, RBI also acts as an investor in ABS structures. Essentially, this relates to investments in Structured Credit Products, Asset Based Financing and partly also Diversified Payment Rights. During the financial year, market value changes led to a negative valuation result of € 12 thousand (2014: positive valuation result of € 28 thousand) and to a realized result from sales of € 811 thousand (2014: € 126 thousand).

Total exposure of structured products (excluding CDS):

in € thousand	2015 Outstanding nominal amount	2015 Carrying amount	2014 Outstanding nominal amount	2014 Carrying amount
Asset-backed securities (ABS)	450,764	450,913	668,688	669,027
Asset-Based Financing (ABF)	225,406	225,406	248,378	248,378
Collateralized debt obligations (CDO)	34,633	159	31,793	173
Other	0	0	20,000	841
Total	**710,803**	**676,478**	**968,859**	**918,419**

(36) Transferred assets

The Group enters into transactions that result in the transfer of trading assets, financial investments and loans and advances to customers. The transferred financial assets continue to be recognized in their entirety or to the extent of the Group's continuing involvement, or are derecognized in their entirety. The Group transfers financial assets that are not derecognized in their entirety or for which the Group has continuing involvement primarily through sale and repurchase of securities, securities lending and securitization activities.

Transferred financial assets not derecognized

Sale and repurchase agreements are transactions in which the Group sells a security and simultaneously agrees to repurchase it at a fixed price on a future date. The Group continues to recognize the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash consideration received is recognized as a financial asset and a financial liability is recognized for the obligation to pay the repurchase price. Because the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

Securities lending agreements are transactions in which the Group lends securities for a fee and receives cash as collateral. The Group continues to recognize the securities in their entirety in the statement of financial position because it retains substantially all of the risks and rewards of ownership. The cash received is recognized as a financial asset and a financial liability is recognized for the obligation to repay it. Because as part of the lending arrangement the Group sells the contractual rights to the cash flows of the securities, it does not have the ability to use the transferred assets during the term of the arrangement.

Loans and advances to customers are sold by the Group to securitization vehicles that in turn issue notes to investors collateralized by the purchased assets. In the securitizations in which the Group transfers loans and advances to an unconsolidated securitization vehicle, it retains some credit risk while transferring some credit risk, prepayment and interest rate risk to the vehicle. The Group therefore does not retain or transfer substantially all of the risks and rewards of such assets.

The table below shows the carrying amounts of financial assets transferred:

2015	Transferred assets			Associated liabilities		
in € thousand	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	390,409	327,669	62,741	323,619	268,322	55,297
Trading assets	288,276	0	288,276	251,613	0	251,613
Financial investments	37,705	0	37,705	36,098	0	36,098
Total	**716,391**	**327,669**	**388,722**	**611,330**	**268,322**	**343,009**

2014	Transferred assets			Associated liabilities		
in € thousand	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	320,570	257,829	62,741	216,882	161,669	55,213
Trading assets	79,213	0	79,213	72,834	0	72,834
Financial investments	124,067	0	124,067	88,136	0	88,136
Total	**523,851**	**257,829**	**266,021**	**377,853**	**161,669**	**216,184**

Transferred financial assets that are not entirely derecognized

The Group currently has no securitization transactions in which financial assets are partly derecognized.

(37) Assets pledged as collateral and received financial assets

The Group pledges assets mainly for repurchase agreements, securities lending agreements as well as other lending arrangements and for margining purposes in relation to derivative liabilities. The table below contains assets from repo business, securities lending business, securitizations, debentures transferred as collateral of liabilities or guarantees (this means collateralized deposits).

in € thousand	2015	2014
Loans and advances[1]	6,732,916	7,086,587
Trading assets[2]	1,077,547	694,067
Financial investments	572,848	711,713
Total	**8,383,312**	**8,492,368**

1 Without loans and advances from reverse repo and securities lending business.
2 Without derivatives.

The table below shows the liabilities corresponding to the assets pledged as collateral and contains liabilities from repo business, securities lending business, securitizations and debentures:

in € thousand	2015	2014
Deposits from banks	3,370,649	4,978,526
Deposits from customers	561,207	176,946
Debt securities issued	1,586,489	1,317,728
Other liabilities	645,593	188,645
Contingent liabilities and commitments	115,798	716
Total	**6,279,735**	**6,662,561**

The following table shows securities and other financial assets accepted as collateral:

in € thousand	2015	2014
Securities and other financial assets accepted as collateral which can be sold or repledged	1,780,968	6,538,220
hereof which have been sold or repledged	307,566	1,744,451

The Group received collaterals which can be sold or repledged if no default occurs in the course of reverse repo business, securities lending business, derivative and other transactions.

Significant restrictions regarding access to or usage of Group assets

Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of the Group to access and transfer assets freely to or from other Group entities and settle liabilities. As at the reporting date, the Group hasn't granted any material protective rights associated with non-controlling interests and therefore these were not a source of significant restrictions.

The following products restrict the Group in the use of its assets: repurchase agreements, securities lending contracts as well as other lending contracts for margining purposes in relation to derivative liabilities, securitizations and various insurance activities. The table below shows assets pledged as collateral and otherwise restricted assets with a corresponding liability. These assets are restricted from usage to secure funding, for legal or other reasons.

in € thousand	2015 Pledged	2015 Otherwise restricted with liabilities	2014 Pledged	2014 Otherwise restricted with liabilities
Loans and advances[1]	6,732,916	1,983,278	7,086,587	1,735,310
Trading assets[2]	1,077,547	56,227	694,067	33,405
Financial investments	572,848	7,327	711,713	131,049
Total	**8,383,312**	**2,046,832**	**8,492,368**	**1,899,764**

1 Without loans and advances from reverse repo and securities lending business.
2 Without derivatives.

(38) Offsetting of financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's statement of financial position or are subject to an enforceable/unenforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position or not.

The similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements.

Some of the agreements are not set-off in the statement of financial position. This is because they create, for the parties to the agreement, a right of set off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously. The Group receives and gives collaterals in the form of cash and marketable securities.

2015	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € thousand	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives (legally enforceable)	4,398,339	563,947	3,834,392	2,693,543	33,017	1,107,832
Reverse repurchase, securities lending & similar agreements (legally enforceable)	1,326,95 0	0	1,326,950	1,310,863	0	16,087
Other financial instruments (legally enforceable)	212,652	14,427	198,224	0	0	198,224
Total	**5,937,941**	**578,374**	**5,359,567**	**4,004,406**	**33,017**	**1,322,143**

2015	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € thousand	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Financial instruments	Cash collateral pledged	
Derivatives (legally enforceable)	4,319,563	563,947	3,755,616	2,656,661	170,599	928,356
Repurchase, securities lending & similar agreements (legally enforceable)	225,431	0	225,431	217,366	0	8,065
Other financial instruments (legally enforceable)	100,985	14,427	86,558	0	0	86,558
Total	**4,645,979**	**578,374**	**4,067,605**	**2,874,028**	**170,599**	**1,022,979**

In 2015, assets which were not subject to legally enforceable netting agreements amounted to € 109,067,016 thousand (2014: € 105,480,048 thousand), of which an immaterial part was accounted for by derivative financial instruments and cash balances from reverse repo business. Moreover, liabilities which are not subject to legally enforceable netting agreements totaled € 102,392,574 thousand in 2015 (2014: € 106,962,257 thousand), of which an immaterial part was accounted for by derivative financial instruments and cash deposits from repo business.

2014	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € thousand	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives (legally enforceable)	5,536,034	10,677	5,525,357	4,757,753	34,971	732,633
Reverse repurchase, securities lending & similar agreements (legally enforceable)	6,270,951	0	6,270,951	6,253,237	0	17,714
Other financial instruments (legally enforceable)	4,848,030	447,840	4,400,190	1,316,599	0	3,083,591
Total	**16,655,015**	**458,518**	**16,196,497**	**12,327,589**	**34,971**	**3,833,938**

2014	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € thousand	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Financial instruments	Cash collateral pledged	
Derivatives (legally enforceable)	5,142,343	10,677	5,131,666	4,781,271	124,497	225,898
Repurchase, securities lending & similar agreements (legally enforceable)	406,086	0	406,086	399,175	0	6,911
Other financial instruments (legally enforceable)	1,816,509	447,247	1,369,262	1,316,599	0	52,663
Total	**7,364,938**	**457,924**	**6,907,014**	**6,497,045**	**124,497**	**285,471**

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured at either fair value (derivatives, other financial instruments) or amortized cost (loans and advances, deposits and other financial instruments). All amounts have been reconciled to the line items in the statement of financial position.

(39) Derivative financial instruments

2015 in € thousand	Up to 1 year	Nominal amount by maturity More than 1 year, up to 5 years	More than 5 years	Total	Fair values Positive	Negative
Total	**80,710,102**	**75,897,307**	**50,153,791**	**206,761,200**	**4,406,213**	**(4,927,491)**
Interest rate contracts	**31,184,684**	**62,690,306**	**47,475,761**	**141,350,751**	**3,179,729**	**(2,390,128)**
OTC products						
Interest rate swaps	24,126,580	54,008,153	41,570,577	119,705,310	2,893,293	(2,133,649)
Interest rate futures	1,913,964	0	0	1,913,964	1,231	(2,549)
Interest rate options – purchased	979,454	4,442,682	2,944,024	8,366,160	284,805	0
Interest rate options – sold	1,289,859	4,205,272	2,883,845	8,378,977	0	(253,873)
Other similar contracts	2,161	0	0	2,161	0	0
Products trading on stock exchange						
Interest rate futures	2,872,666	34,198	58,945	2,965,809	336	(57)
Interest rate options	0	0	18,371	18,371	64	0
Foreign exchange rate and gold contracts	**47,617,072**	**10,253,473**	**2,230,651**	**60,101,197**	**1,154,426**	**(1,382,843)**
OTC products						
Cross-currency interest rate swaps	6,346,523	9,209,688	2,217,123	17,773,334	739,139	(941,323)
Forward foreign exchange contracts	37,336,296	866,568	0	38,202,865	381,159	(390,424)
Currency options – purchased	1,497,065	105,479	0	1,602,545	31,221	0
Currency options – sold	1,639,230	68,754	0	1,707,984	0	(29,752)
Gold commodity contracts	0	2,984	13,529	16,512	47	(12,240)
Products trading on stock exchange						
Currency contracts (futures)	797,957	0	0	797,957	2,859	(9,103)
Equity/index contracts	**1,250,956**	**1,821,516**	**403,490**	**3,475,961**	**69,838**	**(1,024,373)**
OTC products						
Equity-/index-based options – purchased	84,862	505,331	113,035	703,229	39,062	0
Equity-/index-based options – sold	133,298	648,667	163,124	945,088	0	(161,330)
Other similar equity/index contracts	229,331	644,521	127,331	1,001,183	120	(826,338)
Products trading on stock exchange						
Equity/index futures – forward pricing	436,540	0	0	436,540	24,803	(22,172)
Equity/index futures	366,924	22,997	0	389,921	5,853	(14,532)
Commodities	**141,386**	**128,795**	**43,889**	**314,071**	**442**	**(110,759)**
Credit derivatives	**494,078**	**992,305**	**0**	**1,486,383**	**1,776**	**(2,114)**
Precious metals contracts	**21,926**	**10,912**	**0**	**32,838**	**1**	**(17,274)**

The surplus of negative market values for equity/index contracts is offset by shares purchased for hedging purposes. These shares are recorded under trading assets and are not shown in the above table.

2014 in € thousand	Nominal amount by maturity Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	Fair values Positive	Negative
Total	**81,423,171**	**78,328,479**	**47,373,936**	**207,125,585**	**6,111,712**	**(6,464,673)**
Interest rate contracts	**31,359,185**	**63,386,910**	**43,256,192**	**138,002,287**	**4,531,606**	**(3,488,507)**
OTC products						
Interest rate swaps	23,354,262	53,689,741	38,783,533	115,827,535	4,346,256	(3,306,140)
Interest rate futures	2,598,676	1,187,433	114,206	3,900,314	2,445	(5,908)
Interest rate options – purchased	964,006	3,019,331	1,959,025	5,942,362	181,949	0
Interest rate options – sold	1,025,483	3,149,991	2,289,658	6,465,131	0	(173,704)
Products trading on stock exchange						
Interest rate futures	1,111,761	2,340,415	109,771	3,561,947	705	(2,344)
Interest rate options	2,304,998	0	0	2,304,998	252	(412)
Foreign exchange rate and gold contracts	**48,205,734**	**11,277,116**	**2,950,853**	**62,433,703**	**1,496,375**	**(1,813,068)**
OTC products						
Cross-currency interest rate swaps	5,324,308	10,202,152	2,898,717	18,425,177	628,815	(726,415)
Forward foreign exchange contracts	38,920,839	660,034	9,625	39,590,499	813,410	(1,016,863)
Currency options – purchased	1,717,633	204,435	0	1,922,068	48,594	0
Currency options – sold	1,877,746	206,026	0	2,083,772	0	(51,903)
Gold commodity contracts	0	2,969	0	2,969	41	0
Products trading on stock exchange						
Currency contracts (futures)	365,208	0	0	365,208	5,482	(3,287)
Other similar currency contracts	0	1,500	42,511	44,011	34	(14,600)
Equity/index contracts	**1,705,372**	**1,895,477**	**1,140,395**	**4,741,244**	**63,801**	**(1,017,973)**
OTC products						
Equity-/index-based options – purchased	196,966	365,123	147,191	709,280	51,985	0
Equity-/index-based options – sold	158,758	662,627	454,612	1,275,997	0	(102,847)
Other similar equity/index contracts	29,551	56,699	0	86,250	204	(1,151)
Products trading on stock exchange						
Equity/index futures – forward pricing	626,012	55	0	626,067	1,081	(2,082)
Equity/index futures	517,081	97,421	0	614,503	9,740	(13,463)
Other similar equity/index contracts	177,005	713,552	538,592	1,429,148	791	(898,429)
Commodities	**80,358**	**212,477**	**14,338**	**307,172**	**1,671**	**(103,039)**
Credit derivatives	**57,419**	**1,536,077**	**0**	**1,593,496**	**18,110**	**(17,395)**
Precious metals contracts	**15,103**	**20,422**	**12,158**	**47,682**	**148**	**(24,690)**

(40) Fair value of financial instruments

In the Group fair value is primarily measured based on external data sources (mainly stock exchange prices or broker quotations in highly liquid markets). Financial instruments which are measured using quoted market prices are mainly listed securities and derivatives and also liquid bonds which are traded on OTC markets. These financial instruments are assigned to Level I of the fair value hierarchy.

In the case of a market valuation where the market cannot be considered as an active market because of its restricted liquidity, the underlying financial instrument is assigned to Level II of the fair value hierarchy. If no market prices are available, these financial instruments are measured using valuation models based on observable market data. These observable market data are mainly reproducible yield curves, credit spreads and volatilities. The Group generally uses valuation models which are subject to an internal audit by the Market Risk Committee in order to ensure appropriate measurement parameters.

If fair value cannot be measured using either sufficiently regularly quoted market prices (Level I) or using valuation models which are entirely based on observable market prices (Level II), then individual input parameters which are not observable on the market are estimated using appropriate assumptions. If parameters which are not observable on the market have a significant impact on the measurement of the underlying financial instrument, it is assigned to Level III of the fair value hierarchy. These measurement parameters which are not regularly observable are mainly credit spreads derived from internal estimates.

Assigning certain financial instruments to the level categories requires regular assessment, especially if measurement is based on both observable parameters and also parameters which are not observable on the market. The classification of an instrument can also change over time because of changes in market liquidity and thus price transparency.

Fair value of financial instruments reported at fair value

Bonds are primarily measured using prices that can be realized in the market. If no quotations are available, the securities are measured using the discounted cash flow model. The measurement parameters used here are the yield curve and an adequate credit spread. The credit spread is calculated using comparable financial instruments which are available on the market. For a small part of the portfolio, a conservative approach was selected and credit default spreads were used for measurement. External measurements by third parties are also taken into account, all of which are indicative in nature. Items are assigned to levels at the end of the reporting period.

In the Group, well-known conventional market valuation techniques are used to measure OTC derivatives. For example, interest rate swaps, cross currency swaps or forward rate agreements are measured using the customary discounted cash flow model for these products. OTC options, such as foreign exchange options or caps and floors, are based on valuation models which are in line with market standards. For the products mentioned as examples, these would include the Garman-Kohlhagen model, Black-Scholes 1972 and Black 1976. Complex options are measured using binomial tree models and Monte-Carlo simulations.

To determine the fair value a credit value adjustment (CVA) is also necessary to reflect the counterparty risk associated with OTC derivative transactions, especially of those contractual partners with whom hedging via credit support annexes has not yet been conducted. This amount represents the respective estimated market value of a security which could be used to hedge against the credit risk of the counterparties to the Group's OTC derivative portfolios.

For OTC derivatives, credit value adjustments (CVA) and debit value adjustments (DVA) are used to cover expected losses from credit business. The CVA will depend on the expected future exposure (expected positive exposure) and the probability of default of the contractual partner. The DVA is determined based on the expected negative exposure and on RBI's credit quality. The expected positive exposure is calculated by simulating a large number of scenarios for future points in time, taking into account all available risk factors (e.g. currency and yield curves). OTC derivatives are measured at market values taking into account these scenarios at the respective future points in time and are aggregated at counterparty level in order to then ascertain the expected positive exposure for all points in time. Counterparties with CSA contracts (credit support annex contracts) are taken into account in the calculation. Here, the expected exposures are not calculated directly from simulated market values, but from a future expected change in market values based on a "margin period of risk" of 10 days.

A further element of the CVA involves determining a probability of default for each counterparty. Where direct credit default swap (CDS) quotations are available, the Group calculates the market-based probability of default and, implicitly, the loss-given-default (LGD) for the respective counterparty. The probability of default for counterparties which are not actively traded on the market is calculated by assigning a counterparty's internal rating to a sector and rating-specific CDS curve.

The DVA is determined by the expected negative exposure and by RBI's credit quality and represents the value adjustment for own probability of default. The method of calculation is similar to that for the CVA, but the expected negative market value is used instead of the expected positive market value. Instead of the expected positive exposures, expected negative exposures are calculated from the simulated future aggregated counterparty market values; these represent the expected debt which the Group has to the counterparty at the respective future points in time. Values implied by the market are also used to calculate the own probability of default. Direct CDS quotations are used where available. If no CDS quotation is available, the own probability of default is calculated by assigning the own rating to a sector and rating-specific CDS curve.

A change in the probability of default for the counterparty risk led to a net result of minus € 12,021 thousand (2014: net result of minus € 9,620 thousand) in the interest-based business.

In the following tables, the financial instruments reported at fair value in the statement of financial position are grouped according to items in the statement of financial position and classified according to measurement category. A distinction is made as to whether the measurement is based on quoted market prices (Level I), or whether the valuation models are based on observable market data (Level II) or on parameters which are not observable on the market (Level III). Items are assigned to levels at the end of the reporting period.

	2015			2014		
in € thousand	**Level I**	**Level II**	**Level III**	**Level I**	**Level II**	**Level III**
Trading assets	**2,764,434**	**3,889,826**	**24,214**	**3,138,518**	**5,365,030**	**114,517**
Positive fair values of derivatives[1]	64,453	3,630,168	2,320	158,754	4,938,594	72,603
Shares and other variable-yield securities	202,603	449	237	345,500	2,086	237
Bonds, notes and other fixed-interest securities	2,497,378	259,210	21,657	2,634,264	424,350	41,677
Financial assets at fair value through profit or loss	**2,224,975**	**3,072,102**	**65,955**	**3,434,961**	**332,688**	**86,261**
Shares and other variable-yield securities	2,560	0	1,191	4,042	0	3,702
Bonds, notes and other fixed-interest securities	2,222,415	3,072,102	64,764	3,430,919	332,688	82,559
Financial assets available-for-sale	**2,930,139**	**95,835**	**170,518**	**1,857,262**	**0**	**82,243**
Other interests[2]	1,127	0	89,436	3,477	0	0
Bonds, notes and other fixed-interest securities	2,929,009	95,835	78,586	1,853,178	0	82,242
Shares and other variable-yield securities	3	0	2,496	607	0	1
Derivatives (hedging)	**0**	**709,272**	**0**	**0**	**941,575**	**187**
Positive fair values of derivatives from hedge accounting	0	709,272	0	0	941,575	187

1 Including other derivatives.
2 Includes securities traded on the stock exchange and also shares measured according to income approach.

Level I Quoted market prices
Level II Valuation techniques based on market data
Level III Valuation techniques not based on market data

in € thousand	2015 Level I	Level II	Level III	2014 Level I	Level II	Level III
Trading liabilities	**524,973**	**5,087,363**	**28,683**	**555,458**	**6,872,620**	**26,984**
Negative fair values of derivative financial instruments[1]	161,769	4,309,317	21,614	128,449	6,116,587	19,088
Call/time deposits from trading purposes	0	0	0	0	0	0
Short-selling of trading assets	363,204	90,255	0	427,010	71,062	
Certificates issued	0	687,791	7,068	0	684,972	7,896
Liabilities at fair value through profit and loss	**0**	**1,226,965**	**0**	**0**	**2,595,682**	**0**
Debt securities issued[2]	0	1,226,965	0	0	2,595,682	0
Derivatives (hedging)	**0**	**434,791**	**0**	**0**	**200,549**	**0**
Negative fair values of derivatives from hedge accounting	0	434,791	0	0	200,549	0

1 Including other derivatives.
2 Adaptation of previous year figures.

Level I Quoted market prices
Level II Valuation techniques based on market data
Level III Valuation techniques not based on market data

Movements between Level I and Level II

For each financial instrument, a check is made whether quoted market prices are available on an active market (Level I). For financial instruments where there are no quoted market prices, observable market data such as yield curves are used to calculate fair value (Level II). Reclassification takes place if this estimate changes.

If instruments are reclassified from Level I to Level II, this means that market quotations were previously available for these instruments but are no longer so. These securities are now measured using the discounted cash flow model, using the respective applicable yield curve and the appropriate credit spread.

If instruments are reclassified from Level II to Level I, this means that the measurement results were previously calculated using the discounted cash flow model but that market quotations are now available and can be used for measurement.

The increase in the item bonds and other fixed-income securities shown in Level II of approximately € 2.7 billion mainly resulted from additions during the year.

Movements in Level III of financial instruments at fair value

If at least one significant measurement parameter is not observable on the market, this instrument is assigned to Level III of the fair value hierarchy. The following tables show the changes in the fair value of financial instruments whose valuation models are based on unobservable parameters.

in € thousand	As at 1/1/2015	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	114,517	0	(19,066)	74,821	(160,103)
Financial assets at fair value through profit or loss	86,261	0	(15)	47,921	(97,827)
Financial assets available-for-sale	82,243	0	163	26,155	(19,705)
Derivatives (hedging)	187	0	(41)	0	(2,069)

in € thousand	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 31/12/2015
Trading assets	9,724	(75)	4,396	0	24,214
Financial assets at fair value through profit or loss	27,183	0	2,432	0	65,955
Financial assets available-for-sale	2,143	75,981	3,538	0	170,518
Derivatives (hedging)	(118)	2,041	0	0	0

in € thousand	As at 1/1/2015	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	26,984	0	12	7,516	(5,996)

in € thousand	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 31/12/2015
Trading liabilities	(4,704)	0	5,713	(842)	28,683

In the reporting year, gains resulting from financial instruments of the Level III fair value hierarchy amounted to € 34,227 thousand (2014: € 6,770 thousand).

Qualitative information for the measurement of Level III financial instruments

Financial assets	Type	Fair value in € thousand	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Shares and other variable-yield securities	Closed end real estate fund	237	Net asset value	Haircuts	20 – 50%
Shares and other variable-yield securities	Shares	3,687	Approximation method	–	n. a.
Other investments	Shares	89,436	Gross rental method	Forecasted cash flows	-
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	164,670	Discounted cash flow method	Credit spread	2 – 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	338	Broker estimate	Probability of default Loss severity Expected prepayment rate	n. a.
Positive fair value of banking book derivatives without hedge accounting	Forward foreign exchange contract	2,320	Discounted cash flow method	Interest rate	10 – 30%
Total		**260,688**			

Financial liabilities	Type	Fair value in € thousand	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of banking book derivatives without hedge accounting	OTC options	21,614	Option model	Closing period Currency risk LT volatility Index category	2 – 16% 0 – 5% 0 – 3% 0 – 5%
Issued certificates for trading purposes	Certificates	7,068	Option model	Closing period Bid-Ask spread LT volatility Index category	0 – 3% 0 – 3% 0 – 3% 0 – 2.5%
Total		**28,683**			

Fair value of financial instruments not reported at fair value

Fair values which are different from the carrying amount are calculated for fixed-interest loans and advances to and deposits from banks or customers, if the remaining maturity is more than one year. Variable-interest loans and advances and deposits are taken into account if they have an interest rollover period of more than one year. The fair value of loans and advances is calculated by discounting future cash flows using interest rates at which similar loans and advances with the same maturities could have been granted to customers with similar creditworthiness. Moreover, the specific credit risk and collaterals are considered for the calculation of fair values for loans and advances.

2015 in € thousand	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	13,211,971	0	13,211,971	13,211,971	0
Loans and advances to banks	0	7,526,878	3,279,664	10,806,542	10,717,293	89,249
Loans and advances to customers	0	15,903,839	47,529,702	63,433,541	63,986,146	(552,606)
Financial investments	5,193,682	1,487,619	211,392	6,892,693	6,685,237	207,456
Liabilities						
Deposits from banks	0	13,524,346	2,886,555	16,410,901	16,369,175	41,725
Deposits from customers	0	27,280,163	42,252,466	69,532,630	68,990,887	541,742
Debt securities issued	271,962	4,275,546	1,790,895	6,338,403	6,274,628	63,775
Subordinated capital	0	4,088,325	406,123	4,494,449	4,164,353	330,096

2014 in € thousand	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	6,768,685	0	6,768,685	6,768,685	0
Loans and advances to banks	0	11,068,873	4,503,419	15,572,292	15,458,620	113,671
Loans and advances to customers	0	20,300,351	50,495,181	70,795,532	71,970,803	(1,175,271)
Financial investments	5,033,801	3,404,904	405,597	8,844,302	8,677,949	166,354
Liabilities						
Deposits from banks	0	18,388,452	4,056,535	22,444,987	22,408,371	36,616
Deposits from customers	0	27,069,196	39,288,856	66,358,052	66,094,172	263,880
Debt securities issued	443,875	5,835,125	1,761,006	8,040,006	7,997,387	42,619
Subordinated capital[1]	0	4,238,844	409,948	4,648,792	4,185,108	463,684

1 Adaptation of previous year figures.

(41) Contingent liabilities and commitments

in € thousand	2015	2014
Contingent liabilities	**9,386,509**	**10,037,595**
Acceptances and endorsements	26,180	62,929
Credit guarantees	4,928,800	6,289,555
Other guarantees	2,985,994	2,191,132
Letters of credit (documentary business)	1,237,908	1,396,379
Other contingent liabilities	207,627	97,599
Commitments	**9,980,036**	**10,019,684**
Irrevocable credit lines and stand-by facilities	9,980,036	10,019,684
Up to 1 year	2,894,232	3,000,231
More than 1 year	7,085,805	7,019,453

The following table contains revocable credit lines:

in € thousand	2015	2014
Revocable credit lines	**15,775,452**	**18,268,598**
Up to 1 year	9,581,961	11,952,719
More than 1 year	4,119,528	3,595,965
Without maturity	2,073,964	2,719,913

RBI AG is a member of Raiffeisen-Kundengarantiegemeinschaft Austria. The members of this association have a contractual obligation to guarantee jointly the punctual fulfillment of the entirety of an insolvent association member's commitments arising from customer deposits and its own issues up to the limit of the sum of the individual capacities of the remaining association members. The individual capacity of an association member is measured on the basis of its freely available reserves subject to the pertinent provisions of the Austrian Banking Act (BWG).

Risk report

(42) Risks arising from financial instruments

Active risk management is a core competency of the Group. In order to effectively identify, measure, and manage risks the Group continues to develop its comprehensive risk management system. Risk management is an integral part of overall bank management. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale, and complexity of the business activities and the resulting risks. The risk report describes the principles and organization of risk management and explains the current risk exposures in all material risk categories.

Risk management principles

The Group has a system of risk principles and procedures in place for measuring and monitoring risk, which is aimed at controlling and managing material risks at all banks and specialist companies in the Group. The risk policies and risk management principles are laid out by the Management Board. The principles include the following risk policies:

- Integrated risk management: Credit, country, market, liquidity, and operational risks are managed as key risks on a Group-wide basis. For this purpose, these risks are measured, limited, aggregated, and compared to available risk coverage capital.

- Standardized methodologies: Risk measurement and risk limitation methods are standardized Group-wide in order to ensure a consistent and coherent approach to risk management. This is efficient for the development of risk management methods and it forms the basis for consistent overall bank management across all countries and business lines in RBI.

- Continuous planning: Risk strategies and risk capital are reviewed and approved in the course of the annual budgeting and planning process, whereby special attention is also paid to preventing risk concentrations.

- Independent control: A clear personnel and organizational separation is maintained between business operations and any risk management or risk controlling activities.

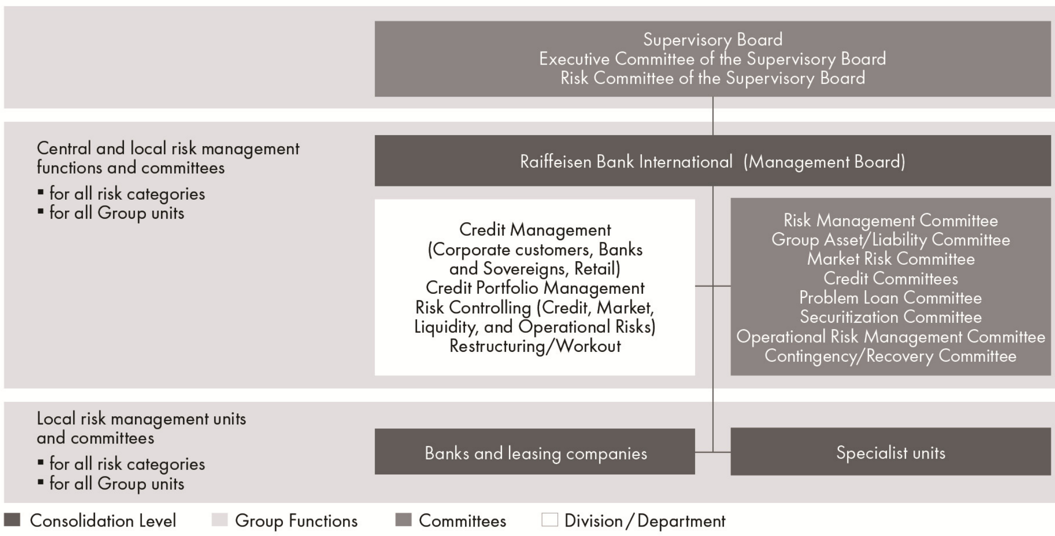
- Ex ante and ex post control: Risks are consistently measured within the scope of product selling and in risk-adjusted performance measurement. Thereby it is ensured that business in general is conducted only under risk-return considerations and that there are no incentives for taking high risks.

Individual risk management units of the Group develop detailed risk strategies, which set more concrete risk targets and specific standards in compliance with these general principles. The overall Group risk strategy is derived from the Group's business strategy and the risk appetite and adds risk relevant aspects to the planned business structure and strategic development. These aspects include for example structural limits and capital ratio targets which have to be met in the budgeting process and in the scope of business decisions. More specific targets for individual risk categories are set in detailed risk strategies. The credit risk strategy of RBI, for instance, sets credit portfolio limits for individual countries and segments and defines the credit approval authority for limit applications.

Organization of risk management

The Management Board of the Group ensures the proper organization and ongoing development of risk management. It decides which procedures are to be employed for identifying, measuring, and monitoring risks, and makes steering decisions according to the risk reports and analyses. The Management Board is supported in undertaking these tasks by independent risk management units and special committees.

Risk management functions are performed on different levels in the Group. RBI AG develops and implements the relevant concepts in coordination with RZB AG as the parent credit institution and in cooperation with the subsidiaries of the Group. The central risk management units are responsible for the adequate and appropriate implementation of the Group's risk management processes. In particular, they establish common Group directives and set business-specific standards, tools, and practices for all Group entities.



In addition, local risk management units are established in the different Group entities of RBI. They implement the risk policies for specific risk types and take active steering decisions within the approved risk budgets in order to achieve the targets set in the business policy. For this purpose, they monitor resulting risks using standardized measurement tools and report them to central risk management units via defined interfaces.

The central Risk Controlling division assumes the independent risk controlling function required by banking law. Its responsibilities include developing the Group-wide framework for overall bank risk management (integrating all risk types) and preparing independent reports on the risk profile for the Risk Committee of the Supervisory Board, the Management Board and the heads of individual business units. It also measures required risk coverage capital for different Group units and calculates the utilization of the allocated risk capital budgets in the internal capital adequacy framework.

Risk committees

The Risk Management Committee is responsible for ongoing development and implementation of methods and parameters for risk quantification and for refining steering instruments. The committee also analyzes the current risk situation with respect to internal capital adequacy and the corresponding risk limits. It approves risk management and controlling activities (such as the allocation of risk capital) and advises the Management Board in these matters.

The Group Asset/Liability Committee assesses and manages statement of financial position structure and liquidity risks and defines the standards for internal funds transfer pricing. In this context it plays an important role for the long-term funding planning and the hedging of structural interest rate and foreign exchange risks.

The Market Risk Committee controls market risks arising from trading and banking book transactions and establishes corresponding limits and processes. In particular, it relies on profit and loss reports, the risks calculated and the limit utilization, as well as the results of scenario analyses and stress tests with respect to market risks.

The Credit Committees are staffed by front office and back office representatives with different participants depending on the customer segment (corporate customers, financial institutions, sovereigns and retail). They decide upon the specific lending criteria for different customer segments and countries and approve all credit decisions concerning them according to the credit approval authority (depending on rating and exposure size).

The Problem Loan Committee is the most important committee in the evaluation and decision-making process concerning problem loans. It comprises primarily decision making authorities; its chairman is the Chief Risk Officer (CRO) of RBI. Further members with voting rights are those members of the Management Board responsible for the customer divisions, the Chief Financial Officer (CFO) and the relevant division and departmental managers from risk management and special exposures management (workout).

The Securitization Committee is the decision-making committee for limit requests in relation to securitization positions within the specific decision-making authority framework and develops proposals for modifications to the securitization strategy for the Management Board. In addition, the Securitization Committee is a platform for exchanging information regarding securitization positions and market developments.

The Operational Risk Management Committee comprises representatives of the business divisions (retail, market and corporate customers) and representatives from Compliance, Fraud Management, Internal Control System, Operations, Human Resources, Security and Risk Controlling, under chairmanship of the CRO. This committee is responsible for controlling the operational risk of the Group. It derives and sets the operational risk strategy based on the risk profile and the business strategy and also makes decisions regarding measures and risk acceptance.

The Contingency/Recovery Committee is a decision-making body convened by the Management Board. The composition of the committee varies depending on the intensity and focus of the specific requirements pertaining to the situation (e.g. capital and/or liquidity). The core task of the committee is to maintain or recover financial stability in accordance with BaSAG (Austrian Bank Recovery and Resolution Act) and BRRD (Banking Recovery and Resolution Directive) in the event of a critical financial situation.

Quality assurance and internal audit

Quality assurance with respect to risk management refers to ensuring the integrity, soundness, and accuracy of processes, models, calculations, and data sources. This is to ensure that the Group adheres to all legal requirements and that it can achieve the highest standards in risk management related operations.

All these aspects are coordinated by the division Organization & Processes which analyzes the internal control system on an ongoing basis and – if actions are necessary for addressing any deficiencies – is also responsible for tracking their implementation.

Two very important functions in assuring independent oversight are performed by the divisions Audit and Compliance. Independent internal auditing is a legal requirement and a central pillar of the internal control system. Audit periodically assesses all business processes and contributes considerably to securing and improving them. It sends its reports directly to the Management Board of the Group which discusses them on a regular basis in its board meetings.

The Compliance Office is responsible for all issues concerning compliance with legal requirements in addition to and as integral part of the internal control system. Thus, compliance with existing regulations in daily operations is monitored.

Moreover, an independent and objective audit, free of potential conflicts of interest, is carried out during the audit of the annual financial statements by the auditing companies. Finally, the Group is continuously supervised by the Austrian Financial Markets Authority and by local supervisors in those countries where the Group is represented by branches or subsidiaries.

Overall group risk management

Maintaining an adequate level of capital is a core objective of the Group. Capital requirements are monitored regularly based on the risk level as measured by internal models, and in choosing appropriate models the materiality of risks annually assessed is taken into account. This concept of overall bank risk management provides for capital requirements from a regulatory point of view (sustainability and going concern perspective) and from an economic point of view (target rating perspective). Thus it covers the quantitative aspects of the internal capital adequacy assessment process (ICAAP) as legally required. The full ICAAP process of the Group is audited during the supervisory review process for RZB credit institution group (RZB-Kreditinstitutsgruppe) on an annual basis.

Objective	Description of risk	Measurement technique	Confidence level
Target rating perspective	Risk of not being able to satisfy claims of the Group´s senior lenders	Unexpected losses on an annual basis (economic capital) must not exceed the present value of equity and subordinated liabilities	99.92 per cent as derived from the default probability implied by the target rating
Going concern perspective	Risk of not meeting the capital requirement as defined in the CRR regulations	Risk-taking capacity (projected earnings plus capital exceeding regulatory requirements) must not fall below the annualized value-at-risk of the Group	95 per cent presuming the owners´ willingness to inject additional capital
Sustainability perspective	Risk of falling short of a sustainable tier 1 ratio over a full business cycle	Capital and net income projection for a three-year planning period based on a severe macroeconomic downturn scenario	70-90 per cent based on the management decision that the Group might be required to temporarily reduce risks or raise additional capital

Target rating perspective

Risks in the target rating perspective are measured based on economic capital which represents a comparable measure across all types of risks. It is calculated as the sum of unexpected losses stemming from different Group units and different risk categories (credit, participation, market, liquidity, macroeconomic and operational risk as well as risk resulting from other tangible fixed assets). In addition, a general buffer for other risk types not explicitly quantified is held.

The objective of calculating economic capital is to determine the amount of capital that would be required for servicing all of the claims of customers and creditors even in the case of such an extremely rare loss event. The Group uses a confidence level of 99.92 per cent for calculating economic capital. This confidence level is derived from the probability of default implied by the target rating. Based on the empirical analysis of rating agencies, the selected confidence level corresponds to a rating of Single A.

During the year, the economic capital of the Group decreased to € 5,459,887 thousand. One of the key drivers was the strong decline in market risk. As at year-end 2014, the extremely high volatility of the Russian rouble and the steep interest rate hike carried out by the Russian Central Bank resulted in an unusual increase in economic capital for market risk. Overall, as at the reporting date, credit risk accounted for 62 per cent (2014: 55 per cent) of economic capital. Additionally, a general buffer for other risks, unchanged at 5 per cent of calculated economic capital, is added. In the regional breakdown of economic capital as at 31 December 2015, the largest share of economic capital, at around 41 per cent (2014: 30 per cent), is allocated to Group units located in Central Europe.

The economic capital is compared to internal capital, which mainly comprises equity and subordinated capital of the Group. This capital form serves as a primary provision for risk coverage for servicing claims of senior lenders if the bank should incur losses. As at year-end 2015, total utilization of available risk capital (the ratio of economic capital to internal capital) amounted to 50.1 per cent (2014: 70.2 per cent).

Economic capital is an important instrument in overall bank risk management. Economic capital limits are allocated to individual business areas during the annual budgeting process and are supplemented for day-to-day management by volume, sensitivity, or value-at-risk limits. In the Group this planning is undertaken on a revolving basis for the upcoming three years and incorporates the future development of economic capital as well as available internal capital. Economic capital thus substantially influences the plans for future lending activities and the overall limit for taking market risks.

Risk-adjusted performance measurement is also based on this risk measure. The profitability of business units is examined in relation to the amount of economic capital attributed to these units (risk-adjusted profit in relation to risk-adjusted capital, RORAC), which yields a comparable performance measure for all business units of the Group. This measure is used in turn as a key figure for overall bank management, for future capital allocations to business units, and influences the remuneration of the Group's executive management.

Risk distribution of individual risk types to economic capital

in € thousand	2015	Share	2014	Share
Credit risk corporate customers	1,596,219	29.2%	1,810,240	24.5%
Credit risk retail customers	1,200,409	22.0%	1,554,750	21.1%
Operational risk	639,280	11.7%	630,248	8.5%
Macroeconomic risk	499,000	9.1%	462,000	6.3%
Credit risk sovereigns	388,328	7.1%	467,630	6.3%
Market risk	322,596	5.9%	1,366,889	18.5%
Other tangible fixed assets	216,179	4.0%	275,492	3.7%
Credit risk banks	171,793	3.1%	194,288	2.6%
Participation risk	108,631	2.0%	129,640	1.8%
Liquidity risk	22,817	0.4%	92,782	1.3%
CVA risk	32,455	0.6%	40,452	0.5%
Risk buffer	259,885	4.8%	351,221	4.8%
Total	**5,457,592**	**100.0%**	**7,375,631**	**100.0%**

Regional allocation of economic capital according to Group booking unit

in € thousand	2015	Share	2014[1]	Share
Central Europe	2,232,544	40.9%	2,236,243	30.3%
Southeastern Europe	1,216,981	22.3%	1,303,650	17.7%
Eastern Europe	931,615	17.1%	2,748,492	37.3%
Austria	1,041,032	19.1%	936,088	12.7%
Rest of World	35,420	0.6%	151,157	2.0%
Total	**5,457,592**	**100.0%**	**7,375,631**	**100.0%**

1 Adaptation of previous year figures due to change in the disclosure of regions.

Going concern perspective

Parallel to the target rating perspective, internal capital adequacy is assessed with focus on the uninterrupted operation of the Group on a going concern basis. In this perspective, risks again are compared to risk taking capacity – with a focus on regulatory capital and total capital requirements.

In line with this target, risk taking capacity is calculated as the amount of expected profits, expected impairment losses, and the excess of total capital (taking into account various limits on eligible capital). This capital amount is compared to the overall value-at-risk (including expected losses). Quantitative models used in the calculation thereof are mostly comparable to the target rating perspective, (albeit on a lower 95 per cent confidence level). Using this perspective the Group ensures adequate regulatory capitalization (going concern) with the given probability.

Sustainability perspective

The main goal of the sustainability perspective is to ensure that the Group can maintain a sufficiently high tier 1 ratio at the end of the multi-year planning period, also in a severe macroeconomic downturn scenario. This analysis is based on a multi-year macroeconomic stress test where hypothetical market developments in a severe but realistic economic downturn scenario are simulated. The risk parameters considered include: interest rates, foreign exchange rates and securities prices, as well as changes in default probabilities and rating migrations in the credit portfolio.

The main focus of this integrated stress test is the resulting tier 1 ratio at the end of the multi-year period. It should not fall below a sustainable level and thus neither require the bank to substantially increase capital nor to significantly reduce business activities. The current minimum amount of tier 1 capital is therefore determined by the size of the potential economic downturn. In this downturn scenario the need for allocating loan loss provisions, potential pro-cyclical effects that increase minimum regulatory capital requirements, the impact of foreign exchange rate fluctuations as well as other valuation and earnings effects are incorporated.

This perspective thus also complements traditional risk measurement based on the value-at-risk concept (which is in general based on historical data). Therefore it can incorporate exceptional market situations that have not been observed in the past and it is possible to estimate the potential impact of such developments. The stress test also allows for analyzing risk concentrations (e.g. individual positions, industries, or geographical regions) and gives insight into the profitability, liquidity situation, and solvency under extreme situations. Based on these analyses risk management in the Group enhances portfolio diversification, for example via limits for the total exposure of individual industry segments and countries and through ongoing updates to its lending standards.

Changes in the regulatory environment

The Bank Recovery and Resolution Directive (BRRD) which already passed on 15 May 2014 constitutes the framework of standardized and harmonized guidelines and instruments for the recovery and the resolution of banks.

The directive provides a three-stage structure:

- Preparation and prevention
- Early intervention – early intervention of supervisory authorities
- Resolution

By the implementation of the BRRD into national law, the previous Bank Intervention and Restructuring Directive (BIRG) expired. The Bank Recovery and Resolution Act (BaSAG) became effective as of 1 January 2015.

The Group recovery and resolution plan established pursuant to the Bank Intervention and Restructuring Act was examined by taking the regulatory changes and harmonized requirements into account. Considering this changes and as part of the continuing development of the Group-wide recovery plan the governance organization was strengthened in case a critical financial situation should occur, and appropriate processes for monitoring the revised resolution indicators were implemented. The recovery plan is consistently supervised by the ECB by means of the Single Supervisory Mechanism (SSM) which became already effective in November 2014.

With regard to the Single Resolution Mechanism (SRM), all 28 EU member states had to establish a national resolution fund (BRRD) as of 1 January 2015. As of 1 January 2016, the national resolution funds of 18 euro-zone states are transferred into a EU standardized resolution fund.

Credit risk

In the Group, credit risk stems mainly from default risks that arise from business with retail and corporate customers, other banks and sovereign borrowers. It is by far the most important risk category in the Group, as also indicated by internal and regulatory capital requirements. Credit risk thus is analyzed and monitored both on an individual loan and customer basis as well as on a portfolio basis in the Group. Credit risk management and lending decisions are based on the respective credit risk policies, credit risk manuals, and the corresponding tools and processes which have been developed for this purpose.

The internal control system for credit risks includes different types of monitoring measures, which are tightly integrated into the workflows to be monitored – from the customer's initial credit application, to the bank's credit approval, and finally to the repayment of the loan.

Limit application process

In the non-retail division, each lending transaction runs through the limit application process beforehand. This process covers – besides new lending – increases in existing limits, rollovers, overdrafts, and changes in the risk profile of a borrower (e.g. with respect to the financial situation of the borrower, the terms and conditions, or collateral) compared to the time of the original lending decision. It is also used when setting counterparty limits in trading and new issuance operations, other credit limits, and for equity participations.

Credit decisions are made within the context of a competence authority hierarchy based on the size and type of a loan. It always requires the approval of the business and the credit risk management divisions for individual limit decisions or when performing regular rating renewals. If the individual decision-making parties disagree, the potential transaction is decided upon by the next higher-ranking credit authority.

The whole limit application process is based on defined uniform principles and rules. Account management for multinational customers doing business simultaneously with more than one RBI Group unit is supported by the Global Account Management System, for example. This is made possible by Group-wide unique customer identification in non-retail asset classes.

The limit application process in the retail division is to a larger extent automated due to the high number of applications and lower exposure amounts. Limit applications often are assessed and approved in central processing centers based on credit score cards. This process is facilitated by the respective IT systems.

Credit portfolio management

Credit portfolio management in the Group is, among other aspects, based on the credit portfolio strategy which is in turn based on the business and risk strategy. By means of the selected strategy, the exposure amount in different countries, industries or product types is limited and thus prevents undesired risk concentrations. Additionally, the long-term potentials of different markets are continuously analyzed. This allows for an early strategic repositioning of future lending activities.

The following table translates items of the statement of financial position (bank and trading book positions) into the maximum credit exposure, which is used in portfolio management. It includes exposures on and off the statement of financial position before the application of credit-conversion factors and thus represents the total credit exposure. It is not reduced by the effects of credit risk mitigation such as guarantees and physical collateral, effects that are, however, considered in the total assessment of credit risks. The total credit exposure is used – if not explicitly stated otherwise – for showing exposures in all subsequent tables in the risk report. The reasons for different values used for internal portfolio management and external financial accounting are the different scope of consolidation (regulatory vs. accounting rules according to IFRS, i.e. corporate legal basis), different classifications and presentation of exposure volumes.

Reconciliation of figures from the IFRS consolidated financial statements to total credit exposure (according to CRR)

in € thousand	2015	2014 restated
Cash reserve	10,716,836	3,743,452
Loans and advances to banks	10,837,209	15,573,241
Loans and advances to customers	69,921,365	77,925,416
Trading assets	5,814,108	7,916,624
Derivatives	1,573,637	1,643,201
Financial investments	14,914,953	14,029,945
Other assets	1,524,458	863,868
Contingent liabilities	9,386,509	10,037,595
Commitments	9,980,036	10,019,684
Revocable credit lines	15,775,452	18,268,598
Disclosure differences	(2,142,269)	(4,782,083)
Total[1]	**148,302,296**	**155,239,541**

1 Items on the statement of financial position containing only credit risk amounts.

A more detailed credit portfolio analysis is based on individual customer ratings. Ratings are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organization unit. Default probabilities assigned to individual rating grades are calculated for each asset class separately. As a consequence the default probability of the same ordinal rating grade (e.g. corporates good credit standing 4, banks A3, and sovereigns A3) is not directly comparable between these asset classes.

Rating models in the main non-retail asset classes – corporates, banks, and sovereigns – are uniform in all Group units and rank creditworthiness in 27 grades for corporate customers and ten grades for banks and sovereigns. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Customer rating, as well as validation is supported by specific software tools (e.g. business valuation tools, rating and default database).

Credit portfolio – Corporates

The internal rating models for corporate customers take into account qualitative parameters, various ratios from the statement of financial position and profit ratios covering different aspects of customer creditworthiness for various industries and countries. In addition, the model for smaller corporates also includes an account behavior component.

The following table shows the total credit exposure according to internal corporate ratings (large corporates and mid-market). For presentation purposes, the individual grades of the rating scale are summarized into the nine main rating grades.

in € thousand		2015	Share	2014	Share
1	Minimal risk	3,544,708	5.3%	4,196,771	5.6%
2	Excellent credit standing	8,535,700	12.8%	10,171,800	13.6%
3	Very good credit standing	8,100,462	12.1%	9,004,402	12.0%
4	Good credit standing	10,176,390	15.3%	10,044,500	13.4%
5	Sound credit standing	11,604,239	17.4%	13,793,753	18.4%
6	Acceptable credit standing	10,139,397	15.2%	11,287,505	15.1%
7	Marginal credit standing	5,663,812	8.5%	5,949,740	7.9%
8	Weak credit standing / sub-standard	2,236,641	3.4%	2,693,793	3.6%
9	Very weak credit standing / doubtful	971,191	1.5%	1,566,013	2.1%
10	Default	5,619,165	8.4%	5,920,901	7.9%
NR	Not rated	109,967	0.2%	213,232	0.3%
Total		**66,701,672**	**100.0%**	**74,842,411**	**100.0%**

The maximum credit exposure to corporates amounted to € 66,701,672 thousand (2014: € 74,842,411 thousand) at year-end 2015. At € 22,578,528 thousand (2014: € 29,194,614 thousand) Group Corporates was the largest segment. Compared to year-end 2014, the segment Group Corporates reported a decline of € 6,616,085 thousand mainly due to a decrease in credit financing, facility financing and letters of credit. In the segment Central Europe, the credit exposure decreased € 3,251,055 thousand to € 12,692,639 thousand mainly due to a decline in credit financing.

The remaining exposure is allocated to Southeastern Europe at € 8,902,131 thousand (2014: € 9,258,938 thousand), Eastern Europe at € 8,380,573 thousand (2014: € 11,304,675 thousand), Non-Core at € 8,230,298 thousand (2014: € 10,060,123 thousand), Group Markets at € 4,528,580 thousand (2014: € 5,540,054 thousand) and Corporate Center at € 1,388,923 thousand (2014: € 1,425,860 thousand). In the segment Eastern Europe, the decrease resulted from facility and credit financing and the devaluation of the Russian rouble.

The credit exposure with good credit standing to minimal risk credit profiles decreased € 3,060,213 thousand representing a share of 45.5 per cent (2014: 44.7 per cent). The share of exposure with marginal credit standing to very weak/doubtful credit profiles decreased from 13.6 per cent (€ 10,209,546 thousand) to 13.3 per cent (€ 8,871,644 thousand). The share of defaulted exposure according to CRR (rating 10) amounted to 8.4 per cent, or € 5,619,165 thousand (2014: € 5,920,901 thousand) of total credit exposure to corporate customers.

The rating model for project finance has five different grades which take both individual default probabilities and collateral into consideration. The project finance volume is composed as shown in the table below:

in € thousand		2015	Share	2014	Share
6.1	Excellent project risk profile – very low risk	3,328,044	44.6%	3,570,635	41.5%
6.2	Good project risk profile – low risk	2,141,404	28.7%	3,100,039	36.0%
6.3	Acceptable project risk profile – average risk	676,171	9.1%	734,303	8.5%
6.4	Poor project risk profile – high risk	414,076	5.5%	486,767	5.7%
6.5	Default	894,909	12.0%	716,876	8.3%
NR	Not rated	11,079	0.1%	0	0.0%
Total		**7,465,684**	**100.0%**	**8,608,620**	**100.0%**

The maximum credit exposure in project finance amounted to € 7,465,684 thousand (2014: € 8,608,620 thousand) at year-end 2015. At 73.3 per cent, projects rated in the two best rating grades, excellent project risk profile – very low risk (rating 6.1) or good project risk profile – low risk (rating 6.2), accounted for the highest share of the portfolio. This reflects mainly the high level of collateralization in specialized lending transactions. The decrease of € 958,635 thousand in rating grade 6.2 mainly resulted from finished project financing in Spain and Russia and rating movements.

The following table provides a breakdown by country of risk of the maximum credit exposure for corporate customers and project finance structured by regions:

in € thousand	2015	Share	2014[1]	Share
Central Europe	21,847,770	29.5%	22,453,416	26.9%
Austria	13,569,205	18.3%	15,942,648	19.1%
Eastern Europe	11,853,513	16.0%	15,553,162	18.6%
Southeastern Europe	10,175,198	13.7%	10,805,202	12.9%
Western Europe	8,871,966	12.0%	9,197,429	11.0%
Asia	3,477,786	4.7%	4,995,490	6.0%
Other	4,371,918	5.9%	4,503,684	5.4%
Total	**74,167,356**	**100.0%**	**83,451,031**	**100.0%**

1 Adaptation of previous year figures due to change in the disclosure of regions.

The decrease of € 2,373,443 thousand in the Austrian region resulted mainly from credit financing. The region Eastern Europe recorded a decrease of 3,699,648 thousand resulting primarily from facility and project financing and letters of credit. The decrease in Asia of € 1,517,704 thousand to € 3,477,786 thousand was due to the changed strategy in Asia. Therefore, China recorded a decrease in facility and project financing and Singapore a decrease in in project financing and letters of credit.

The table below provides a breakdown of the maximum credit exposure for corporates and project finance by industries:

in € thousand	2015	Share	2014	Share
Wholesale and retail trade	16,663,505	22.5%	19,367,208	23.2%
Manufacturing	16,549,985	22.3%	18,111,708	21.7%
Financial intermediation	8,442,822	11.4%	9,786,037	11.7%
Real estate	8,068,568	10.9%	9,611,862	11.5%
Construction	5,433,897	7.3%	5,472,656	6.6%
Freelance/technical services	3,889,197	5.2%	4,389,583	5.3%
Electricity, gas, steam and hot water supply	3,537,102	4.8%	3,236,002	3.9%
Transport, storage and communication	3,302,330	4.5%	3,612,697	4.3%
Other industries	8,279,950	11.2%	9,863,278	11.8%
Total	**74,167,356**	**100.0%**	**83,451,031**	**100.0%**

Credit portfolio – Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SME). For retail customers a two-fold scoring system is used – consisting of the initial and ad-hoc scoring based on customer data and of the behavioral scoring based on account data. The table below provides a breakdown of the maximum retail credit exposure of the Group:

in € thousand	2015	Share	2014	Share
Retail customers – private individuals	24,618,945	88.4%	25,273,277	88.3%
Retail customers – small and medium-sized entities	3,225,167	11.6%	3,347,157	11.7%
Total	**27,844,112**	**100.0%**	**28,620,435**	**100.0%**
hereof non-performing loans	2,282,662	8.2%	2,621,710	9.2%
hereof individual loan loss provision	1,669,456	6.0%	1,863,657	6.5%
hereof portfolio-based loan loss provision	206,761	0.7%	201,874	0.7%

The total credit exposure of retail customers breaks down by Group segments as follows:

2015 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Non-Core	Group Markets
Retail customers – private individuals	8,362,152	6,892,493	3,411,455	5,939,594	13,251
Retail customers – small and medium-sized entities	1,095,471	902,940	446,912	778,107	1,736
Total	**9,457,623**	**7,795,433**	**3,858,367**	**6,717,702**	**14,987**
hereof non-performing loans	423,890	546,889	900,920	410,962	0
hereof individual loan loss provision	268,798	319,446	805,949	232,657	60
hereof portfolio-based loan loss provision	79,524	51,134	48,359	23,328	0

2014[1] in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Non-Core	Group Markets
Retail customers – private individuals	8,296,901	7,051,272	4,331,976	5,580,875	12,254
Retail customers – small and medium-sized entities	1,099,363	934,313	573,999	739,482	0
Total	**9,396,264**	**7,985,585**	**4,905,975**	**6,320,356**	**12,254**
hereof non-performing loans	750,944	568,810	815,259	486,697	0
hereof individual loan loss provision	541,120	358,846	701,327	232,769	75
hereof portfolio-based loan loss provision	62,314	34,259	65,717	34,892	0

1 Adaptation of previous year figures due to change in segments.

Compared to year-end 2014, the retail credit portfolio decreased € 776,332 thousand to € 27,844,112 thousand. The highest volume of € 9,457,623 thousand (2014: € 9,396,264 thousand) was shown in the segment Central Europe. Compared to year-end 2014, this was an increase of € 61.359 thousand, mainly caused by a rise in loans to private individuals in Slovakia, while Hungary showed a strong decrease due to execution of Settlement Act. The second largest segment was Southeastern Europe at € 7,795,433 thousand (2014: € 7,985,585 thousand). Compared to the previous year, the exposure decreased € 190,152 thousand. This was mainly due to a decrease in Bulgaria. Compared to year-end 2014, the segment Non-Core reported an increase of € 397,346 thousand mainly resulting from increased credit exposure in Poland due to the development of the Swiss franc.

The segment Eastern Europe showed a decrease of € 1,047,608 thousand to € 3,858,367 thousand. This mainly derived from decreased credit exposure in Russia due to the exit of the car loan business and the business in the eastern part of the country, as well as the devaluation of the Russian rouble, Belarus rouble and Ukrainian hryvnia.

In the table below the retail maximum credit exposure by products is shown:

in € thousand	2015	Share	2014	Share
Mortgage loans	14,977,762	53.8%	14,805,856	51.7%
Personal loans	5,945,319	21.4%	6,375,652	22.3%
Credit cards	2,441,433	8.8%	2,551,336	8.9%
Car loans	1,251,341	4.5%	1,562,899	5.5%
Overdraft	1,699,054	6.1%	1,781,552	6.2%
SME financing	1,529,203	5.5%	1,543,139	5.4%
Total	**27,844,112**	**100.0%**	**28,620,435**	**100.0%**

Car loans decreased € 311,558 thousand to € 1,251,341 thousand, as no new financing in this area was undertaken in Russia as a result of the strategy review. Also other segments recorded significant declines in this product category due to changes in business strategy.

2015 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Non-Core	Group Markets
Mortgage loans	6,616,952	2,403,254	1,317,397	4,640,159	0
Personal loans	865,823	3,270,247	1,266,241	532,725	10,284
Credit cards	494,547	882,014	765,571	296,140	3,162
Car loans	119,612	140,932	338,589	652,207	0
Overdraft	842,337	375,491	28,456	452,090	680
SME financing	518,353	723,495	142,113	144,381	861
Total	**9,457,623**	**7,795,433**	**3,858,367**	**6,717,702**	**14,987**

2014[1] in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Non-Core	Group Markets
Mortgage loans	6,318,205	2,454,313	1,430,394	4,435,588	0
Personal loans	849,848	3,053,381	1,724,140	440,183	8,100
Credit cards	478,123	862,362	898,145	310,307	2,399
Car loans	438,976	529,276	634,985	497,175	0
Overdraft	892,255	393,160	40,744	454,732	661
SME financing	418,857	693,092	177,566	182,371	1,095
Total	**9,396,264**	**7,985,585**	**4,905,975**	**6,320,356**	**12,254**

1 Adaptation of previous year figures due to change in segments.

The share of foreign currency loans in the retail portfolio provides an indication of the potential change in default rates if the exchange rate of the domestic currency changes. The internal risk assessment thus takes into account the share of foreign currency loans but also the usually stricter lending criteria when granting the loan and – in several countries – the customers' matching foreign currency income.

in € thousand	2015	Share	2014	Share
Swiss franc	3,585,047	44.8%	4,229,215	47.0%
Euro	3,617,077	45.2%	3,904,712	43.4%
US-Dollar	794,474	9.9%	862,801	9.6%
Other foreign currencies	3,290	0.0%	10,406	0.1%
Loans in foreign currencies	**7,999,889**	**100.0%**	**9,007,134**	**100.0%**
Share of total loans	**28.7%**		**31.5%**	

Compared to year-end 2014, loans denominated in Swiss francs, US dollars and euros decreased. The decrease in foreign currency loans denominated in Swiss francs was mainly due to loan conversion into Hungarian forint as result of the Settlement Act in Hungary. In contrast, the credit exposure increased due to appreciation of the US dollar and Swiss franc.

The following table shows the maximum credit exposure of this asset class by segment:

2015 in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Non-Core	Group Markets
Swiss franc	6,011	642,205	0	2,936,397	434
Euro	19,093	2,575,930	31,750	990,304	0
US-Dollar	3,301	4,377	780,855	4,392	1,550
Other foreign currencies	410	1,350	277	676	578
Loans in foreign currencies	**28,815**	**3,223,861**	**812,883**	**3,931,768**	**2,562**
Share of total loans	**0.3%**	**41.4%**	**21.1%**	**58.5%**	**17.1%**

2014[1] in € thousand	Central Europe	Southeastern Europe	Eastern Europe	Non-Core	Group Markets
Swiss franc	759,153	669,504	0	2,800,168	390
Euro	56,714	2,756,085	45,881	1,046,032	0
US-Dollar	5,532	4,036	848,011	3,987	1,235
Other foreign currencies	2,367	86	807	427	6,720
Loans in foreign currencies	**823,766**	**3,429,711**	**894,699**	**3,850,614**	**8,345**
Share of total loans	**8.8%**	**42.9%**	**18.2%**	**60.9%**	**68.1%**

1 Adaptation of previous year figurs due to change in segments.

Credit portfolio – Banks

The banks asset class mainly contains banks and securities firms. The internal rating model for these institutions is based on a peer-group approach that takes both qualitative and quantitative information into account. The final rating for banks is capped by the country rating of the respective home country.

The following table provides a breakdown of maximum credit exposure by country of risk grouped into regions:

in € thousand	2015	Share	2014	Share
Western Europe	7,359,597	43.3%	11,005,980	51.4%
Austria	5,600,117	32.9%	5,398,460	25.2%
Asia	1,232,447	7.3%	1,716,195	8.0%
Eastern Europe	1,003,535	5.9%	1,443,455	6.7%
Central Europe	557,041	3.3%	484,963	2.3%
Southeastern Europe	109,638	0.6%	146,353	0.7%
Other	1,134,160	6.7%	1,218,603	5.7%
Total	**16,996,536**	**100.0%**	**21,414,009**	**100.0%**

The following table shows the maximum credit exposure by internal rating for banks. Due to the small number of customers (and number of defaults respectively), default probabilities of individual rating grades in this asset class are estimated based on a combination of internal and external data.

in € thousand		2015	Share	2014	Share
A1	Excellent credit standing	0	0.0%	0	0.0%
A2	Very good credit standing	1,853,562	10.9%	1,487,147	6.9%
A3	Good credit standing	1,802,532	10.6%	7,927,599	37.0%
B1	Sound credit standing	9,294,803	54.7%	6,364,419	29.7%
B2	Average credit standing	1,115,254	6.6%	2,747,667	12.8%
B3	Mediocre credit standing	1,033,347	6.1%	1,260,735	5.9%
B4	Weak credit standing	1,320,815	7.8%	521,324	2.4%
B5	Very weak credit standing	277,171	1.6%	339,013	1.6%
C	Doubtful/high default risk	158,099	0.9%	123,653	0.6%
D	Default	137,493	0.8%	194,061	0.9%
NR	Not rated	3,459	0.0%	448,390	2.1%
Total		**16,996,536**	**100.0%**	**21,414,009**	**100.0%**

The maximum credit exposure to banks amounted to € 16,996,536 thousand (2014: € 21,414,009 thousand) at year-end 2015. At € 9,294,803 thousand or 54.7 per cent, the bulk of this customer group was in the rating grade B1, which increased € 2,930,384 thousand compared to year-end 2014. This resulted mainly from a rating downgrade of domestic banks from A3 to B1. Compared to year-end 2014, the rating grade A3 showed the largest decrease of € 6,125,067 thousand. The increase in rating grade B4 mainly resulted from a rating downgrade of banks in Turkey from B3 to B4.

Taking all rating grades together, the segment Group Markets accounted for the largest portfolio share at € 12,398,189 thousand (2014: € 16,628,085 thousand) or 72.9 per cent, followed by the segment Southeastern Europa at € 1,363,952 thousand (2014: € 1,337,205 thousand) or 8.0 per cent and Eastern Europe at € 1,066,124 thousand (2014: € 1,148,885 thousand) or 6.3 per cent.

Time deposits, securities lending business, potential future exposures from derivatives, sight deposits, and bonds are the main product categories in this asset class. These exposures therefore have high collateralization grades (e.g. in securities lending business or through netting agreements) depending on the type of product.

The Group continues to reduce the unsecured exposure in this asset class according to its strategy. New business in this asset class thus mainly stems from counterparty credit exposure from derivatives and short-term money market deposits. Credit business with other banks in the Austrian Raiffeisen Banking Group which are participating in a joint risk monitoring system is not restricted.

The table below shows the maximum credit exposure to banks (excluding central banks) by products:

in € thousand	2015	Share	2014	Share
Loans	4,728,489	27.8%	5,219,417	24.4%
Derivatives	3,885,666	22.9%	5,300,585	24.8%
Money market	3,067,019	18.0%	2,834,686	13.2%
Bonds	2,895,266	17.0%	2,472,539	11.5%
Repo	1,157,084	6.8%	4,149,703	19.4%
Other	1,263,013	7.4%	1,437,079	6.7%
Total	**16,996,536**	**100.0%**	**21,414,009**	**100.0%**

Credit exposure – Sovereigns

Another asset class is formed by central governments, central banks, and regional municipalities as well as other public sector entities. The table below provides a breakdown of the credit exposure to sovereigns (including central banks) by internal rating. Since defaults in this asset class are historically very rare, default probabilities are estimated using full data sets provided by external rating agencies.

in € thousand		2015	Share	06.07.1905	Share
A1	Excellent credit standing	8,322,919	28.4%	3,650,552	16.8%
A2	Very good credit standing	891,918	3.0%	1,405,760	6.5%
A3	Good credit standing	4,564,252	15.6%	3,629,243	16.7%
B1	Sound credit standing	4,206,332	14.4%	2,985,661	13.7%
B2	Average credit standing	3,117,402	10.6%	3,276,223	15.1%
B3	Mediocre credit standing	2,636,501	9.0%	1,700,302	7.8%
B4	Weak credit standing	4,178,438	14.3%	3,951,754	18.2%
B5	Very weak credit standing	720,668	2.5%	879,996	4.0%
C	Doubtful/high default risk	618,117	2.1%	272,248	1.3%
D	Default	3,305	0.0%	229	0.0%
NR	Not rated	34,439	0.1%	2,098	0.0%
Total		**29,294,291**	**100.0%**	**21,754,066**	**100.0%**

The maximum credit exposure to sovereigns amounted to € 29,294,291 thousand (2014: € 21,754,066 thousand) at year-end 2015. It accounted for 19.8 per cent (2014: 14.0 per cent) of the total credit exposure.

The rating grade excellent credit standing (rating A1) showed an increase of € 4,672,367 thousand. This mainly resulted from the rise in short-term deposits at the Austrian National Bank (up € 4,541,930 thousand), while the portfolio of Austrian and Netherland government bonds decreased (down € € 427.642 thousand). The decrease in rating grade A2 very good credit standing was mainly due to the decline in bonds of the Republic of France and the Central Bank of Singapore.

The medium rating grades good credit standing (rating A3) to mediocre credit standing (rating B3) represented the highest share at 49.6 per cent (2014: 53.3 per cent). The high exposure in the medium rating grades resulted amongst other factors from deposits of network banks in Central and Southeastern Europe and in the segment Non-Core at their local central banks. The deposits at local central banks are mandatory for meeting the respective minimum reserve requirements or used in order to manage excess liquidity on a short-term basis and therefore are intrinsically linked to the banking business in these countries. Furthermore, this high exposure also derived from bonds of central banks and central governments in Central and Southeastern Europe and in the Non-Core segment. The increase in rating grade B1 mainly resulted from an increase in the portfolio of Polish state bonds and bonds of the Polish Central Bank. The decline in rating grade B2 was mainly due to a rating downgrade of Russia from B2 to B3. In contrast, the volume of Romanian state bonds increased. Besides the rating downgrade of Russia the increased minimum reserve requirement in Bulgaria also led to an increase in rating grade B3. However, Slovenia recorded a rating upgrade from B3 to B2 at year-end 2015. The rating grades B4 and B5 accounted for € € 4,899,106 thousand, or 16.8 per cent, of total credit exposure. The credit exposure in rating grade C increased due to a rating downgrade of Ukraine from B5 to C.

The table below shows the credit exposure to sovereigns (including central banks) by products:

in € thousand	2015	Share	06.07.1905	Share
Bonds	14,448,094	49.3%	14,249,383	65.5%
Loans	14,089,281	48.1%	5,995,954	27.6%
Derivatives	718,848	2.5%	790,564	3.6%
Other	38,068	0.1%	718,166	3.3%
Total	**29,294,291**	**100%**	**21,754,066**	**100.0%**

The table below shows the credit exposure to sovereigns in non-investment grade (rating B3 and below):

in € thousand	2015	Share	2014[1]	Share
Hungary	2,624,900	32.0%	2,646,246	38.9%
Croatia	994,753	12.1%	894,450	13.1%
Bulgaria	942,536	11.5%	395,204	5.8%
Albania	856,583	10.5%	743,743	10.9%
Russia	604,315	7.4%	-	-
Serbia	503,747	6.1%	310,056	4.6%
Bosnia and Herzegovina	477,723	5.8%	432,491	6.4%
Ukraine	396,901	4.8%	267,167	3.9%
Belarus	210,800	2.6%	242,724	3.6%
Vietnam	160,226	2.0%	173,950	2.6%
Other	418,987	5.1%	700,595	10.3%
Total	**8,191,468**	**100.0%**	**6,806,627**	**100.0%**

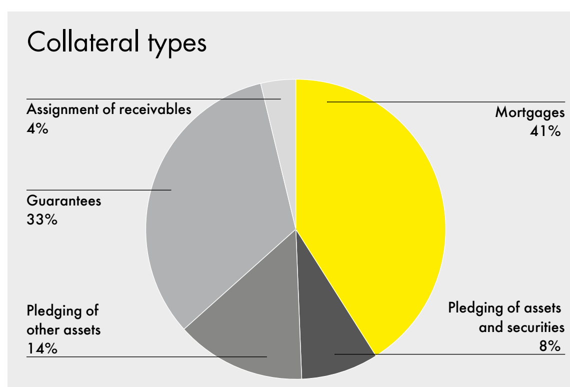
1 Separate presentation of Slovenia in previous year. Due to rating upgrade of Slovenia to B2, reclassification to Other.

Compared to year-end 2014, the credit exposure to sovereigns in non-investment grade increased € 1,384,841 thousand to € 8,191,468 thousand. This increase resulted primarily from a rating downgrade of Russia from B2 to B3 and an increase of the minimum reserve requirement at the Bulgarian National Bank.

The credit exposure mainly resulted from deposits of Group units with the local central banks in Central and Southeastern Europe. They are used for meeting the respective minimum reserve requirements and for managing the short-term investment of excess liquidity, and are therefore inextricably linked to the business activities in these countries.

Credit risk mitigation

Collateralization is one of the main strategies and an actively pursued measure for reducing potential credit risks. The value of collateral and the effect of other risk mitigation techniques are determined within each limit application. The risk mitigation effect taken into account is the value that the Group expects to receive when selling the collateral within a reasonable liquidation period. Eligible collaterals are defined in the Group's collateral catalog and corresponding evaluation guidelines for collateral. The collateral value is calculated according to specified methods which include standardized calculation formulas based on market values, predefined discounts, and expert assessments.



Collateral is divided into pledges (e.g. guarantees) and physical collateral. In the Group liens on residential or commercial properties are the main types of collateral used.

Loans and advances to banks and customers net of allocated loan loss provisions (net exposure), the additional exposure off the statement of financial position (contingent liabilities, commitments, and revocable credit lines), and the market prices (fair value) of collateral pledged in favor of the Group are shown in the following table:

2015 in € thousand	Maximum credit exposure Net exposure	Commitments/guarantees issued	Fair value of collateral
Banks	10,717,293	1,982,693	1,932,954
Sovereigns	809,033	436,169	421,672
Corporate customers – large corporates	37,906,937	28,329,257	25,366,407
Corporate customers – mid market	2,497,289	1,041,942	2,082,505
Retail customers – private individuals	20,294,767	2,858,860	12,408,275
Retail customers – small and medium-sized entities	2,478,120	495,495	1,843,926
Total	**74,703,439**	**35,144,417**	**44,055,739**

2014[1] in € thousand	Maximum credit exposure Net exposure	Commitments/guarantees issued	Fair value of collateral
Banks	15,458,620	3,323,781	6,145,199
Sovereigns	1,450,376	389,445	550,496
Corporate customers – large corporates	44,998,767	30,267,358	28,387,583
Corporate customers – mid market	2,652,323	954,806	2,200,169
Retail customers – private individuals	20,506,011	2,876,746	12,239,999
Retail customers – small and medium-sized entities	2,363,326	514,639	1,697,514
Total	**87,429,423**	**38,326,775**	**51,220,960**

1 Adaptation of previous year figures.

Problem loan management

The credit portfolio and individual borrowers are subject to ongoing monitoring. The main purpose of monitoring is to ensure that the borrower meets the terms and conditions of the contract, as well as following the obligor's economic development. Such a review is conducted at least once annually in the non-retail asset classes corporates, banks, and sovereigns. This includes a rating review and the re-evaluation of financial and tangible collateral.

Problem loans (where debtors might run into material financial difficulties or a delayed payment is expected) need special treatment. In non-retail divisions, problem loan committees in individual Group units make decisions on problematic exposures. If the need for intensified treatment and workout is identified, then problem loans are assigned either to a designated specialist or to a restructuring unit (workout department). Employees of the workout units are specially trained and have extensive experience. They typically handle medium-sized to large cases and are assisted by in-house legal departments or by external specialists as well. Workout units play a decisive role in accounting and analyzing as well as booking provisions for impairment losses (write-offs, value adjustments or provisioning). Their early involvement can help reduce losses resulting from problem loans.

Problem loan management standards in the retail area comprise the whole restructuring and collection process for private individuals and small and medium-sized entities. A restructuring guideline defines the Group's restructuring framework including uniform strategy, organization, methods, monitoring and controlling. In the workout process customers are classified into three categories "early," "late," and "recovery," for which a standardized customer handling process is defined.

The assessment of the expected recovery value is heavily influenced by the number of days payments are late. The following table shows the amount of overdue – not impaired – loans and advances to banks and customers for different time bands.

2015 in € thousand	Current	Overdue Up to 30 days	31 days, up to 90 days	91 days, up to 180 days	181 days, up to 1 year	More than 1 year	Collateral received for assets which are past due
Banks	10,716,548	0	1	0	0	3	0
Sovereigns	767,530	39,022	46	0	1	17	1,682
Corporate customers – large corporates	35,237,668	755,943	60,644	13,381	43,044	16,969	588,469
Corporate customers – mid market	2,322,891	62,904	13,325	3,243	1,867	5,481	70,091
Retail customers – private individuals	18,199,971	1,421,837	297,556	101,251	19,170	27,843	697,654
Retail customers – small and medium-sized entities	2,102,777	215,296	44,729	8,927	2,822	3,727	213,588
Total	**69,347,384**	**2,495,002**	**416,300**	**126,803**	**66,904**	**54,041**	**1,571,484**

2014 restated in € thousand	Current	Overdue Up to 30 days	31 days, up to 90 days	91 days, up to 180 days	181 days, up to 1 year	More than 1 year	Collateral received for assets which are past due
Banks	15,439,767	455	181	7	0	4,452	0
Sovereigns	1,437,862	11,316	1,343	277	4	2	543
Corporate customers – large corporates	41,599,798	930,349	123,330	35,467	6,110	59,029	519,326
Corporate customers – mid market	2,385,485	78,235	21,324	7,606	2,493	6,112	90,908
Retail customers – private individuals	18,190,088	1,464,584	338,323	123,407	22,096	11,310	1,033,029
Retail customers – small and medium-sized entities	1,979,271	211,737	53,479	12,225	7,157	18,519	264,611
Total	**81,032,271**	**2,696,676**	**537,981**	**178,990**	**37,860**	**99,425**	**1,908,417**

Non-performing exposure (NPE)

This section refers exclusively to exposure without grounds for default according to Article 178 CRR. In the corporate division, when loan terms or conditions are altered in favor of the customer, the Group distinguishes between modified and forborne loans according to the applicable definition of the EBA document "Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures)".

The crucial aspect in deciding whether a loan is forborne is the financial situation of a customer at the time the terms and conditions are altered. Loans are defined as forborne loans if at the time of altering the terms and conditions of a loan the customer, due to its creditworthiness (considering the internal rating and other information available at this point in time), is assessed to be in financial difficulties and the modification is assessed as a concession. If such a modification for a loan previously considered as non-performing is carried out, then the loan is assessed as non-performing exposure independent of whether a reason for default according to Article 178 CRR exists. The classification as forborne/NPE does not lead to an individual loan loss provision; this is based on the default definition of CRD IV/CRR.

In the division retail customers restructured loans are subject to an observation period of at least three months in order to be sure that the customer meets the newly agreed terms. In those cases where the customer concerned meets the newly agreed terms and credit exposure was not overdue for 180 days before the new agreement, it is transferred from the portfolio in observation to the living portfolio. Those credit exposures already overdue for 180 days before the new agreements or those customers who did not meet the newly agreed terms remain in the portfolio which is fully impaired.

As of 18 March 2015, an amended definition of non-performing exposure was published on the EBA homepage (Article 179). This amendment led to a considerable decline of the non-performing exposure according to CRR/CRD IV definition. Only those exposures which were classified as non-performing loans in the past, but recovered in the meantime, are automatically classified as non-performing exposure due to a repeated restructuring. Exposures not classified as non-performing loans in the past are to be re-assessed in the course of a further restructuring and are not automatically classified as non-performing exposure. This explains the strong decrease compared to year-end 2014.

The following table shows the non-performing exposure according to segments:

in € thousand	2015	Share	2014	Share
Central Europe	56,706	15%	266,034	25%
Southeastern Europe	118,883	31%	253,075	24%
Eastern Europe	67,729	18%	155,484	15%
Group Corporates	87,150	23%	274,564	26%
Group Markets	0	0%	0	0%
Corporate Center	0	0%	4,121	0%
Non-Core	52,594	14%	108,436	10%
Total	**383,061**	**100%**	**1,061,713**	**100%**
hereof non-banks	383,061	100%	1,061,089	100%

The following table shows the non-performing exposure according to asset classes:

in € thousand	Refinancing 2015	Refinancing 2014	Instruments with modified time and modified conditions 2015	Instruments with modified time and modified conditions 2014	NPE total 2015	NPE total 2014
Corporate customers	15,357	16,491	159,044	762,008	174,402	778,499
Retail customers	28,933	38,156	179,726	244,434	208,659	282,590
Banks	0	0	0	624	0	624
Total	**44,291**	**54,647**	**338,771**	**1,007,067**	**383,061**	**1,061,713**

In the Group, the regulations for forbearance pursuant to EBA/ITS/2013/02 from 21 October 2013 (final EBA draft of ITS for the regulatory reporting for forbearance and non-performing loans pursuant to Article 99/4, number 575/2013 CRR) are implemented. The first-time reporting to the Authority was carried out in the course of FINREP reporting in the third quarter 2014. For non-retail customers, financial difficulties are measured by means of an internal early warning system which is based on numerous representative and accepted input factors for customer risk classification (e.g. overdue days, rating downgrade etc.). IAS 39 requires that impairments must be derived from an incurred loss event; defaults according to Article 178 CRR are still the main indicators for individual and portfolio-based loan loss provisions. The transfer of forborne exposure to the living portfolio is not automatically carried out after the determined monitoring period. Additionally, expertise has to be obtained confirming that the circumstances of the customers concerned have improved.

Non-performing loans (NPL) and provisioning

A default and thus a non-performing loan (NPL) is according to Article 178 CRR defined as the event where a specific debtor becomes unlikely to pay its credit obligations to the bank in full, or the debtor is overdue at least 90 days on any material credit obligation. The Group has defined twelve default indicators which are used to identify a default event in the non-retail segment. These include the insolvency or similar proceedings of a customer, if an impairment provision has been allocated or a direct write-off has been carried out, if credit risk management has judged a customer account receivable to be not wholly recoverable, or the workout unit is considering stepping in to help a company restore its financial soundness.

Within the Group a Group-wide default database is used for collecting and documenting customer defaults. The database tracks defaults and the reasons for defaults, which enables the calculation and validation of default probabilities.

Provisions for impairment losses are formed on the basis of Group-wide standards according to IFRS accounting principles and cover all identifiable credit risks. In the non-retail segments, problem loan committees from each Group unit decide on allocating individual loan loss provisions. In the retail area, provisioning is determined by retail risk departments in individual Group units. They compute loan loss provisions according to defined calculation methods on a monthly basis. The provisioning amount is then approved by local accounting departments.

The following table shows the development of non-performing loans in the defined asset classes loans and advances to banks and loans and advances to customers as reported in the statement of financial position (excluding items off the statement of financial position):

in € thousand	As at 1/1/2015 restated	Change in consolidated group/ Exchange differences	Additions	Disposals	As at 31/12/2015
Corporate customers	6,264,985	109,313	1,463,302	(1,786,257)	6,051,344
Retail customers	2,610,770	102,651	515,840	(955,747)	2,273,515
Sovereigns	229	22	3,305	(251)	3,305
Total non-banks	**8,875,984**	**211,987**	**1,982,447**	**(2,742,255)**	**8,328,164**
Banks	129,909	4,837	0	(7,250)	127,496
Total	**9,005,894**	**216,824**	**1,982,447**	**(2,749,505)**	**8,455,659**

in € thousand	As at 1/1/2014	Change in consolidated group/ Exchange differences	Additions/disposals	As at 31/12/2014 restated
Corporate customers	5,706,711	(409,313)	967,587	6,264,985
Retail customers	2,921,588	(367,143)	56,326	2,610,770
Sovereigns	29,122	(1,707)	(27,185)	229
Total non-banks	**8,657,421**	**(778,164)**	**996,727**	**8,875,984**
Banks	153,469	(397)	(23,163)	129,909
Total	**8,810,890**	**(778,560)**	**973,564**	**9,005,894**

The following table shows the share of non-performing loans (NPL) in the defined asset classes loans and advances to customers and loans and advances to banks as reported in the statement of financial position (excluding items off the statement of financial position):

	NPL		NPL ratio		NPL coverage ratio	
in € thousand	2015	2014 restated	2015	2014 restated	2015	2014 restated
Corporate customers	6,051,344	6,264,985	12.5%	12.2%	68.1%	62.6%
Retail customers	2,273,515	2,610,770	9.2%	10.5%	80.0%	79.1%
Sovereigns	3,305	229	0.8%	0.0%	129.8%	344.1%
Total non-banks	**8,328,164**	**8,875,984**	**11.9%**	**11.4%**	**71.3%**	**67.5%**
Banks	127,496	129,909	0.7%	0.8%	94.1%	88.2%
Total	**8,455,659**	**9,005,894**	**10.5%**	**9.6%**	**71.6%**	**67.8%**

The following table shows the share of non-performing loans in the defined asset classes loans and advances to customers and loans and advances to banks as reported in the statement of financial position (excluding items off the statement of financial position) according to segments:

	NPL		NPL ratio		NPL coverage ratio	
in € thousand	2015	2014 restated	2015	2014 restated	2015	2014 restated
Central Europe	1,331,017	1,931,480	6.4%	9.0%	75.3%	73.6%
Southeastern Europe	1,587,178	1,769,536	10.7%	11.6%	71.6%	66.5%
Eastern Europe	1,902,359	1,763,773	15.1%	12.6%	86.4%	83.4%
Group Corporates	1,268,433	1,239,964	9.1%	7.6%	56.7%	65.7%
Group Markets	415,090	395,283	5.7%	3.9%	82.0%	79.7%
Corporate Center	48,703	37,907	0.6%	0.8%	78.9%	52.1%
Non-Core	1,902,879	1,867,951	14.1%	10.5%	62.4%	47.6%
Total	**8,455,659**	**9,005,894**	**10.5%**	**9.6%**	**71.6%**	**67.8%**
hereof non-banks	8,328,164	8,875,984	11.9%	11.4%	71.3%	67.5%

In 2015, in the asset class corporate customers, non-performing loans decreased € 213,641 thousand to € 6,051,344 thousand (2014: € 6,264,985 thousand). The ratio of non-performing loans to credit exposure rose 0.3 percentage points to 12.5 per cent, partly due to the strongly decreased credit exposure. The NPL coverage ratio increased 5.5 percentage points to 68.1 per cent. In the retail portfolio, non-performing loans sank 12.9 per cent, or € 337,256 thousand, to € 2,273,515 thousand (2014: € 2,610,770 thousand) resulting mainly from the Settlement Act in Hungary. The ratio of non-performing loans to credit exposure decreased 1.3 percentage points to 9.2 per cent, the NPL coverage ratio increased 1.0 percentage point to 80.0 per cent. The portfolio of non-performing loans in the division banks decreased € 2,413 thousand to € 127,496 thousand (2014: € 129,909 thousand) at year-end, the NPL coverage ratio increased 5.9 percentage points to 94.1 per cent.

Non-performing loans decreased significantly in the segment Central Europe by 31.1 per cent, or € 600,463 thousand, to € 1,331,017 thousand (2014: € 1,931,480 thousand) due to the Settlement Act in Hungary. The ratio of non-performing loans to credit exposure sank 2.6 percentage points to 6.4 per cent, the NPL coverage ratio increased 1.7 percentage points to 75.3 per cent. In the segment Southeastern Europe, non-performing loans declined 10.3 per cent, or € 182,358 thousand, to € 1.587.178 thousand (2014: € 1,769,536 thousand). Non-performing loans in Romania and Bulgaria decreased, while those in Croatia increased. The ratio of non-performing loans to credit exposure declined 0.9 percentage points to 10.7 per cent, the NPL coverage ratio increased 5.1 percentage points to 71.6 per cent. In the segment Eastern Europe, non-performing loans increased 7.9 per cent, or € 138,585 thousand, to € 1,902,359 thousand (2014: € 1,763,773 thousand), mainly resulting from Russia and Ukraine. The ratio of non-performing loans to credit exposure rose 2.5 percentage points to 15.1 per cent, die NPL coverage ratio rose 3.0 percentage points to 86.4 per cent. In the segment Non-Core, non-performing loans increased 1.9 per cent, or € 34,928 thousand, to € 1,902,879 thousand (2014: €1,867,951 thousand). This was due to an increase in Asia, whereas Poland and Slovenia recorded declines. The ratio of non-performing loans to credit exposure rose 3.6 percentage points to 14.1 per cent, the NPL coverage ratio rose 14.8 percentage points to 62.4 per cent.

The following table shows the development of impairment losses on loans and provisions for liabilities off the statement of financial position and the corresponding items from the statement of financial position:

in € thousand	As at 1/1/2015 restated	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 31/12/2015
Individual loan loss provisions	**5,763,004**	**6,414**	**1,962,765**	**(638,597)**	**(1,356,008)**	**34,380**	**5,771,958**
Banks	111,768	0	(6,462)	(224)	8,151	4,439	117,672
Corporate customers	3,717,206	3,191	1,282,900	(343,198)	(740,109)	(4,333)	3,915,657
Retail customers	1,865,203	798	670,721	(270,750)	(639,259)	33,827	1,660,539
Sovereigns	34	2,426	(21,049)	(88)	22,514	1,191	5,028
Off-balance sheet obligations	68,794	0	36,654	(24,336)	(7,305)	(744)	73,062
Portfolio-based loan loss provisions	**438,106**	**588**	**194,730**	**(244,421)**	**(1,120)**	**(5,901)**	**381,982**
Banks	2,853	0	1,485	(2,071)	0	(22)	2,245
Corporate customers	205,215	237	53,712	(106,118)	(225)	(736)	152,085
Retail customers	200,328	156	131,117	(123,841)	(895)	(5,320)	201,546
Sovereigns	755	35	109	(561)	0	27	365
Off-balance sheet obligations	28,954	160	8,307	(11,830)	0	150	25,742
Total	**6,201,109**	**7,003**	**2,157,495**	**(883,018)**	**(1,357,128)**	**28,479**	**6,153,940**

1 Allocation including direct write-downs and income on written down claims.
2 Usage including direct write-downs and income on written down claims.

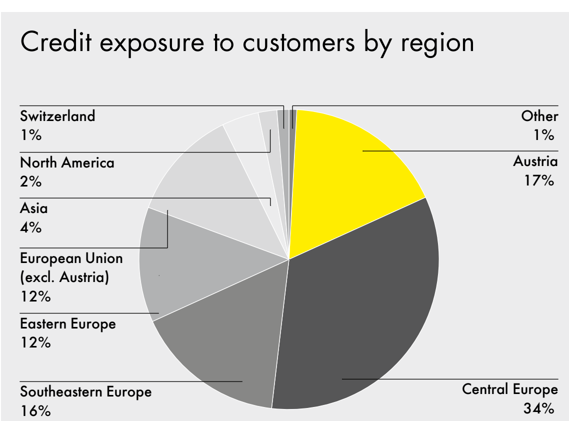
in € thousand	As at 1/1/2014	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 31/12/2014 restated
Individual loan loss provisions	**5,195,279**	**(270)**	**2,425,264**	**(559,157)**	**(1,113,985)**	**(184,141)**	**5,762,991**
Banks	111,447	0	3,219	(1,910)	(4,951)	3,962	111,768
Corporate customers	3,076,851	731	1,610,640	(305,958)	(573,030)	(92,041)	3,717,193
Retail customers	1,928,173	(1,001)	774,085	(217,581)	(522,604)	(95,870)	1,865,203
Sovereigns	5,115	0	41	(6,175)	0	1,052	34
Off-balance sheet obligations	73,692	0	37,279	(27,532)	(13,400)	(1,245)	68,794
Portfolio-based loan loss provisions	**529,379**	**1,190**	**271,338**	**(319,463)**	**(39)**	**(44,285)**	**438,119**
Banks	6,715	25	1,945	(5,847)	0	15	2,853
Corporate customers	290,482	33	101,156	(168,445)	(2)	(17,997)	205,228
Retail customers	185,776	1,109	154,849	(116,500)	(37)	(24,869)	200,328
Sovereigns	915	0	264	(515)	0	92	755
Off-balance sheet obligations	45,490	22	13,124	(28,156)	0	(1,526)	28,954
Total	**5,724,657**	**920**	**2,696,602**	**(878,620)**	**(1,114,024)**	**(228,426)**	**6,201,109**

1 Allocation including direct write-downs and income on written down claims.
2 Usage including direct write-downs and income on written down claims.

The following table shows the breakdown of loan loss provisions according to segments:

in € thousand	2015	2014 restated
Individual loan loss provisions	**5,770,893**	**5,760,299**
Central Europe	913,069	1,338,368
Southeastern Europe	1,046,997	1,019,068
Eastern Europe	1,568,170	1,363,194
Group Corporates	346,507	777,007
Group Markets	31,728	326,559
Corporate Center	1,159,860	106,770
Non-Core	704,562	829,333
Portfolio-based loan loss provisions	**383,047**	**440,810**
Central Europe	121,332	105,842
Southeastern Europe	92,290	82,729
Eastern Europe	76,745	112,878
Group Corporates	1,747	37,916
Group Markets	2,260	3,278
Corporate Center	54,411	8,982
Non-Core	34,262	89,185
Total	**6,153,940**	**6,201,109**

Country risk



Country risk includes transfer and convertibility risks as well as political risk. It arises from cross-border transactions and direct investments in foreign countries. The Group is exposed to this risk due to its business activities in the Central and Eastern European markets. In these markets political and economic risks to some extent are still seen as comparatively significant.

Active country risk management in the Group is based on the country risk policy which is set by the Management Board. This policy is part of the credit portfolio limit system and sets a strict limitation on cross-border risk exposure to individual countries in order to avoid risk concentrations. Consequently, in day-to-day work, business units have to submit limit applications for the respective countries for all cross-border transactions in addition to complying with customer limits. The limit size for individual countries is set by using a model which takes into account the internal rating for the sovereign, the size of the country, and the Group's own capitalization.

Country risk also is reflected via the internal funds transfer pricing system in product pricing and in risk-adjusted performance measurement. Business units therefore can benefit from country risk mitigation by seeking insurance (e.g. from export credit insurance organizations) or guarantors in third countries. The insights gained from the country risk analysis are not only used for limiting the total cross-border exposure, but also for limiting the total credit exposure in each individual country (i.e. including the exposure that is funded by local deposits). Thereby the Group realigns its business activities according to the expected macroeconomic development within different markets and enhances the broad diversification of its credit portfolio.

Concentration risk

The credit portfolio of the Group is well diversified in terms of geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by limits and regular reporting. As a consequence portfolio granularity is high.

As part of the strategic realignment the limit structures related to concentration risk for each customer segment were reviewed.

The regional breakdown of the loans reflects the broad diversification of credit business in the Group's markets. The following table shows the distribution of the credit exposure of all asset classes by the borrower's home country grouped by regional segments:

in € thousand	2015	Share	2014[1]	Share
Austria	**25,892,777**	**17.5%**	**23,612,819**	**15.2%**
Central Europe	**50,146,158**	**33.8%**	**47,963,978**	**30.9%**
Poland	16,352,100	11.0%	14,590,232	9.4%
Slovakia	13,813,535	9.3%	11,916,153	7.7%
Czech Republic	11,400,716	7.7%	11,593,064	7.5%
Hungary	7,555,475	5.1%	8,440,122	5.4%
Other	1,024,332	0.7%	1,424,407	0.9%
Other European Union	**18,534,952**	**12.5%**	**23,101,485**	**14.9%**
Germany	5,684,839	3.8%	5,961,886	3.8%
Great Britain	4,535,558	3.1%	6,040,221	3.9%
France	2,159,994	1.5%	3,812,017	2.5%
Netherlands	1,701,181	1.1%	1,974,029	1.3%
Other	4,453,380	3.0%	5,313,331	3.4%
Southeastern Europe	**24,372,440**	**16.4%**	**24,144,854**	**15.6%**
Romania	8,802,649	5.9%	8,914,812	5.7%
Croatia	5,011,250	3.4%	5,175,331	3.3%
Bulgaria	3,880,039	2.6%	3,691,509	2.4%
Serbia	1,953,486	1.3%	1,805,059	1.2%
Bosnia and Herzegovina	2,123,730	1.4%	1,745,263	1.1%
Albania	1,912,134	1.3%	1,037,336	0.7%
Other	689,152	0.5%	1,775,543	1.1%
Asia	**5,209,370**	**3.5%**	**7,629,309**	**4.9%**
China	1,779,591	1.2%	3,206,735	2.1%
Singapore	676,391	0.5%	1,336,724	0.9%
Other	2,753,388	1.9%	3,085,850	2.0%
Eastern Europe	**17,995,779**	**12.1%**	**22,946,273**	**14.8%**
Russia	12,522,070	8.4%	16,803,445	10.8%
Ukraine	3,546,669	2.4%	4,007,412	2.6%
Belarus	1,470,571	1.0%	1,359,835	0.9%
Other	456,468	0.3%	775,581	0.5%
North America	**2,994,639**	**2.0%**	**2,899,065**	**1.9%**
Switzerland	**1,930,766**	**1.3%**	**1,929,287**	**1.2%**
Rest of World	**1,225,415**	**0.8%**	**1,012,470**	**1.9%**
Total	**148,302,296**	**100.0%**	**155,239,541**	**100.0%**

1 Adaptation of previous year figures due to change in the disclosure of regions. As of second quarter 2015, Far East is mapped to Asia.

The Group does not own any banking subsidiaries that are incorporated in the so-called European periphery countries. Nonetheless, some of the bank's loans and advances are to customers domiciled in these countries and result from credit financing and capital market activities. The Group holds no material volumes of government bonds issued by these countries.

Risk policies and credit portfolio management in the Group take into account the industry class of customers as well. Banking represents the largest industry class, which, however, is mostly attributed to exposures to members of the Austrian Raiffeisen Sector (central liquidity balancing function). The second largest class is private households, primarily consisting of loans and advances to retail customers in Central and Eastern European countries. The following table shows the maximum credit exposure of the Group by the customers' industry classification:

in € thousand	2015	Share	2014	Share
Banking and insurance	42,527,646	28.7%	40,401,798	26.0%
Private households	24,836,803	16.7%	26,628,106	17.2%
Wholesale trade and commission trade (except car trading)	12,728,512	8.6%	14,662,082	9.4%
Public administration and defence and social insurance institutions	11,773,630	7.9%	12,719,616	8.2%
Other manufacturing	11,184,423	7.5%	11,829,289	7.6%
Real estate activities	8,112,367	5.5%	9,424,346	6.1%
Construction	5,625,828	3.8%	5,508,026	3.5%
Other business activities	4,154,284	2.8%	4,521,505	2.9%
Retail trade except repair of motor vehicles	3,606,759	2.4%	3,839,075	2.5%
Electricity, gas, steam and hot water supply	3,542,725	2.4%	3,158,525	2.0%
Manufacture of basic metals	2,191,889	1.5%	2,678,461	1.7%
Manufacture of food products and beverages	1,944,132	1.3%	2,314,294	1.5%
Other transport	1,921,007	1.3%	2,053,102	1.3%
Land transport, transport via pipelines	1,897,056	1.3%	1,975,535	1.3%
Manufacture of machinery and equipment	1,618,550	1.1%	1,199,475	0.8%
Sale of motor vehicles	1,069,914	0.7%	1,104,885	0.7%
Extraction of crude petroleum and natural gas	686,746	0.5%	1,252,770	0.8%
Other industries	8,880,025	6.0%	9,968,651	6.4%
Total	**148,302,296**	**100.0%**	**155,239,541**	**100.0%**

Structured credit portfolio

The Group's strategy for the structured credit portfolio is to progressively reduce these investments. This will be achieved either through repayment at maturity or through asset sales depending on the market situation. The size of the structured credit portfolio is shown under (35) Securitization. Around 67 per cent of this portfolio (2014: 72 per cent) is rated A or better by external rating agencies. The pools mainly contain exposures to European customers.

Counterparty credit risk

The default of a counterparty in a derivative, repurchase, securities lending or borrowing transaction can lead to losses from re-establishing an equivalent contract. In the Group this risk is measured by the mark-to-market approach where a predefined add-on is added to the current positive fair value of the contract in order to account for potential future changes. For internal management purposes potential price changes, which affect the fair value of an instrument, are calculated specifically for different contract types based on historical market price changes.

For derivative contracts the standard limit approval process applies, where the same risk classification, limitation, and monitoring process is used as for traditional lending. In doing so, the weighted nominal exposure of derivative contracts is added to the customers' total exposure in the limit application and monitoring process as well as in the calculation and allocation of internal capital.

An important strategy for reducing counterparty credit risk is utilization of credit risk mitigation techniques such as netting agreements and collateralization. In general, the Group strives to establish standardized ISDA master agreements with all major counterparties for derivative transactions in order to be able to perform close-out netting and credit support annexes (CSA) for full risk coverage for positive fair values on a daily basis.

Market risk

The Group defines market risk as the risk of possible losses arising from changes in market prices of trading and investment positions. Market risk estimates are based on changes in exchange rates, interest rates, credit spreads, equity and commodity prices, and other market parameters (e.g. implied volatilities).

Market risks from the customer divisions are transferred to the Treasury division by using the transfer price method. Treasury is responsible for managing structural market risks and for complying with the Group's overall limit. The Capital Markets division is responsible for proprietary trading, market making, and customer business with money market and capital market products.

Organization of market risk management

All market risks are measured, monitored, and managed on Group level.

The Market Risk Committee is responsible for strategic market risk management issues. It is responsible for managing and controlling all market risks in the Group. The Group's overall limit is set by the Management Board on the basis of the risk-taking capacity and income budget. This limit is apportioned to sub-limits in coordination with business divisions according to the strategy, business model and risk appetite.

The Market Risk Management department ensures that the business volume and product range comply with the defined strategy of the Group. It is responsible for implementing and enhancing risk management processes, risk management infrastructure and systems, manuals and measurement techniques for all market risk categories and credit risks arising from market price changes in derivative transactions. Furthermore this department independently measures and reports market risks on a daily basis.

All products in which open positions can be held are listed in the product catalog. New products are added to this list only after completing the product approval process successfully. Product applications are investigated thoroughly for any risks. They are approved only if the new products can be implemented in the bank's front- and back-office and risk management systems respectively.

Limit system

The Group uses a comprehensive risk management approach for both the trading and banking book (total-return approach). Market risks are managed therefore consistently in all trading and banking books. The following values are measured and limited on a daily basis in the market risk management system:

- Value-at-Risk (VaR) – (confidence level 99 per cent, risk horizon one day)

  Value-at-risk is the main market risk steering instrument in liquid markets and normal market situations. VaR is measured based on a hybrid simulation approach, where 5,000 scenarios are calculated. The approach combines the advantages of a historical simulation and a Monte-Carlo simulation and derives market parameters from 500 days historical data. Distribution assumptions include modern features like volatility declustering, random time change, and extreme event containers. This helps in reproducing fat-tailed and asymmetric distributions accurately. The Austrian Financial Market Authority approved this model so that it can be used for calculating total capital requirements for market risks. Value-at-risk results are not only used for limiting risk but also in the internal capital allocation.

- Sensitivities (to changes in exchange rates and interest rates, gamma, vega, equity and commodity prices)

  Sensitivity limits are to ensure that concentrations are avoided in normal market situations and are the main steering instrument under extreme market situations and in illiquid markets or in markets that are structurally difficult to measure.

- Stop loss

  This limit strengthens the discipline of traders such that they do not allow losses to accumulate on their own proprietary positions but strictly limit them instead.

A comprehensive stress testing concept complements this multi-level limit system. It simulates potential present value changes of defined scenarios for the total portfolio. The results on market risk concentrations shown by these stress tests are reported to the Market Risk Committee and taken into account when setting limits. Stress test reports for individual portfolios are included in daily market risk reporting.

Value-at-Risk (VaR)

The following tables show the VaR (99 per cent, one day) for individual market risk categories of the trading and banking book. The Group's VaR mainly results from long-term equity positions, structural interest rate risks, and credit spread risks of bonds, which are held as liquidity buffer. As of 2015, the equity positions including hedges are allocated to the banking book instead of the trading book.

The strong decline in VaR related to currency risk was mainly due to the decreased volatility of the Russian rouble and the Belarus rouble. The devaluation and the hedging strategy implemented was a further reason for the decrease of the Russian rouble position from € 760,000 thousand to € 368,000 thousand.

Trading book VaR 99% 1d in € thousand	VaR as at 31/12/2015	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2014
Currency risk[1]	2,386	13,262	1,564	35,340	114,463
Interest rate risk	1,534	1,970	817	6,581	5,940
Credit spread risk	3,869	2,798	1,486	4,638	4,583
Share price risk	676	1,009	676	2,531	1,223
Vega risk	779	1,589	327	11,391	632
Total	9,164	18,860	8,122	42,759	108,495

1 Currency risk of equity positions of subsidiaries denominated in foreign currency was shown in banking book in 2015 and in trading book in 2014.

Banking book VaR 99% 1d in € thousand	VaR as at 31/12/2015	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2014
Currency risk[1]	28,191	13,619	0	45,899	0
Interest rate risk	5,094	11,321	4,927	27,106	52,657
Credit spread risk[1]	14,537	15,814	6,689	40,089	18,888
Vega risk	522	1,396	399	8,729	940
Total	30,728	30,971	17,760	52,642	69,281

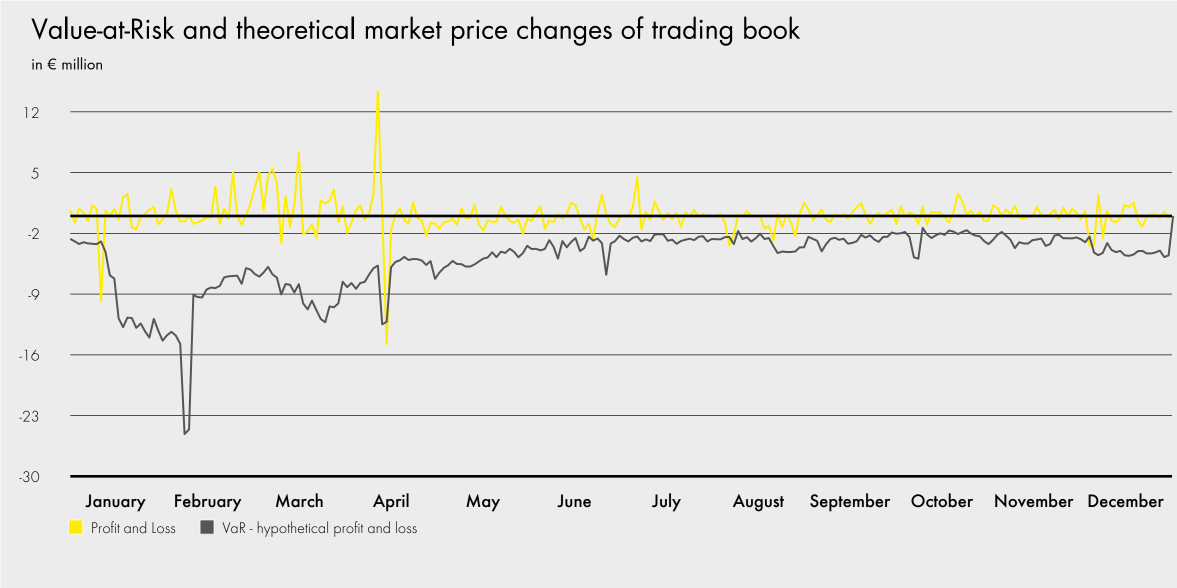
1 Currency risk of equity positions of subsidiaries denominated in foreign currency was shown in banking book in 2015 and in trading book in 2014.
2 As at 31 December 2015, the credit spread modeling was converted to an improved methodology considering negative interest.

Total VaR 99% 1d in € thousand	VaR as at 31/12/2015	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2014
Currency risk[1]	28,914	32,165	14,655	113,515	114,463
Interest rate risk	5,834	14,024	5,218	63,368	53,594
Credit spread risk[1]	16,915	17,078	7,791	41,051	17,507
Share price risk	676	1,009	676	2,531	1,223
Vega risk	814	1,318	524	6,393	914
Total	33,075	46,343	22,940	127,880	134,630

1 Total currency risk inkl. equity positions of subsidiaries held in foreign currency was shown in banking book in 2015 and in trading book 2014.
2 As at 31 December 2015, the credit spread modeling was converted to an improved methodology considering negative interest.

The risk measurement approaches employed are verified – besides analyzing returns qualitatively – on an ongoing basis through backtesting and statistical validation techniques. If model weaknesses are identified, then they are improved accordingly. The following chart compares VaR and theoretical profits and losses on a daily basis. VaR denotes the maximum loss that will not be exceeded with a 99 per cent confidence level on the next day. It is compared to the theoretical profits and losses, which shows the hypothetical returns that the bank would have realized due to the actual changes in market parameters on the next day.

In the reporting year, four backtesting exceedings arose from the strong movements in the foreign exchange market. The strong devaluation of the euro against the Swiss franc of approximately 20 per cent in the middle of January 2015, the devaluation of the Chinese renminbi due to turbulence on the Chinese stock market and the high Russian rouble volatility contributed to the exceedings.



Exchange rate risk and capital (ratio) hedge

Market risk in the Group results primarily from exchange rate risk, which stems from foreign-currency denominated equity investments in foreign Group units and the corresponding hedging positions entered into by the Group Asset/Liability Committee. The following table shows all material open foreign exchange rate positions as of 31 December 2015 and the corresponding values for the previous year. The numbers include both trading positions as well as equity stakes in subsidiaries with foreign currency denominated statements of financial position.

The open currency positions in the most material currencies were significantly reduced by hedging strategy year-on-year:

in € thousand	2015	2014
ALL	77,775	98,707
BAM	118,140	167,381
BGN	285,101	158,633
BYR	118,937	178,372
CNY	49,720	161,123
CHF	(13,999)	(28,393)
CZK	231,610	204,775
HRK	398,544	542,274
HUF	169,923	(37,341)
PLN	734,114	949,633
RON	478,732	567,552
RSD	384,463	436,143
RUB	368,721	760,310
UAH	(184,372)	32,471
USD	501,756	(15,306)

In a narrow sense, exchange rate risk denotes the risk that losses are incurred due to open foreign exchange positions. However, exchange rate fluctuations also influence current revenues and expenses. They also affect regulatory capital requirements for assets denominated in foreign currencies, even if they are financed in the same currency and thus do not create an open foreign exchange position.

The Group holds several material equity participations located outside of the euro area with equity denominated in the corresponding local currency. Also, a significant share of risk-weighted assets in the Group is denominated in foreign currencies. Changes in foreign exchange rates thus lead to changes in the consolidated capital in the Group and to changes in the total capital requirement for credit risks as well.

There are two different approaches for managing exchange rate risks:

- Preserve equity: With this hedging strategy an offsetting capital position is held on Group level for local currency denominated equity positions. However, the necessary hedging positions cannot be established in all currencies in the required size. Moreover, these hedges might be inefficient for some currencies if they carry a high interest rate differential.
- Stable capital ratio: The goal of this hedging strategy is to balance tier 1 capital and risk-weighted assets in all currencies according to the targeted tier 1 ratio (i.e. reduce excess capital or deficits in relation to risk-weighted assets for each currency) such that the tier 1 ratio remains stable even if foreign exchange rates change.

The Group aims at stabilizing its capital ratio when managing exchange rate risks. Changes in foreign exchange rates thus lead to changes in the consolidated equity amount; however, the regulatory capital requirement for credit risks stemming from assets denominated in foreign currencies also changes correspondingly. This risk is managed on a monthly basis in the Group Asset/Liability Committee based on historical foreign exchange volatilities, exchange rate forecasts, and the sensitivity of the tier 1 ratio to changes in individual foreign exchange rates.

Interest rate risk in the trading book

The following tables show the largest present value changes for the trading book of the Group given a one-basis-point interest rate increase for the whole yield curve in € thousand for the reporting dates 31 December 2015 and 31 December 2014. Currencies where the total interest rate sensitivity exceeds € 1 thousand are shown separately. There are only minor changes in the risk factors within the reporting period.

2015 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 J	>20y
ALL	(21)	0	(2)	(1)	(4)	(2)	(11)	0	0	0	0	0
BGN	(4)	0	0	0	(1)	(1)	(2)	0	0	0	0	0
CHF	2	6	(2)	3	(3)	(3)	1	(4)	3	(1)	1	0
CNY	12	2	0	10	0	0	0	0	0	0	0	0
CZK	18	(1)	9	4	(9)	(3)	2	5	14	(2)	0	0
EUR	(173)	(6)	(15)	(10)	(85)	(8)	56	(40)	(88)	11	27	(15)
GBP	6	0	0	0	1	0	0	0	5	0	0	0
HRK	(12)	(1)	0	(2)	(5)	0	(3)	0	0	0	0	0
HUF	(8)	(2)	0	2	0	(2)	4	(1)	(8)	1	0	0
PLN	(4)	(4)	7	6	(4)	(1)	2	(10)	0	0	0	0
RON	(26)	1	(1)	0	0	(2)	(14)	(4)	(5)	0	0	0
RUB	(9)	(2)	(2)	0	(18)	2	(3)	1	6	6	0	0
USD	57	0	6	(49)	33	(6)	(4)	38	33	(23)	4	25
Other	1	0	0	(1)	(2)	0	1	0	1	0	1	0

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity:

2014 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 J	>20y
ALL	(31)	(1)	(3)	(1)	(4)	(5)	(10)	(7)	0	0	0	0
BGN	(4)	0	0	(1)	(1)	(2)	0	0	(1)	0	0	0
CHF	(8)	3	(6)	1	1	(2)	3	(4)	(1)	(1)	(1)	(1)
CNH	(3)	0	0	(2)	(1)	0	0	0	0	0	0	0
CNY	1	1	0	0	0	0	0	0	0	0	0	0
CZK	5	(2)	(4)	3	0	4	(6)	13	1	(3)	0	0
EUR	(131)	8	(51)	12	(65)	(52)	60	21	(42)	(2)	(6)	(15)
GBP	(1)	(1)	0	0	0	0	0	0	0	0	0	0
HRK	(11)	0	0	(1)	(8)	(1)	(1)	0	0	0	0	0
PLN	(6)	0	(14)	22	(6)	(6)	3	(4)	0	0	0	0
RON	7	0	3	3	0	0	1	0	0	0	0	0
RUB	4	(3)	3	(9)	(2)	(3)	10	0	2	7	0	0
USD	(25)	7	7	(25)	(7)	42	(28)	35	(31)	(25)	(13)	12
Other	(2)	(1)	2	0	0	(1)	(3)	0	1	1	0	0

Interest rate risk in the banking book

Different maturities and repricing schedules of assets and the corresponding liabilities (i.e. deposits and financing from money markets and capital markets) cause interest rate risk in the Group. This risk arises in particular from different interest rate sensitivities, rate adjustments, and other optionality of expected cash flows. Interest rate risk in the banking book is material for the euro and US dollar as major currencies as well as for local currencies of Group units located in Central and Eastern Europe.

This risk is mainly hedged by a combination of transactions on and off the statement of financial position where in particular interest rate swaps and – to a smaller extent – also interest rate forwards and interest rate options are used. Management of the statement of financial position is a core task of the central Global Treasury division and of individual network banks, which are supported by asset/liability management committees. They base their decisions on various interest income analyses and simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is not only measured within a value-at-risk framework but also managed by the traditional tools of nominal and interest rate gap analyses. Since 2002, interest rate risk is subject to quarterly reporting in the context of the interest rate risk statistic submitted to the banking supervisor. This report also shows the change in the present value of the banking book as a percentage of total capital in line with the CRR requirements. Maturity assumptions needed in this analysis are defined as specified by regulatory authorities and based on internal statistics and empirical values.

In 2015, the changes in present value of banking book positions in the Group after an interest rate shock of 200 basis points were always lower than the regulatory reporting threshold of 20 per cent of eligible total capital.

The following table shows the change in the present value of the Group's banking book given a one-basis-point interest rate increase for the whole yield curve in € thousand for reporting dates 31 December 2015 and 31 December 2014. Currencies where the total interest rate sensitivity exceeds € 1 thousand are shown separately.

2015 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 J	>20y
ALL	(31)	2	(4)	(3)	(14)	(5)	(4)	(4)	0	0	0	0
AUD	1	0	0	1	0	0	0	0	0	0	0	0
BAM	2	2	(1)	(5)	0	0	(1)	2	3	1	0	0
BGN	26	(1)	0	(7)	(2)	8	56	(9)	(8)	(7)	(2)	0
BYR	(28)	0	(1)	(8)	(10)	(5)	(2)	(1)	(1)	0	0	0
CHF	(351)	15	(3)	(20)	(9)	(6)	(18)	(15)	(71)	(138)	(71)	(13)
CNY	2	(4)	1	5	0	0	0	0	0	0	0	0
CZK	63	(3)	(15)	15	22	3	(12)	(18)	49	14	6	2
EUR	166	(38)	(26)	92	98	(48)	(85)	266	261	(218)	(48)	(88)
GBP	(2)	1	0	2	0	0	(1)	(1)	(2)	0	0	0
HRK	(21)	0	0	0	(11)	0	13	(12)	(8)	(3)	0	0
HUF	16	1	(5)	12	(5)	(13)	2	(11)	4	22	8	1
PLN	(29)	7	24	14	(29)	0	(1)	(9)	(13)	(15)	(7)	(1)
RON	45	5	(8)	(3)	(37)	9	95	(9)	(5)	(1)	0	0
RSD	(26)	(1)	(2)	(2)	(7)	(3)	(5)	(5)	0	0	0	0
RUB	(82)	(3)	(16)	(9)	(35)	(1)	32	(12)	(25)	(12)	(1)	0
SGD	(7)	1	0	(8)	0	0	0	0	0	0	0	0
UAH	(1)	(1)	0	(1)	(3)	3	9	(4)	(4)	(1)	0	0
USD	84	17	19	43	(30)	33	(7)	6	9	8	(3)	(10)
Other	1	0	0	1	0	0	0	0	0	0	0	0

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2014 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 J	>20y
ALL	(38)	1	(3)	9	(10)	(7)	(10)	(18)	(2)	0	0	0
BAM	15	3	(2)	(3)	8	3	2	1	2	2	0	0
BGN	31	0	0	(2)	(1)	9	31	(2)	(3)	(1)	0	0
BYR	(33)	0	(1)	(7)	(10)	(8)	(4)	(1)	(1)	(1)	0	0
CAD	7	0	7	0	0	0	0	0	0	0	0	0
CHF	(382)	11	(2)	0	(29)	(11)	(20)	(25)	(73)	(140)	(77)	(17)
CNY	10	(6)	0	16	0	0	0	0	0	0	0	0
CZK	11	(5)	3	29	0	(1)	(17)	0	3	(2)	(1)	0
EUR	(283)	25	(23)	(7)	(35)	(52)	(69)	206	75	(175)	(95)	(133)
GBP	(1)	(1)	1	2	(1)	0	(1)	(1)	0	0	0	0
HRK	(41)	0	(3)	3	(21)	(1)	(10)	(8)	2	(3)	0	0
HUF	(92)	10	(3)	(5)	(10)	(11)	(25)	(10)	(31)	(4)	(2)	(1)
PLN	(38)	(7)	5	(7)	1	(1)	3	(7)	(9)	(11)	(4)	(1)
RON	(18)	(3)	(5)	(14)	(19)	(1)	37	(13)	(1)	2	(1)	0
RSD	(24)	(2)	(3)	(6)	(11)	(2)	0	0	0	0	0	0
RUB	(164)	(9)	(18)	27	(66)	(61)	38	(17)	(37)	(19)	(2)	0
SGD	(4)	(4)	0	0	0	0	0	0	0	0	0	0
UAH	(39)	0	(1)	(2)	(8)	0	(19)	(3)	(4)	(2)	0	0
USD	(100)	56	50	13	(15)	(30)	5	(5)	(49)	19	0	(144)
Other	1	1	(1)	1	0	0	0	0	0	0	0	0

Credit spread risk

The market risk management framework uses time-dependent bond and CDS-spread curves as risk factors in order to measure credit spread risks. It captures all capital market instruments in the trading and banking book.

Liquidity risk

An important role of banks is maturity transformation in the international financial markets. The need for maturity transformation arises from the needs of depositors to access their funds at short notice and the opposing need of borrowers for long-term loans. This function constantly results in positive or negative liquidity gaps for different maturities that are managed through transactions with other market participants under normal market conditions.

Liquidity management, i.e. ensuring that the Group maintains its ability to pay at all times, is performed both centrally by the Treasury division in Vienna and on a decentralized basis by local banking subsidiaries. Cash flows are calculated and analyzed by currency on a periodic basis Group-wide in an internal monitoring system. Based on this data, the Group creates liquidity balances, and analyzes Group conformity to legal regulations on liquidity positions and to defined internal liquidity limits. Liquidity analyses also include simulations of defined market or bank-specific liquidity crises in scenario-based cash flow forecasts. All these analyses are discussed in the Group Asset/Liability Committee. The Group possesses all instruments for liquidity risk management required by the credit institutions risk management directive (including a sufficiently large liquidity buffer, stress tests based on different scenarios, and liquidity contingency plans).

Short-term liquidity risk

The following table shows excess liquidity and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis, taking into account items on and transactions off the statement of financial position. Based on expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates on the prolongation of defined assets, the so-called sediment of customer deposits, and the liquidity counterbalancing capacity (in particular, assets that are eligible for refinancing at central banks and that can be used as collateral in repo transactions).

in € thousand	2015			2014		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	21,316,285	19,783,414	23,430,660	15,442,649	15,201,539	16,237,354
Liquidity ratio	182%	147%	127%	159%	135%	117%

Internal limits have been established in each Group unit in order to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model. The Group holds sizeable amounts of liquid securities and favors assets eligible in tender transactions in the lending business in order to ensure liquidity in various currencies. In the case of a liquidity shortage in the Group, contingency plans would come into force. Such prioritized action lists for handling short-term liquidity needs (also with regard to the publicity impact) exist for all major Group units.

Liquidity coverage ratio

RBI meets all regulatory requirements related to liquidity risk management. They are monitored on Group and on individual unit level and limited by a comprehensive limit system. The calculation of expected inflows and outflows of funds is based on a centrally steered and consistent model approach.

The liquidity coverage ratio (LCR) supports the short-term resilience of banks by ensuring that they have an adequate stock of unencumbered high-quality liquid assets (HQLA) to meet potential liability run offs that might occur in a crisis, which can be converted into cash to meet liquidity needs for a minimum of 30 calendar days in a liquidity stress scenario. As of October 2015, a regulatory minimum ratio for the LCR of 60 per cent is applicable which will be raised to 100 per cent by 2018.

in € thousand	2015
Average liquid assets	**17,898,255**
Net outflows	**9,901,948**
Inflows	10,394,364
Outflows	20,296,311
LCR	**181%**

At year-end 2015, the liquidity coverage ratio was higher than during the course of the year. The reasons were funding activities in the fourth quarter of 2015 carried out in preparation for wholesale funding repayments in the first half of 2016 and short-term placements of call deposits from Zuno Bank. During the year 2016, a decrease of the liquidity coverage ratio is expected.

Funding liquidity risk

Funding liquidity risk is mainly driven by changes in the risk strategy of lenders or by a deterioration in the creditworthiness of a bank that needs external funding. Funding rates and supply rise and fall with credit spreads, which change due to the market- or bank-specific situation.

As a consequence, long-term funding depends on restoring confidence in banks and increased efforts in collecting customer deposits. RBI AG's banking activities are financed by combining wholesale funding and the retail franchise of deposit-taking network banks. It is the central liquidity balancing agent for the local Group units in Central and Eastern Europe.

In the Group's funding plans, special attention is paid to a diversified structure of funding to mitigate funding liquidity risk. In the Group, funds are not only raised by RBI AG as the Group's parent institution, but also individually by different banking subsidiaries. Those efforts are coordinated and optimized through a joint funding plan. Moreover, RBI AG arranges medium-term and long-term funding for its subsidiaries through syndicated loans, bilateral funding agreements with banks, and financing facilities provided by supranational institutions. These funding sources are based on long-term business relationships.

For managing and limiting liquidity risks, the targets for loan/deposit ratios (the ratio of customer loans to customer deposits) in the individual network banks take into account the planned future business volumes as well as the feasibility of increasing customer deposits in different countries. On the one hand, this initiative reduces external funding requirements. On the other hand, it also reduces the need for internal funding operations and the risk associated with such liquidity transfers.

The following table shows a breakdown of cash flows according to the contractual maturity of financial liabilities:

2015 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative liabilities	**100,184,302**	**107,569,572**	**70,296,120**	**14,584,917**	**17,454,182**	**5,234,353**
Deposits from banks	16,369,175	21,105,519	10,315,690	3,402,338	5,848,589	1,538,902
Deposits from customers	68,990,887	70,689,215	57,806,203	9,483,172	3,066,938	332,902
Debt securities issued	7,501,593	8,502,892	794,522	1,425,090	5,615,737	667,543
Other liabilities	3,158,294	2,141,903	1,349,992	125,481	493,571	172,858
Subordinated capital	4,164,353	5,130,043	29,713	148,836	2,429,347	2,522,148
Derivatives	**4,927,492**	**10,705,247**	**3,658,348**	**2,100,882**	**3,292,865**	**1,653,151**
Derivatives in the trading book	3,943,192	8,706,683	3,020,170	1,805,114	2,321,286	1,560,113
Hedging derivatives	434,791	261,216	29,385	13,782	243,506	(25,457)
Other derivatives	549,355	1,737,142	608,725	281,848	728,073	118,495
Credit derivatives	154	206	68	138	0	0
Contingent liabilities	**9,386,509**	**1,082,964**	**573,621**	**306,735**	**163,070**	**39,538**
Credit guarantees	4,954,980	164,257	70,380	70,545	21,413	1,919
Other guarantees	2,985,994	203,408	99,820	68,501	34,466	621
Letters of credit (documentary business)	1,237,908	676,857	401,977	167,689	107,191	0
Other contingent liabilities	207,627	38,442	1,444	0	0	36,998
Commitments	**9,980,036**	**9,525,946**	**4,826,324**	**1,331,788**	**3,108,622**	**259,211**
Irrevocable credit lines	9,980,036	9,525,946	4,826,324	1,331,788	3,108,622	259,211

2014 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative liabilities	**105,888,462**	**114,808,169**	**68,078,586**	**16,531,771**	**21,646,512**	**8,551,301**
Deposits from banks	22,408,371	26,738,214	12,007,443	4,682,993	7,940,886	2,106,893
Deposits from customers	66,094,172	68,513,060	52,381,826	9,442,787	4,684,708	2,003,739
Debt securities issued	10,593,069	11,299,763	1,745,195	1,924,792	6,752,853	876,925
Other liabilities	2,607,742	2,628,567	1,745,926	217,273	360,021	305,346
Subordinated capital	4,185,108	5,628,565	198,196	263,926	1,908,044	3,258,398
Derivatives	**6,464,673**	**15,680,138**	**4,557,294**	**2,502,372**	**4,486,244**	**4,134,227**
Derivatives in the trading book	5,686,468	12,643,716	3,188,336	2,071,561	3,422,150	3,961,669
Hedging derivatives	200,549	171,563	3,722	16,681	42,375	108,785
Other derivatives	577,633	2,864,836	1,365,236	414,107	1,021,719	63,773
Credit derivatives	23	23	0	23	0	0
Contingent liabilities	**10,037,594**	**1,633,785**	**602,359**	**714,394**	**181,097**	**135,936**
Credit guarantees	6,289,555	214,424	76,645	106,279	29,993	1,507
Other guarantees	2,191,132	195,292	76,458	74,544	45,496	(1,206)
Letters of credit (documentary business)	1,396,379	862,100	449,256	307,236	105,608	0
Other contingent liabilities	160,528	643	0	643	0	0
Commitments	**10,033,024**	**10,290,154**	**3,726,583**	**1,452,302**	**4,618,930**	**492,338**
Irrevocable credit lines	10,019,684	10,284,342	3,723,139	1,449,934	4,618,930	492,338

Operational risk

Operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. In this risk category internal risk drivers such as unauthorized activities, fraud or theft, execution and process errors, or business disruption and system failures are managed. External factors such as damage to physical assets or consciously conducted human fraud are managed and controlled as well.

This risk category is analyzed and managed on the basis of own historical loss data and the results of self-assessments. Another management tool is the incentive system implemented in internal capital allocation. This system rewards high data quality and active risk management. Generally speaking, the Group implements a centralized and also decentralized system for operational risk management. In this process, a central operational risk management function defines all basic principles and minimum requirements, which then are implemented on a risk-type specific basis in the individual local units.

As with other risk types the principle of firewalling of risk management and risk controlling is also applied to operational risk in the Group. Operational risk controlling units are mainly responsible for the implementation and refinement of methods for operational risk management in different Group units (e.g. performing risk assessments, defining and monitoring key risk indicators, etc.) and for reporting to the central operational risk controlling function. Business line managers are responsible for controlling and mitigating operational risks. They decide on pro-active operational risk steering actions, such as buying insurance, and the use of further risk mitigating instruments.

Risk identification

Identifying and evaluating risks that might endanger the Group's existence (but the occurrence of which is highly improbable) and areas where losses are more likely to arise more frequently (but have only limited impact) are important aspects of operational risk management.

Operational risk assessment is executed in a structured and Group-wide uniform manner according to risk categories such as business processes and event types. Moreover, risk assessment applies to new products as well. All Group units grade the impact of high probability/low impact events and low probability/high impact incidents according to their estimation of the loss potential for the next year and in the next ten years. Low probability/high impact events are quantified by a Group-wide analytical tool with specific scenarios. Individual Group units furthermore run additional scenarios depending on their individual risk profile and local specifics.

Monitoring

In order to monitor operational risks, key risk indicators (early warning indicators) are used that allow prompt identification and mitigation of operational risks. These are also specifically tailored to individual Group units. A common catalog of key risk indicators, which is defined by the Group head office for internal benchmarking purposes, is mandatory for all Group units.

Loss data is collected in a central database called ORCA (Operational Risk Controlling Application) in a structured manner and on a Group-wide basis according to the event type and the business line. Collecting data on losses stemming from operational risks is a prerequisite for implementing a statistical loss distribution model and a minimum requirement for implementing the regulatory Standardized Approach. Furthermore, loss data is used to create and validate operational risk scenarios and for exchange with international data pools to further develop advanced operational risk management tools as well as to track measures and control effectiveness. Since 2010, The Group has been a participant in the ORX data pool, whose data are currently used for internal benchmark purposes and analyses. The results of the analyses as well as events resulting from operational risks are reported in a comprehensive manner to the Group Risk Committees on a regular basis.

Quantification and mitigation

The Group currently calculates regulatory capital requirements for operational risks according to CRR using the Standardized Approach (TSA). This approach applies to all Group units of the credit institution group. Operational risk reduction is initiated by business managers who decide on preventive actions like risk mitigation or risk transfer. Progress and success of these actions is monitored by risk controlling. The former also define contingency plans and nominate responsible persons or departments for initiating the defined actions if losses in fact occur. In addition, several dedicated organizational units provide support to business units for reducing operational risks. An important role is taken on by financial crime management which reduces potential fraud related losses through proactive monitoring and preventive actions. The Group also conducts an extensive staff training program and has different contingency plans and back-up systems in place.

Other disclosures

(43) Fiduciary business

Fiduciary business not recognized in the statement of financial position was concluded with the following volumes on the reporting date:

in € thousand	2015	2014
Loans and advances to banks	11,168	7,939
Loans and advances to customers	274,912	273,375
Financial investments	7,091	7,091
Other fiduciary assets	52,860	45,607
Fiduciary assets	**346,031**	**334,012**
Deposits from banks	148,028	138,292
Deposits from customers	143,252	148,223
Other fiduciary liabilities	54,751	47,498
Fiduciary liabilities	**346,031**	**334,012**

Fiduciary income and expenses break down as follows:

in € thousand	2015	2014
Fiduciary income	12,896	12,796
Fiduciary expenses	352	315

The following table contains the funds managed by the Group:

in € thousand	2015	2014[1]
Retail investment funds	**4,860,389**	**4,614,064**
Equity-based and balanced funds	3,813,056	3,361,373
Bond-based funds	751,719	960,252
Money market funds	0	5,480
Other	295,614	286,958
Special funds	**61,207**	**238,587**
Property-based funds	**242,143**	**255,768**
Total	**5,163,739**	**5,108,418**

1 Adaptation of previous year figures due to different allocation.

(44) Finance leases

in € thousand	2015	2014
Gross investment value	**3,519,290**	**3,451,381**
Minimum lease payments	3,479,369	3,403,782
Up to 3 months	375,659	476,477
More than 3 months, up to 1 year	858,544	777,299
More than 1 year, up to 5 years	1,929,385	1,847,586
More than 5 years	315,782	302,419
Non-guaranteed residual value	39,921	47,599
Unearned finance income	**361,405**	**390,875**
Up to 3 months	47,433	39,377
More than 3 months, up to 1 year	95,063	101,358
More than 1 year, up to 5 years	181,878	209,050
More than 5 years	37,031	41,091
Net investment value	**3,157,885**	**3,060,506**

As at 31 December 2015, write-offs on unrecoverable minimum lease payments totaled € 65,618 thousand (2014: € 67,122 thousand).

Assets under finance leases break down as follows:

in € thousand	2015	2014
Vehicles leasing	1,869,112	1,785,280
Real estate leasing	694,080	510,017
Equipment leasing	594,693	765,209
Total	**3,157,885**	**3,060,506**

(45) Operating leases

Operating leases from view of lessor

Future minimum lease payments under non-cancelable operating leases are as follows:

in € thousand	2015	2014
Up to 1 year	35,552	40,458
More than 1 year, up to 5 years	65,200	91,127
More than 5 years	1,991	17,364
Total	**102,743**	**148,948**

Operating leases from view of lessee

Future minimum lease payments under non-cancelable operating leases are as follows:

in € thousand	2015	2014
Up to 1 year	77,938	91,158
More than 1 year, up to 5 years	149,314	159,783
More than 5 years	36,687	38,329
Total	**263,938**	**289,270**

(46) Other disclosures according to BWG

Geographical markets

2015 Monetary values in € thousand	Operating income	hereof net interest income	Profit/loss before tax	Current income taxes	Employees as at reporting date
Central Europe	**1,048,134**	**654,409**	**309,943**	**(65,813)**	**8,623**
Czech Republic	362,680	234,950	127,100	(25,251)	2,753
Slovakia	465,516	298,189	164,078	(40,023)	3,854
Hungary	220,112	120,892	18,765	(539)	2,016
Southeastern Europe	**1,213,972**	**780,220**	**260,174**	**(32,686)**	**15,041**
Albania	90,430	69,880	14,872	(2,428)	1,349
Bosnia and Herzegovina	103,914	66,066	36,346	(4,169)	1,311
Bulgaria	158,217	116,144	34,275	(3,410)	2,546
Croatia	232,475	135,882	(14,028)	2,746	2,133
Kosovo	49,434	39,675	21,703	(2,278)	715
Romania	446,533	263,938	118,935	(18,933)	5,437
Serbia	133,352	88,637	48,072	(4,214)	1,550
Eastern Europe	**1,360,673**	**948,557**	**549,515**	**(127,589)**	**19,369**
Belarus	256,348	124,975	156,759	(38,185)	2,086
Kazakhstan	2,985	863	406	185	9
Russia	923,451	646,666	483,751	(96,331)	7,635
Ukraine	177,889	175,810	(91,401)	6,742	9,639
Non-Core	**576,677**	**384,908**	**(262,817)**	**(23,541)**	**5,797**
Asia	82,227	84,425	(269,316)	(6,669)	197
Poland	428,604	253,299	41,632	(16,209)	5,128
Slovenia	22,401	10,601	(14,722)	(15)	218
USA	31,915	25,476	(3,163)	(639)	56
ZUNO	11,605	11,107	(17,248)	(8)	198
Head office and other	**1,295,837**	**798,423**	**(49,068)**	**(19,592)**	**2,662**
Reconciliation	**(566,543)**	**(239,868)**	**(96,801)**	**(6,733)**	**0**
Total	**4,928,751**	**3,326,650**	**710,946**	**(275,955)**	**51,492**

2014 restated Monetary values in € thousand	Operating income	hereof net interest income	Profit/loss before tax	Current income taxes	Employees as at reporting date
Central Europe	**1,031,395**	**694,451**	**(134,794)**	**(66,204)**	**8,652**
Czech Republic	329,098	225,684	99,883	(19,315)	2,706
Slovakia	470,595	314,749	154,689	(38,092)	3,648
Hungary	231,748	153,766	(389,366)	(8,797)	2,298
Southeastern Europe	**1,277,930**	**835,128**	**348,468**	**(52,435)**	**15,216**
Albania	110,782	79,548	39,275	(5,791)	1,326
Bosnia and Herzegovina	103,825	68,885	24,266	(3,679)	1,434
Bulgaria	168,683	124,280	27,745	(2,720)	2,751
Croatia	244,931	151,242	71,528	(10,721)	2,127
Kosovo	46,506	38,977	18,409	(2,087)	705
Romania	462,053	273,745	118,943	(22,062)	5,292
Serbia	142,163	99,613	48,302	(5,376)	1,581
Eastern Europe	**1,533,152**	**1,220,400**	**164,520**	**(64,904)**	**21,915**
Belarus	176,982	112,277	90,434	(27,711)	2,176
Kazakhstan	1,502	1,844	892	138	9
Russia	1,081,515	834,581	417,966	(92,328)	8,252
Ukraine	273,153	271,698	(344,772)	54,997	11,478
Non-Core	**672,407**	**495,939**	**(125,575)**	**(71,469)**	**6,199**
Asia	143,078	135,057	(210,841)	(41,093)	253
Poland	459,893	307,367	109,192	(25,396)	5,462
Slovenia	18,801	13,487	(24,848)	(198)	230
USA	38,766	30,111	19,936	(4,773)	65
ZUNO	11,869	9,917	(19,014)	(8)	189
Head office and other	**1,830,037**	**1,329,167**	**234,442**	**(204,131)**	**2,748**
Reconciliation	**(995,006)**	**(786,518)**	**(591,711)**	**(23,397)**	**0**
Total	**5,349,916**	**3,788,567**	**(104,650)**	**(482,539)**	**54,730**

Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria are as follows:

in € thousand	2015	2014
Assets	81,049,678	101,055,550
Liabilities	71,856,759	81,333,711

Volume of the securities trading book

in € thousand	2015	2014
Securities, equity investments	5,806,872	6,362,032
Other financial instruments	152,826,437	174,795,197
Total	**158,633,308**	**181,157,229**

Securities admitted for trading on a stock exchange

in € thousand	2015 listed	2015 unlisted	2014 listed	2014 unlisted
Bonds, notes and other fixed-interest securities	11,397,602	452,546	11,323,726	501,731
Shares and other variable-yield securities	240,433	79,771	379,794	138,402
Equity participations	1,544	271,789	3,405	161,772
Total	**11,639,579**	**804,107**	**11,706,925**	**801,906**

Subordinated assets

in € thousand	2015	2014
Loans and advances to banks	4,139	4,140
Loans and advances to customers	252,219	270,052
Trading assets	13,694	8,434
Financial investments	102,919	53,359
Total	**372,971**	**335,985**

(47) Capital management and total capital according to CCR/CRD IV and Austrian Banking Act (BWG)

Capital management

Capital continues to be an integral part of the Group's control procedures. RBI as an international Group takes various control parameters into consideration. From a regulatory perspective, the RBI Group is supervised on a subgroup level according to Article 11 paragraph 5 CRR (Capital Requirement Regulation) based on the FMA (Austrian Financial Market Authority) notification from 24 October 2014, and is the superordinated credit institution for the subgroup in terms of Section 30 Austrian Banking Act (BWG). Moreover, the Group has to adhere to the legal capital regulations on an individual basis and is additionally part of the RZB credit institution group.

Regulatory values are defined on an individual and subgroup basis by the BWG and the applicable regulation of the European Parliament (CRR) based on corresponding EU guidelines. There are also – often deviating with regard to content – guidelines in the individual countries in which the Group operates. Such guidelines have to be adhered to by the local Group units.

The Group uses target values for internal regulation, which comprise all relevant risk types. Control on a Group level is undertaken by Planning & Finance. The individual Group units are responsible for the observation of their own capital targets in coordination with central departments responsible for the equity participation management of the respective unit.

The main focus of the control is on the regulatory (minimum) capital ratios and the economic capital within the framework of ICAAP (Internal Capital Adequacy Assessment Process, a quantitative method used to assess the adequacy of internal capital). Moreover, the optimal mixture of capital instruments (e.g. additional tier 1 capital and tier 2 capital) plays an important role and is continuously analyzed and optimized.

In addition, risk taking capacity is calculated within the framework of regulatory limits. It is defined as the maximum loss which the bank or the banking group may incur during the next twelve months without falling short of the regulatory minimum capital ratios.

The determination of the target values in relation to the compulsory minimum requirements necessitates additional internal control calculations. The department Risk Controlling calculates the value-at-risk in relation to the above defined risk taking capacity. Moreover, a comparison between economic capital and internal capital is drawn. Further details regarding this calculation are contained in the risk report.

Regulatory capital

RBI calculates the regulatory total capital and total capital requirement according to CRR. The implementation of these requirements in the European Union was carried out via a regulation (CRR) and a directive (CRD IV). Both regulations were published on 27 June 2013 in the EU Official Journal and thereby became effective.

As of 1 January 2014, the CRR is directly applicable law for all EU member states. The CRD IV became effective on 17 July and had to be transposed into local law by 31 December 2013. As of the beginning of 2014, the new regulations – CRR and CRD IV – are therefore to be applied and are subject to distinct transitional periods.

Moreover, based on the SSM (Single Supervisory Mechanism) regulation, the European Central Bank (ECB) took over supervision of large banks in the euro area in November 2014, whose total assets exceed € 30 billion or 20 per cent of a country's economic output. Both RBI and RZB are defined as large banks. Based on an annually undertaken Supervisory Review and Evaluation Process (SREP), the ECB instructs RBI and also RZB by way of an official notification to hold additional common equity tier 1 capital to cover risks which are not or not adequately considered under pillar I. A draft proposal from the Basel Committee to more tightly define the basis for the calculation of risk-weighted assets is currently in preparation.

The so-called SREP minimum capital ratio contains a capital conservation buffer as well as the minimum requirements of the CRR and the SREP add-on. A breach of the capital conservation buffer would induce constraints, for example in relation to dividend distributions and coupon payments on certain capital instruments. The SREP minimum capital ratios applicable in the course of the year and including an adequate buffer were met on subgroup level.

Additionally, national supervisors can determine national systemic risk buffers (up to 5 per cent) as well as additional capital add-ons for systemic banks (up to 3.5 per cent). In the event that systemic risk buffers as well as add-ons for systemic banks are determined for a banking institution, only the higher of the two values is applicable. In September 2015, the responsible financial market stability committee of the FMA recommended the requirement of systemic risk buffers for twelve large banks located in Austria, including RBI and RZB. This came into force as of the beginning of 2016 through the FMA. The systemic risk buffer was set at 0.25 per cent for RBI and RZB as of 1 January 2016 and progressively increases to 2 per cent by 2019.

Moreover, an additional buffer, the so-called countercyclical buffer can be implemented by member states in order to curb excessive lending growth. This countercyclical buffer was set at 0 per cent for Austria due to restrained lending growth and the stable macroeconomic environment.

Further expected regulatory changes and developments are monitored, and included and analyzed in scenario calculations undertaken by Planning & Finance as well as Risk Controlling on an ongoing basis. Potential effects are promptly taken into account in planning and governance, if necessary.

Calculation of total capital

The determination of eligible total capital – including 2015 profit – in accordance with the applicable regulations is based on international accounting standards. Further details can be found in the regulatory disclosure report pursuant to Article 431 ff CRR.

The total capital breaks down as follows:

in € thousand	2015	2014 restated
Paid-in capital	5,885,624	5,882,953
Earned capital	1,750,292	1,500,913
Non-controlling interests	398,562	393,548
Common equity tier 1 (before deductions)	**8,034,479**	**7,777,414**
Intangible fixed assets/goodwill	(326,273)	(318,838)
Provision shortage for IRB positions	(19,753)	(9,135)
Deduction securitizations	(14,184)	(5,121)
Deduction deferred tax assets	0	0
Deduction loss carry forwards	(2,963)	0
Deduction insurance and other investments	0	0
Common equity tier 1 (after deductions)	**7,671,305**	**7,444,320**
Additional tier 1	308,876	353,002
Deduction securitizations	0	0
Intangible fixed assets/goodwill	(294,526)	(342,179)
Provision shortage for IRB positions	(14,815)	(18,270)
Deduction insurance and other investments	0	0
Non-controlling interests	464	7,447
Tier 1	**7,671,305**	**7,444,320**
Provision excess of internal rating approach positions	159,674	181,052
Hidden reserve	0	201,027
Long-term subordinated capital	3,159,832	3,132,008
Deduction securitizations	0	0
Deduction insurance and other investments	0	0
Non-controlling interests	(3,641)	11,562
Tier 2 (after deductions)	**3,315,864**	**3,525,648**
Total capital	**10,987,169**	**10,969,968**
Total capital requirement	**5,061,931**	**5,497,690**
Common equity tier 1 ratio (transitional)	12.1%	10.8%
Common equity tier 1 ratio (fully loaded)	11.5%	10.0%
Tier 1 ratio (transitional)	12.1%	10.8%
Total capital ratio (transitional)	17.4%	16.0%
Total capital ratio (fully loaded)	16.8%	15.1%

The total capital requirement composition is as follows:

in € thousand	2015	2014 restated
Risk-weighted assets (total RWA)	**63,272,218**	**68,721,124**
Total capital requirement for credit risk	4,116,692	4,563,822
Internal rating approach	2,326,513	2,657,626
Standardized approach	1,750,731	1,865,740
CVA risk	32,459	40,456
Basel 1 floor	6,989	0
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	240,924	253,783
Total capital requirement for operational risk	704,161	680,085
Total capital requirement	**5,061,777**	**5,497,690**

Credit risk-weighted assets by asset class break down as follows:

in € thousand	2015	2014
Risk-weighted assets according to standardized approach	**21,884,143**	**23,321,745**
Central governments and central banks	2,208,732	1,537,985
Regional governments	48,813	35,037
Public administration and non-profit organizations	6,673	8,980
Multilateral development banks	0	0
Banks	301,932	325,306
Corporate customers	8,905,615	9,924,997
Retail customers	7,447,821	7,998,478
Equity exposures	406,792	455,418
Covered bonds	0	9,091
Mutual funds	6,681	0
Securitization position	0	0
Other positions	2,551,083	3,026,453
Risk-weighted assets according to internal rating approach	**29,081,410**	**33,220,327**
Central governments and central banks	311,112	266,180
Banks	2,094,780	2,496,382
Corporate customers	22,143,058	25,411,672
Retail customers	4,140,911	4,686,208
Equity exposures	132,753	105,410
Securitization position	258,795	254,477
CVA risk	**405,734**	**505,702**
Basel 1 floor	**87,359**	**0**
Total	**51,458,646**	**57,047,774**

Leverage ratio

Within the framework of CRR and in addition to the total capital requirements the leverage ratio was implemented as a new instrument to limit the risk of excessive indebtedness. According to Article 429 CRR, the leverage ratio is the ratio of capital to the leverage exposure. This means tier 1 capital in relation to unweighted exposure on and off the statement of financial position. The Basel Committee initially set a minimum ratio of 3 per cent. After a review to be undertaken by the Basel Committee in the first half of 2017 and possible modification of the minimum ratio, the leverage ratio will become effective as of 1 January 2018.

in € thousand	2015	2014 restated
Leverage exposure	136,163,097	144,685,225
Tier 1	7,671,305	7,444,320
Leverage ratio (transitional)	5.6%	5.1%
Leverage ratio (fully loaded)	5.4%	4.8%

The following table provides an overview of the calculation methods that are applied to determine total capital requirements in the subsidiaries:

Unit	Credit risk Non-Retail	Credit risk Retail	Market risk	Operational risk
Raiffeisen Bank International AG, Vienna (AT)	IRB[1]	n.a.	Internal model[2]	STA[3]
RBI Finance (USA) LLC, New York (USA)	IRB	STA[3]	STA	STA
Raiffeisenbank a.s., Prague (CZ)	IRB	IRB	STA	STA
Raiffeisen Bank Zrt., Budapest (HU)	IRB	IRB	STA	STA
Tatra banka a.s., Bratislava (SK)	IRB	IRB	STA	STA
Raiffeisen Bank S.A., Bucharest (RO)	IRB	IRB	STA	STA
Raiffeisenbank Austria d.d., Zagreb (HR)	IRB[4]	STA	STA	STA
Raiffeisenbank Russia d.d., Moscow (RU)	IRB[4]	STA	STA	STA
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	IRB	IRB	STA	STA
All other units	STA	STA	STA	STA

1 IRB: internal ratings-based approach.
2 Only for risk of open currency positions and general interest rate risk in the trading book.
3 STA: standardized approach.
4 Only on consolidated level.

(48) Average number of staff

Full-time equivalents	2015	2014
Salaried employees	53,156	55,623
Wage earners	936	773
Total	**54,092**	**56,396**

Full-time equivalents	2015	2014
Austria	2,656	2,669
Foreign	51,436	53,727
Total	**54,092**	**56,396**

(49) Related parties

Companies can carry out business with related parties that may affect the entity's asset, financial and earnings position. Information about related parties refers to the top of the consolidated group of Raiffeisen-Landesbanken-Holding GmbH.

Parent companies are Raiffeisen-Landesbanken-Holding GmbH, Vienna, and Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna. Disclosures on RBI's relations to key management are reported in the notes under (50) Relations to key management.

2015 in € thousand	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	2,021,342	101,678	133,795	47,919
Loans and advances to customers	0	760,423	122,468	164,082
Trading assets	0	39,582	190	1,337
Financial investments	0	178,763	0	148,261
Investments in associates	0	0	0	0
Other assets (incl. derivatives)	7,284	23,814	8	205
Deposits from banks	337,960	206,556	2,452,570	118,197
Deposits from customers	171	471,582	719,037	52,069
Debt securities issued	0	11,319	0	0
Provisions for liabilities and charges	0	816	0	0
Trading liabilities	0	71,619	8,329	0
Other liabilities including derivatives	5,511	3,400	0	247
Subordinated capital	66,099	2,072	0	0
Guarantees given	0	183,761	70	0
Guarantees received	698,789	266,066	164,083	36,277

2014 in € thousand	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	1,770,385	127,677	182,964	107,045
Loans and advances to customers	20,980	1,456,618	3,790	162,985
Trading assets	0	48,387	1,604	0
Financial investments	0	343,680	0	89,191
Investments in associates	0	0	0	0
Other assets (incl. derivatives)	51,245	112,878	14	110
Deposits from banks	957,993	280,732	3,673,391	336,193
Deposits from customers	198	342,199	623,845	188,753
Debt securities issued	0	10,593	0	0
Provisions for liabilities and charges	0	23	0	0
Trading liabilities	0	87,803	12,801	42
Other liabilities including derivatives	5	27,752	2	549
Subordinated capital	0	0	0	0
Guarantees given	0	253,919	1,147	8,936
Guarantees received	792,587	341,731	178,273	37,258

2015 in € thousand	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Interest income	38,296	59,699	8,910	12,354
Interest expenses	(9,776)	(23,547)	(59,224)	(1,339)
Dividends income	0	82,702	0	4,949
Fee and commission income	297	42,369	5,097	5,515
Fee and commission expense	(6,125)	(7,671)	(5,960)	(3,291)

2014 in € thousand	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Interest income	37,841	72,839	4,929	2,155
Interest expenses	(44,096)	(42,693)	(25,253)	(1,261)
Dividends income	0	17,077	0	3,179
Fee and commission income	242	21,641	1,467	82
Fee and commission expense	(6,595)	(547)	(296)	(595)

(50) Relations to key management

Group relations of key management

Key management refers to the members of the Management Board and the Supervisory Board of RBI AG and Raiffeisen Zentralbank Österreich Aktiengesellschaft, the major shareholder. Relations of key management to RBI are as follows (respective fair values):

in € thousand	2015	2014
Sight deposits	861	1,000
Bonds	1,186	1,203
Shares	1,246	1,193
Time deposits	65	41
Loans	2	0
Leasing liabilities	578	591

The following table shows relations of close family members of key management to RBI:

in € thousand	2015	2014
Shares	3	2
Bonds	0	21
Time deposits	114	122
Loans	4	0
Leasing liabilities	0	33

There is no compensation agreed between the company and its members of the Management Board and Supervisory Board or employees in the case of a takeover bid.

Remuneration of members of the Management Board

The following table shows total remuneration of the members of the Management Board according to IAS 24.17. The expenses according to IAS 24 were recognized on an accrual basis and according to the rules of the underlying standards (IAS 19 and IFRS 2):

in € thousand	2015	2014
Short-term employee benefits	7,223	7,221
Post-employment benefits	1,065	2,007
Other long-term benefits	(786)	(594)
Termination benefits	0	0
Share based payments	421	196
Total	**7,923**	**8,830**

Short-term employee benefits shown in the above table contain salaries and benefits in kind and other benefits, remunerations for membership of board in affiliated companies and those parts of the bonuses which become due for the short term. Furthermore, changes possibly arising from the difference between the bonus provision and the later awarded bonus are also contained.

Post-employment beneifts comprise payments to pension funds, business insurances and payments according to Retirement Plan Act (Mitarbeitervorsorgegesetz) as well as net allocations to provisions for retirement benefits and severance payments.

Other long-term benefits contains portions of the provision for bonus payments regarding deferred bonus portions in cash and retained portion payable in instruments. For the latter, valuation changes due to currency fluctuations are taken into account.

Bonus calculation is linked to the achievement of the Group objectives regarding profit after tax, return on risk adjusted capital (RORAC), cost/income ratio and to the achievement of personal objectives that are agreed upon annually. Payment is done according to the current regulations of the Austrian Banking Act (BWG), executed in the internal regulations (see employee compensation plans under the section recognition and measurement principles).

Share-based payments comprises adjustments for the SIP tranches launched up to 2013 (see share-based remuneration in the notes under (32) Equity).

To former members of the Management Board and to their surviving dependants € 207 thousand (2014: € 103 thousand) was paid.

Remuneration of members of the Supervisory Board

in € thousand	2015	2014
Remunerations Supervisory Board	550	550

The Annual General Meeting held on 17 June 2015 decided an annual remuneration for the members of the Supervisory Board of € 550 thousand and transferred the distribution to the Board itself. The members of the Supervisory Board settled the distribution via resolution on 7 May 2015 under the condition of approval in the Annual General Meeting held on 17 June 2015 as follows: Chairman € 70 thousand, Deputy Chairman € 60 thousand, members of the Supervisory Board € 50 thousand. Session fees are not paid.

Thus, in the financial year, € 550 thousand (2014: € 550 thousand) was paid to the members of the Supervisory Board.

In the financial year 2015, no contracts subject to approval in the meaning of Section 95 (5) item 12 Austrian Joint Stock Company Act (AktG) were concluded with members of the Supervisory Board.

(51) Boards

Management Board

The Management Board of RBI AG is as follows:

Members of the Management Board	First assignment	End of period
Karl Sevelda, Chairman	22 September 2010[1]	30 June 2017
Johann Strobl, Deputy Chairman	22 September 2010[1]	30 June 2017
Klemens Breuer	16 April 2012	31 December 2020
Martin Grüll	3 January 2005	30 June 2017
Andreas Gschwenter	1 July 2015	30 June 2018
Peter Lennkh	1 October 2004	31 December 2020
Aris Bogdaneris	1 October 2004	31 März 2015

1 Effective as of 10 October 2010.

Supervisory Board

Members of the Supervisory Board	First assignment	End of period
Walter Rothensteiner, Chairman	11 May 2001	AGM 2016
Erwin Hameseder, 1st Deputy Chairman	8 July 2010[1]	AGM 2020
Heinrich Schaller, 2nd Deputy Chairman	20 June 2012	AGM 2017
Martin Schaller, 3rd Deputy Chairman	4 June 2014	AGM 2019
Klaus Buchleitner	26 June 2013	AGM 2020
Kurt Geiger	9 June 2009	AGM 2019
Michael Höllerer	17 June 2015	AGM 2020
Günther Reibersdorfer	20 June 2012	AGM 2017
Johannes Schuster	8 July 2010[1]	AGM 2020
Bettina Selden	4 June 2014	AGM 2019
Rudolf Kortenhof[2]	10 October 2010	Until further notice
Martin Prater[2]	10 October 2010	31 January 2016
Peter Anzeletti-Reikl[2]	10 October 2010	Until further notice
Suanne Unger[2]	18 January 2012	Until further notice
Helge Rechberger[2]	10 October 2010	Until further notice

1 Effective as of 10 October 2010.
2 Staff council delegates.

Committees of the Supervisory Board

The committees of the Supervisory Board of RBI AG are as follows:

Members of the Supervisory Board	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
Walter Rothensteiner	Chairman	Chairman	Chairman	Chairman	Chairman	Chairman
Erwin Hameseder	1st Deputy Chairman	1st Deputy Chairman	1st Deputy Chairman	1st Deputy Chairman	1st Deputy Chairman	1st Deputy Chairman
Heinrich Schaller	2nd Deputy Chairman	2nd Deputy Chairman	2nd Deputy Chairman	2nd Deputy Chairman	2nd Deputy Chairman	2nd Deputy Chairman
Martin Schaller	3rd Deputy Chairman	3rd Deputy Chairman	3rd Deputy Chairman	3rd Deputy Chairman	3rd Deputy Chairman	3rd Deputy Chairman
Johannes Schuster	Member	Member	Member	Member	Member	Member
Martin Prater	Member	Member	–	Member	Member	Member
Rudolf Kortenhof	Member	Member	–	Member	Member	Member
Peter Anzeletti-Reikl	Member	Member	–	Member	Member	Member

State Commissioners:

- Alfred Lejsek, State Commissioner (since 1 January 2011)
- Anton Matzinger, Deputy State Commissioner (since 1 April 2011)

(52) Group composition

Consolidated group

Number of units	Fully consolidated 07.7.1905	06.7.1905	Equity method 07.7.1905	06.7.1905
As at beginning of period	**135**	**143**	**0**	**1**
Included in the course of merger	0	0	0	0
Included for the first time in the financial period	15	10	0	0
Merged in the financial period	(2)	0	0	0
Excluded in the financial period	(28)	(18)	0	(1)
As at end of period	**120**	**135**	**0**	**0**

Of the 120 entities in the Group, 37 are domiciled in Austria (2014: 35) and 83 abroad (2014: 100). They comprise 20 banks, 58 financial institutions, 21 companies rendering bank-related ancillary services, nine financial holding companies and twelve other companies.

Included units

Name, domicile	Share	Included as of	Reason
Financial institutions			
Raiffeisen consulting d.o.o., Zagreb (HR)	100.0%	1/1	Materiality
Raiffeisen Pension Insurance d.d., Zagreb (HR)	100.0%	1/1	Materiality
RBI Private Equity Holding GmbH, Vienna (AT)	100.0%	1/1	Materiality
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	100.0%	1/1	Materiality
Raiffeisen-Leasing Lithuania, Vilnius (LT)	83.0%	1/1	Materiality
Companies rendering bank-related ancillary services			
Raiffeisen Property Lízing Zrt., Budapest (HU)	100.0%	1/1	Materiality
B52 RBI Leasing-Immobilien GmbH, Vienna (AT)	81.3%	1/3	Purchase
Other companies			
DAV-PROPERTY Kft., Budapest (HU)	100.0%	1/1	Materiality
Raiffeisen Property Management GmbH, Vienna (AT)	100.0%	1/1	Materiality
CP Inlandsimmobilien-Holding GmbH, Vienna (AT)	99.0%	1/1	Materiality
MP Real Invest a.s., Bratislava (SK)	100.0%	1/5	Materiality
Sky Tower Immobilien- und Verwaltung Kft., Budapest (HU)	100.0%	1/5	Materiality
Expo 2000 Real Estate EOOD, Sofia (BG)	100.0%	1/5	Materiality
Invest Vermögensverwaltungs-GmbH, Vienna (AT)	98.0%	1/5	Materiality
Skytower Building SRL, Bucharest (RO)	74.2%	1/5	Materiality

Excluded units

Name, domicile	Share	Excluded as of	Reason
Financial institutions			
Raiffeisen Investment Ltd., Moscow (RU)	100.0%	1/1	Immaterial
Raiffeisen Gazdasági Szolgáltató Zrt., Budapest (HU)	100.0%	1/1	Immaterial
Raiffeisen Investment Romania LLC – in liquidation, Bucharest (RO)	100.0%	1/1	Immaterial
Kathrein & Co. Vermögensverwaltung GmbH, Vienna (AT)	100.0%	1/1	Immaterial
OOO RB Obligatsii, Moscow (RU)	100.0%	1/1	Immaterial
Raiffeisen-Leasing Real Estate, s.r.o., Prague (CZ)	75.0%	1/1	Merger
Roof Russia S.A., Luxembourg (LU)	0.03%	1/1	Immaterial
SCTAI Angol Iskola Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	90.3%	1/2	Immaterial
Compass Variety Funding Limited, Dublin (IE)	0.0%	1/5	Immaterial
SCTJ Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	100.0%	1/7	Sale
Raiffeisen Investment Polska sp.z.o.o., Warsaw (PL)	100.0%	1/7	Immaterial
Raiffeisen Investment Advisory GmbH, Vienna (AT)	100.0%	1/7	Immaterial
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	99.0%	1/7	Immaterial
RBI Private Equity Holding GmbH, Vienna (AT)	100.0%	1/8	Merger
Closed Joint Stock Company Non-state pension fund Raiffeisen, Moscow (RU)	75.0%	1/10	Sale
Companies rendering bank-related ancillary services			
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	100.0%	1/1	Immaterial
OOO „Tkatskoye", Moscow (RU)	100.0%	1/1	Immaterial
Raiffeisen Biztosításközvetítő Kft., Budapest (HU)	100.0%	1/1	Immaterial
Raiffeisen Insurance Broker EOOD, Sofia (BG)	100.0%	1/1	Immaterial
RB Kereskedhőáz Kft., Budapest (HU)	100.0%	1/1	Immaterial
OOO „Kvadro", Tomsk (RU)	0.0%	1/1	Immaterial
Other companies			
Centrotrade Chemicals AG, Zug (CH)	75.0%	1/1	Immaterial
Centrotrade Commodities Malaysia Sdn Bhd, Kuala Lumpur (MY)	100.0%	1/1.	Sale
Centrotrade Deutschland GmbH, Eschborn (DE)	100.0%	1/1	Sale
Centrotrade Holding AG, Vienna (AT)	100.0%	1/1	Immaterial
Centrotrade Minerals & Metals Inc., Chesapeake (USA)	100.0%	1/1	Sale
Centrotrade Singapore Pte. Ltd., Singapore (SG)	100.0%	1/1	Sale
SCTS Kft., Budapest (HU)	100.0%	1/1	Immaterial
Gaia Property, s.r.o., Prague (CZ)	75.0%	1/1	Immaterial
RLRE Dorado Property, s.r.o., Prague (CZ)	75.0%	1/1	Immaterial

Income from disposal of Group assets

in € thousand	RNPF	Others	Total
Assets	505,150	94,857	600,007
Liabilities	496,541	81,560	578,101
Total identifiable net assets	**8,609**	**13,297**	**21,906**
Non-controlling interests	0	225	225
Net assets after non-controlling interests	**8,609**	**13,072**	**21,681**
Goodwill	0	91	91
Goodwill/Badwill from exchange differences	(4,018)	314	(3,703)
Selling price/carrying amount	98,156	19,906	118,062
Net income from disposal of group assets	**85,529**	**7,058**	**92,587**

RNPF: Closed Joint Stock Company Non-State pension fund Raiffeisen, Mosow

Additionally, a provision of € 51,722 thousand was built for the planned sale of Raiffeisen Banka d.d., Maribor.

Consolidated subsidiaries where RBI holds less than 50 per cent of the ordinary voting shares

The Group controls the following types of entities, even though it holds less than half of the voting rights.

Structured entities

Name	Share	Reason
Raiffeisen Real Estate Fund, Budapest (HU)	0.0%	Fund
CJSC Mortgage Agent Raiffeisen 01, Moscow (RU)	0.0%	SPV
Roof Russia DPR Finance Company S.A., Luxembourg (LU)	0.0%	SPV
ROOF Poland Leasing 2014 Ltd., Dublin (IE)	0.0%	SPV
FWR Russia Funding B.V., Amsterdam (NL)	0.0%	SPV

The above entities are consolidated as they are either special purpose vehicles (SPV) or funds set up by the Group. The Group is exposed to variability in returns from the vehicles from activities such as holding securities in the vehicles or issuing financial guarantees and the Group has the power to influence the relevant activities of these entities. These entities primarily run on 'auto-pilot' with the day to day business activities being performed by the Group by way of a Service Agreement.

De-facto control

Name, domicile	Share	Reason
Bondy Centrum, s.r.o., Prague (CZ)	37.5%	Management influence

The above entities are consolidated as the Group has de facto control over the entities arising due to the Group's ability to elect members of the management of the entity without contractual agreements and to govern the entity by concluding material business.

Subsidiaries not consolidated where RBI holds more than 50 per cent of the ordinary voting shares

Because of their minor importance in giving a view of the Group's assets, financial and earnings position 224 subsidiaries were not included in the consolidated financial statements (2011: 222). They are recognized at cost under financial investments and are assigned to measurement category available-for-sale. Total assets of the companies not included came to less than 1 per cent of the Group's aggregated total assets.

List of fully consolidated companies

Company, domicile (country)	Subscribed capital[1]	in local currency	Share[1]	Type[2]
AMYKOS RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	81.3%	FI
AO Raiffeisenbank, Moscow (RU)	36,711,260,000	RUB	100.0%	BA
B52 RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	81.3%	OT
BAILE Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
Baumgartner Höhe RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	81.3%	FI
Bondy Centrum, s.r.o., Prague (CZ)	200,000	CZK	43.8%	OT
BUILDING BUSINESS CENTER DOO NOVI SAD, Novi Sad (RS)	559,220,792	RSD	100.0%	FI
Bulevard Centar BBC Holding d.o.o., Belgrade (RS)	63,708	RSD	100.0%	BR
CINOVA RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	81.3%	FI
CP Inlandsimmobilien-Holding GmbH, Vienna (AT)	364,000	EUR	99.0%	OT
DAV Holding Ltd., Budapest (HU)	3,020,000	HUF	100.0%	FI
DAV-PROPERTY Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Eastern European Invest GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Eastern European Invest Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
ELIOT, a.s., Bratislava (SK)	21,420,423	EUR	89.1%	BR
Expo 2000 Real Estate EOOD, Sofia (BG)	10,000	BGN	100.0%	OT
FCC Office Building SRL, Bucharest (RO)	30,298,500	RON	100.0%	BR
Floreasca City Center Verwaltung Kft., Budapest (HU)	41,000	HUF	100.0%	FI
Golden Rainbow International Limited, Tortola (VG)	1	SGD	100.0%	FI
Harmadik Vagyonkezelő Kft., Budapest (HU)	3,100,000	HUF	100.0%	BR
Infrastruktur Heilbad Sauerbrunn GmbH, Vienna (AT)	35,000	EUR	81.3%	FI
Infrastruktur Heilbad Sauerbrunn RBI-Leasing GmbH & Co.KG., Bad Sauerbrunn (AT)	0	EUR	81.3%	FI
Invest Vermögensverwaltungs-GmbH, Vienna (AT)	73,000	EUR	98.0%	OT
JLLC "Raiffeisen-leasing", Minsk (BY)	4,300,250,000	BYR	91.4%	FI
Kathrein Privatbank Aktiengesellschaft, Vienna (AT)	20,000,000	EUR	100.0%	BA
Lexxus Services Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Limited Liability Company Raiffeisen Leasing Aval, Kyiv (UA)	180,208,527	UAH	72.3%	FI
LLC "ARES Nedvizhimost", Moscow (RU)	10,000	RUB	50.0%	BR
MP Real Invest a.s., Bratislava (SK)	140,000,000	EUR	100.0%	OT
OOO Raiffeisen-Leasing, Moscow (RU)	1,071,000,000	RUB	100.0%	FI
Park City real estate Holding d.o.o., Novi Sad (RS)	63,708	RSD	100.0%	BR
PERSES RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	81.3%	FI
Pointon Investment Limited, Limassol (CY)	77,446	RUB	100.0%	BR
Priorbank JSC, Minsk (BY)	412,279,277,350	BYR	87.7%	BA
Raiffeisen Bank Aval JSC, Kyiv (UA)	6,154,516,258	UAH	68.1%	BA
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	247,167,000	BAM	100.0%	BA
Raiffeisen Bank Kosovo J.S.C., Pristina (KO)	63,000,000	EUR	100.0%	BA
Raiffeisen Bank Polska S.A., Warsaw (PL)	2,256,683,400	PLN	100.0%	BA
Raiffeisen Bank S.A., Bucharest (RO)	1,200,000,000	RON	99.9%	BA
Raiffeisen Bank Sh.a., Tirana (AL)	14,178,593,030	ALL	100.0%	BA
Raiffeisen Bank Zrt., Budapest (HU)	50,000,090,000	HUF	100.0%	BA
Raiffeisen banka a.d., Belgrade (RS)	27,466,157,580	RSD	100.0%	BA
Raiffeisen Banka d.d., Maribor (SI)	53,814,985	EUR	99.8%	BA
Raiffeisen CEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen Centrobank AG, Vienna (AT)	47,598,850	EUR	100.0%	BA
Raiffeisen CIS Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen consulting d.o.o., Zagreb (HR)	105,347,000	HRK	100.0%	FI

1 Less own shares.
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financal holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital[1]	in local currency	Share[1]	Type[2]
Raiffeisen Corporate Lízing Zrt., Budapest (HU)	50,100,000	HUF	100.0%	BR
Raiffeisen Energiaszolgáltató Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Factoring Ltd., Zagreb (HR)	15,000,000	HRK	100.0%	FI
Raiffeisen FinCorp, s.r.o., Prague (CZ)	200,000	CZK	87.5%	FI
Raiffeisen Ingatlan Vagyonkezelő Kft., Budapest (HU)	3,100,000	HUF	100.0%	BR
Raiffeisen Insurance Agency Sp.z.o.o, Warsaw (PL)	200,000	PLN	100.0%	BR
Raiffeisen International Invest Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen International Liegenschaftsbesitz GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
Raiffeisen Leasing Bulgaria OOD, Sofia (BG)	5,900,000	BGN	100.0%	FI
Raiffeisen Leasing d.o.o. Sarajevo, Sarajevo (BA)	15,405,899	BAM	100.0%	FI
Raiffeisen Leasing d.o.o., Belgrade (RS)	226,389,900	RSD	100.0%	FI
Raiffeisen Leasing d.o.o., Ljubljana (SI)	3,738,107	EUR	100.0%	FI
Raiffeisen Leasing IFN S.A., Bucharest (RO)	14,935,400	RON	100.0%	FI
Raiffeisen Leasing Kosovo LLC, Pristina (KO)	642,857	EUR	100.0%	FI
Raiffeisen Leasing sh.a., Tirana (AL)	263,520,134	ALL	100.0%	FI
Raiffeisen Lízing Zrt., Budapest (HU)	51,500,000	HUF	100.0%	FI
Raiffeisen Mandatory and Voluntary Pension Funds Management Company Plc., Zagreb (HR)	143,445,300	HRK	100.0%	FI
Raiffeisen Pension Insurance d.d., Zagreb (HR)	23,100,000	HRK	100.0%	FI
Raiffeisen Property Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Property International GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Property Management GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Rent DOO, Belgrade (RS)	243,099,913	RSD	100.0%	FI
Raiffeisen RS Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen SEE Region Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
Raiffeisen stambena stedionica d.d., Zagreb (HR)	180,000,000	HRK	100.0%	BA
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	603,447,952	BGN	100.0%	BA
Raiffeisenbank a.s., Prague (CZ)	11,060,800,000	CZK	75.0%	BA
Raiffeisenbank Austria d.d., Zagreb (HR)	3,621,432,000	HRK	100.0%	BA
Raiffeisen-Leasing d.o.o., Zagreb (HR)	30,000,000	HRK	100.0%	FI
Raiffeisen-Leasing International Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Raiffeisen-Leasing Lithuania UAB, Vilnius (LT)	100,000	EUR	92.3%	FI
Raiffeisen-Leasing Polska S.A., Warsaw (PL)	150,003,800	PLN	100.0%	FI
RAIFFEISEN-LEASING REAL ESTATE Sp. z o.o., Warsaw (PL)	50,000	PLN	100.0%	FI
Raiffeisen-Leasing, s.r.o., Prague (CZ)	450,000,000	CZK	87.5%	FI
Raiffeisen-RBHU Holding GmbH, Vienna (AT)	236,640	EUR	100.0%	FH
RB International Finance (Hong Kong) Ltd., Hong Kong (HK)	10,000,000	HKD	100.0%	FI
RB International Finance (USA) LLC, New York (US)	1,510,000	USD	100.0%	FI
RB International Investment Asia Limited, Labuan (MY)	1	USD	100.0%	FI
RB International Markets (USA) LLC, New York (US)	8,000,000	USD	100.0%	FI
RBI KI Beteiligungs GmbH, Vienna (AT)	48,000	EUR	100.0%	FH
RBI IB Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FH
RBI LEA Beteiligungs GmbH, Vienna (AT)	70,000	EUR	100.0%	FI
RBI Leasing GmbH, Vienna (AT)	100,000	EUR	81.3%	FI
RBI LGG Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	150,000	EUR	100.0%	FI
REC Alpha LLC, Kyiv (UA)	267,643,204	UAH	100.0%	BR
Regional Card Processing Center s.r.o., Bratislava (SK)	539,465	EUR	100.0%	BR
RI Eastern European Finance B.V., Amsterdam (NL)	400,000	EUR	100.0%	FI
RIRE Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	BR

1 Less own shares.
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financal holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital[1]	in local currency	Share[1]	Type[2]
RLI Holding Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
RSC Raiffeisen Service Center GmbH, Vienna (AT)	2,000,000	EUR	50.0%	BR
RZB Finance (Jersey) III Ltd, St Helier (JE)	1,000	EUR	100.0%	FI
RZB Finance (Jersey) IV Limited, St Helier (JE)	2,000	EUR	100.0%	FI
S.C. PLUSFINANCE ESTATE 1 S.R.L., Bucharest (RO)	13,743,340	RON	100.0%	BR
SCTF Szentendre Ingatlanforgalmazó és Ingatlanfejlesztő Kft., Budapest (HU)	3,000,000	HUF	100.0%	FI
Sky Tower Immobilien- und Verwaltung Kft, Budapest (HU)	41,000	HUF	100.0%	OT
Skytower Building SRL, Bucharest (RO)	126,661,500	RON	100.0%	OT
'S-SPV'' d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	FI
Tatra Asset Management, správ. spol., a.s., Bratislava (SK)	1,659,700	EUR	89.1%	FI
Tatra banka, a.s., Bratislava (SK)	64,326,228	EUR	89.1%	BA
Tatra Residence, s. r. o., Bratislava (SK)	23,143,519	EUR	89.1%	BR
Tatra-Leasing, s.r.o., Bratislava (SK)	6,638,784	EUR	89.1%	FI
TOO Raiffeisen Leasing Kazakhstan, Almaty (KZ)	85,800,000	KZT	100.0%	FI
Ukrainian Processing Center PJSC, Kyiv (UA)	180,000	UAH	100.0%	BR
Viktor Property, s.r.o., Prague (CZ)	200,000	CZK	87.5%	OT
Vindalo Properties Limited, Limassol (CY)	67,998	RUB	100.0%	BR
ZUNO BANK AG, Vienna (AT)	5,000,000	EUR	100.0%	BA

1 Less own shares.
2 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financal holding, FI Financial institution, OT Other companies, SC Securities firms.

Structured units

The following tables show, by type of structured entity, the carrying amounts of the Group's interests recognized in the consolidated statement of financial position as well as the maximum exposure to loss resulting from these interests. The carrying amounts presented below do not reflect the true variability of returns faced by the Group because they do not take into account the effects of collateral or hedges.

Assets

2015 in € thousand	Loans and advances	Equities	Debt instruments	Derivatives
Securitization vehicles	231,362	0	451,637	0
Third party funding entities	111,577	18,180	0	0
Funds	0	29,922	0	0
Total	**342,939**	**48,101**	**451,637**	**0**

2014 in € thousand	Loans and advances	Equities	Debt instruments	Derivatives
Securitization vehicles	270,214	0	670,325	0
Third party funding entities	87,994	1,730	0	22
Funds	0	26,269	0	0
Total	**358,208**	**27,999**	**670,325**	**22**

Liabilities

2015 in € thousand	Deposits	Equities	Debt securities issued	Derivatives
Securitization vehicles	2,920	0	22,628	0
Third party funding entities	30,067	0	0	1,118
Total	**32,987**	**0**	**22,628**	**1,118**

2014 in € thousand	Deposits	Equities	Debt securities issued	Derivatives
Securitization vehicles	25,125	0	0	0
Third party funding entities	72,178	0	0	1,321
Total	**97,303**	**0**	**0**	**1,321**

Nature, purpose and extent of the Group's interests in non-consolidated structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- Restricted activities;
- A narrow and well defined objective;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support;
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The principal uses of structured entities are to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitizing financial assets. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets by issuing debt and equity securities that are collateralized by and/or indexed to the assets held by the structured entities.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicate that the structured entities are controlled by the Group.

Below is a description of the Group's involvements in non-consolidated structured entities by type.

Third party funding entities

The Group provides funding to structured entities that hold a variety of assets. These entities may take the form of funding entities, trusts and private investment companies. The funding is collateralized by the asset in the structured entities. The group's investment activity involves predominantly lending.

Securitization vehicles

The Group establishes securitization vehicles which purchase diversified pools of assets, including fixed income securities, company loans, and asset-backed securities (predominantly commercial and residential mortgage-backed securities and credit card receivables). The vehicles fund these purchases by issuing multiple tranches of debt and equity securities, the repayment of which is linked to the performance of the assets in the vehicles.

The Group often transfers assets to these securitization vehicles and provide financial support to these entities in the form of liquidity facilities.

Funds

The Group establishes structured entities to accommodate client requirements to hold investments in specific assets. The Group also invests in funds that are sponsored by third parties. A group entity may act as fund manager, custodian or some other capacity and provide funding and liquidity facilities to both group sponsored and third party funds. The funding provided is collateralized by the underlying assets held by the fund.

Maximum exposure to and size of non-consolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the non-consolidated structured entity. The maximum exposure for loans and trading instruments is reflected by their carrying amounts in the consolidated statement of financial position. The maximum exposure for derivatives and instruments off the statement of financial position such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by the Group, is reflected by the notional amounts. Such amounts do not reflect the economic risks faced by the Group because they do not take into account the effects of collateral or hedges nor the probability of such losses being incurred. At December 31, 2015, the notional related replacement values of derivatives and instruments off the statement of financial position were € 29,064 thousand and € 104,682 thousand respectively. Size information of structured entities is not always publically available therefore the Group has determined that its exposure is an appropriate guide to size.

Financial support

The Group did not provide financial support during the year to non-consolidated structured entities.

Sponsored structured entities

As a sponsor, the Group is often involved in the legal set up and marketing of the entity and supports the entity in different ways such as providing operational support to ensure the entity's continued operation

The Group is also deemed a sponsor for a structured entity if market participants would reasonably associate the entity with the Group. Additionally, the use of the Raiffeisen name for the structured entity often indicates that the Group has acted as a sponsor.

The gross revenues from sponsored entities for the year ending December 31, 2015 amounted to € 21,923 thousand.

No assets have been transferred to sponsored non-consolidated structured entities in 2015.

(53) List of equity participations

Other non-consolidated subsidiaries

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
"A-SPV" d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	FI
"Immobilien Invest" Limited Liability Company, Moscow (RU)	10,000	RUB	100.0%	BR
"K-SPV" d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	FI
Abies Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Ados Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Afrodite Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
ALT POHLEDY s.r.o., Prague (CZ)	84,657,000	CZK	100.0%	OT
Amfion Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Appolon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Aspius Immobilien Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Astra Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Athena Property, s.r.o. v likvidaci, Prague (CZ)	200,000	CZK	100.0%	OT
BA Development II., s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
BA Development, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Boreas Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
BUXUS Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	2,820,000	RON	100.0%	BR
Centrotrade Chemicals AG – in liquidation, Zug (CH)	5,000,000	CHF	100.0%	OT
Centrotrade Holding AG, Vienna (AT)	3,000,000	EUR	100.0%	OT
Chronos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
CP Linzerstraße 221(227) Projektentwicklungs GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
CP Logistikcenter Errichtungs- und Verwaltungs GmbH, Vienna (AT)	37,000	EUR	99.0%	OT
CP Projekte Muthgasse Entwicklungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Credibilis a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT
CRISTAL PALACE Property s.r.o., Prague (CZ)	400,000	CZK	100.0%	FI
Dafne Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
DAV Management Kft., Budapest (HU)	3,010,000	HUF	100.0%	BR
DAV-ESTATE Kft., Budapest (HU)	3,010,000	HUF	100.0%	BR
DAV-LAND Kft., Budapest (HU)	3,010,000	HUF	100.0%	BR
DAV-OUTLET Kft., Budapest (HU)	3,010,000	HUF	100.0%	OT
Dike Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Dione Property s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Dom-office 2000, Minsk (BY)	2,834,781,000	BYR	100.0%	OT
Doplnková dôchodková spoločnosť Tatra banky, a.s., Bratislava (SK)	1,659,700	EUR	100.0%	FI
DORISCUS ENTERPRISES LTD., Limassol (CY)	18,643,400	EUR	86.6%	OT
Dubravcice, s.r.o., Bratislava (SK)	5,000	EUR	100.0%	FI
Easy Develop s.r.o., Prague (CZ)	200,000	CZK	100.0%	SC
Eos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	FI
Erato Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Eris Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
'E-SPV'' d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	FI
Eudoxus s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Euro Green Energy Fejlesztő és Szolgáltató Kft., Budapest (HU)	21,000,000	HUF	100.0%	OT
Eurolease RE Leasing, s. r. o., Bratislava (SK)	6,125,256	EUR	100.0%	OT
Euros Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Exit 90 SPV s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Extra Year Investments Limited, Tortola (VG)	50,000	USD	100.0%	FH
FARIO Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
Forkys Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
FORZA SOLE s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT

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Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
FVE Cihelna s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Gaia Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Gala Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Gergely u. Ingatlanfejlesztő Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
GS55 Sazovice s.r.o., Prague (CZ)	15,558,000	CZK	90.0%	OT
Harmonia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Hebe Property, s.r.o., Prague (CZ)	200,000	CZK	95.0%	OT
Hermes Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Hestia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Holeckova Property s.r.o., Prague (CZ)	210,000	CZK	100.0%	FI
Humanitarian Fund "Budimir Bosko Kostic", Belgrade (RS)	30,000	RSD	100.0%	OT
Hyperion Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	FI
ICS Raiffeisen Leasing s.r.l, Chisinau (MD)	8,307,535	MDL	100.0%	FI
INFRA MI 1 Immobilien Gesellschaft mbH, Vienna (AT)	1,000,000	EUR	100.0%	OT
Ino Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Iris Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Janus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Kalypso Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Kappa Estates s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Kathrein & Co Life Settlement Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
Kathrein & Co. I Vermögensverwaltungs GmbH – in liquidation, Munich (DE)	25,000	EUR	100.0%	OT
Kathrein & Co. Trust Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Kathrein & Co. Vermögensverwaltung GmbH, Vienna (AT)	125,000	EUR	100.0%	FI
Kathrein Capital Management AG, Vienna (AT)	1,000,000	EUR	100.0%	FI
Kirke Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
KIWANDA Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Leasing Poland Sp.z.o.o., Warsaw (PL)	19,769,500	PLN	100.0%	FI
Leto Property, s.r.o., Prague (CZ)	200,000	CZK	77.0%	OT
Limited Liability Company European Insurance Agency, Moscow (RU)	120,000	RUB	100.0%	OT
Limited Liability Company REC GAMMA, Kyiv (UA)	49,015,000	UAH	100.0%	BR
LOTA Handels- und Beteiligungs-GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Luna Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Maharal Hotels, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Mall Varna EAD, Sofia (BG)	146,700,000	BGN	100.0%	OT
MAMONT GmbH, Kyiv (UA)	44,000	UAH	100.0%	OT
Medea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MENARAI Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Michalka – Sun s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
MORHUA Handels- und Beteiligungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
MOVEO Raiffeisen-Leasing GmbH, Vienna (AT)	35,000	EUR	51.0%	FI
Na Starce, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
NAURU Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
NC Ivancice, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Neptun Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Nike Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Niobe Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Nußdorf Immobilienverwaltung GmbH, Vienna (AT)	36,336	EUR	99.5%	OT
Ofion Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	FI
Onyx Energy Projekt II s.r.o., Prague (CZ)	210,000	CZK	100.0%	OT
Onyx Energy s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT

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Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
OOO "Tkatskoye", Moscow (RU)	73,300,000	RUB	100.0%	BR
OOO "Vneshleasing", Moscow (RU)	131,770	RUB	100.0%	FI
OOO Raiffeisen Capital Asset Management Company, Moscow (RU)	225,000,000	RUB	100.0%	FI
OOO SB "Studia Strahovania", Minsk (BY)	349,236,967	BYR	100.0%	OT
Orchideus Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Ötödik Vagyonkezelő Kft., Budapest (HU)	3,010,000	HUF	100.0%	FI
P & C Beteiligungs Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
Photon Energie s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 10 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 11 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 3 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 4 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 6 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 8 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
PILSENINEST, uzavreny investicni fond, a.s., Prague (CZ)	212,000,000	CZK	100.0%	OT
PLUSFINANCE LAND S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
PLUSFINANCE OFFICE S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
PLUSFINANCE RESIDENTIAL S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
PMC SPINDLERUV MLYN s.r.o., Prague (CZ)	100,000	CZK	100.0%	OT
Pontos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Priapos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Pro Invest da Vinci e.o.o.d., Sofia (BG)	5,000	BGN	100.0%	OT
PRODEAL, a.s., Bratislava (SK)	796,654	EUR	100.0%	FI
Production unitary enterprise "PriortransAgro", Minsk (BY)	500,000,001	BYR	100.0%	OT
PZ PROJEKT a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT
R LUX IMMOBILIEN LINIE S.R.L., Timisoara (RO)	50,000	RON	1.0%	OT
R MORMO IMMOBILIEN LINIE S.R.L., Bucharest (RO)	50,000	RON	1.0%	OT
R.L.H. Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen (Beijing) Investment Management Co., Ltd., Beijing (CN)	2,000,000	CNH	100.0%	FI
Raiffeisen Asset Management (Bulgaria) EAD, Sofia (BG)	250,000	BGN	100.0%	FI
Raiffeisen Assistance D.O.O., Beograd, Belgrade (RS)	4,307,115	RSD	100.0%	OT
Raiffeisen Assistance doo Sarajevo, Sarajevo (BA)	4,000	BAM	100.0%	BR
Raiffeisen Autó Lízing Kft., Budapest (HU)	3,000,000	HUF	100.0%	FI
Raiffeisen Befektetési Alapkezelõ Zrt., Budapest (HU)	100,000,000	HUF	100.0%	FI
Raiffeisen Biztosításközvetítö Kft., Budapest (HU)	5,000,000	HUF	100.0%	BR
Raiffeisen Bonus Ltd., Zagreb (HR)	200,000	HRK	100.0%	BR
Raiffeisen Capital a.d. Banja Luka, Banja Luka (BA)	355,000	BAM	100.0%	BR
Raiffeisen Financial Services Polska Sp. z o.o., Warsaw (PL)	4,657,500	PLN	100.0%	FI
Raiffeisen Future AD Beograd drustvo za upravljanje dobrovoljnim penzijskim fondom, Belgrade (RS)	143,204,921	RSD	100.0%	FI
Raiffeisen Gazdasági Szolgáltató Zrt., Budapest (HU)	20,100,000	HUF	100.0%	FI
Raiffeisen Ingatlan Üzemeltető Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Insurance and Reinsurance Broker S.R.L, Bucharest (RO)	180,000	RON	100.0%	BR
RAIFFEISEN INSURANCE BROKER EOOD, Sofia (BG)	5,000	BGN	100.0%	BR
Raiffeisen Insurance Broker Kosovo L.L.C., Pristina (KO)	5,000	EUR	100.0%	BR
RAIFFEISEN INVEST AD DRUSTVO ZA UPRAVLJANJE INVESTICIONIM FONDOVIMA BEOGRAD, Belgrade (RS)	47,662,692	RSD	100.0%	FI
Raiffeisen Invest d.o.o., Zagreb (HR)	8,000,000	HRK	100.0%	FI
Raiffeisen Invest Drustvo za upravljanje fondovima d.o.o Sarajevo, Sarajevo (BA)	945,424	BAM	100.0%	BR
Raiffeisen INVEST Sh.a., Tirana (AL)	90,000,000	ALL	100.0%	FI
Raiffeisen investicni spolecnost a.s., Prague (CZ)	40,000,000	CZK	100.0%	SC
Raiffeisen Investment (Bulgaria) EOOD – in liquidation, Sofia (BG)	60,050	BGN	100.0%	FI

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Raiffeisen Investment Advisory GmbH, Vienna (AT)	730,000	EUR	100.0%	FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	70,000	TRY	99.0%	FI
Raiffeisen Investment Ltd., Moscow (RU)	47,904,192	RUB	100.0%	FI
Raiffeisen Investment Polska sp.z.o.o., Warsaw (PL)	3,024,000	PLN	100.0%	FI
Raiffeisen Investment Ukraine TOV – in liquidation, Kyiv (UA)	3,733,213	UAH	100.0%	FI
Raiffeisen Property Management Bulgaria EOOD, Sofia (BG)	80,000	BGN	100.0%	OT
Raiffeisen Property Management spol.s.r.o., Prague (CZ)	100,000	CZK	100.0%	OT
RAIFFEISEN Real Estate EOOD, Sofia (BG)	550,000	BGN	100.0%	OT
RAIFFEISEN SERVICE EOOD, Sofia (BG)	4,220,000	BGL	100.0%	OT
Raiffeisen Solutions Spółka z ograniczoną odpowiedzialnością, Warsaw (PL)	550,000	PLN	100.0%	FI
RAIFFEISEN SPECIAL ASSETS COMPANY d.o.o. Sarajevo, Sarajevo (BA)	1,982,591	BAM	100.0%	FI
Raiffeisen Towarzystwo Funduszy Inwestycyjnych S.A., Warsaw (PL)	2,000,000	PLN	100.0%	OT
Raiffeisen-Leasing Service Ltd., Warsaw (PL)	50,000	PLN	100.0%	OT
Rail-Rent-Holding GmbH, Vienna (AT)	40,000	EUR	60.0%	OT
Raines Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Ratio Holding Gesellschaft mit beschränkter Haftung, Vienna (AT)	40,000	EUR	100.0%	OT
RB Kereskedhőáz Kft., Budapest (HU)	4,000,000	HUF	100.0%	BR
RB Szolgáltató Központ Kft. – RBSC Kft., Nyíregyháza (HU)	3,000,000	HUF	100.0%	BR
RBI Vajnoria spol.s.r.o., Bratislava (SK)	5,000	EUR	100.0%	OT
RCR Ukraine LLC, Kyiv (UA)	282,699	UAH	100.0%	BR
REAL ESTATE RENT 2 DOO, Belgrade (RS)	40,386	RSD	100.0%	FI
Real Estate Rent 4 DOO, Belgrade (RS)	40,310	RSD	100.0%	FI
Rent CC, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
Rent GRJ, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Rent PO, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
Residence Park Trebes, s.r.o., Prague (CZ)	20,000,000	CZK	100.0%	OT
Rheia Property, s.r.o., Prague (CZ)	200,000	CZK	95.0%	OT
RIRBRO ESTATE MANAGEMENT S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
RL Leasing Gesellschaft m.b.H., Eschborn (DE)	25,565	EUR	25.0%	FI
RL-Assets Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RLOL ESTATE 1 d.o.o. Belgrad (SCG), Belgrade (RS)	43,186	RSD	100.0%	FI
RLRE Beta Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Carina Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Dorado Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Eta Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Hotel Ellen, s.r.o., Prague (CZ)	100,000	CZK	100.0%	FI
RLRE Jota Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Orion Property s.r.o., Prague (CZ)	465,000	CZK	100.0%	FI
RLRE Ypsilon Property, s.r.o., Prague (CZ)	200,000	CZK	50.0%	FI
Robert Károly Körút Irodaház Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Rogofield Property Limited, Nicosia (CY)	2,174	USD	100.0%	OT
RPM Budapest KFT, Budapest (HU)	3,000,000	HUF	100.0%	OT
RPN Verwaltungs GmbH, Vienna (AT)	37,464	EUR	100.0%	OT
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	10,656,000	RON	100.0%	FI
SAM-House Kft, Budapest (HU)	3,000,000	HUF	100.0%	BR
SASSK Ltd., Kyiv (UA)	152,322,000	UAH	100.0%	OT
SCT Kárász utca Ingatlankezelő Kft., Budapest (HU)	3,000,000	HUF	100.0%	FI
SCTB Ingatlanfejlesztés Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
SCTP Biatorbágy Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	75.3%	OT
SCTS Kft., Budapest (HU)	3,100,000	HUF	100.0%	OT

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Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
Selene Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Sirius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Sky Solar Distribuce s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
SORANIS Raiffeisen Portfolio Management GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
St. Marx-Immobilien Verwertungs- und Verwaltungs GmbH, Vienna (AT)	36,336	EUR	99.0%	OT
Stadtpark Hotelreal GmbH, Vienna (AT)	6,543,000	EUR	1.0%	OT
Szentkiraly utca 18 Kft., Budapest (HU)	5,000,000	HUF	100.0%	OT
T.L.S. building construction s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Tatra Office, s.r.o., Bratislava (SK)	185,886	EUR	100.0%	BR
TAURUS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
TB Invest Ingatlanforgalmazó Zrt., Budapest (HU)	20,000,000	HUF	50.0%	OT
Theia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
TL leasing, s.r.o., Bratislava (SK)	331,939	EUR	100.0%	FI
Transaction System Servis, s.r.o., Prague (CZ)	200,000	CZK	100.0%	BR
Unitary insurance enterprise "Priorlife", Minsk (BY)	35,790,000,000	BYR	100.0%	VV
UPC Real, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
VERMREAL Liegenschaftserwerbs- und -betriebs GmbH, Vienna (AT)	36,336	EUR	17.0%	OT
Villa Atrium Bubenec, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
VINAGRIUM Borászati és Kereskedelmi Kft., Eger (HU)	500,000	HUF	100.0%	OT
VN-Industrie Immobilien GmbH, Vienna (AT)	35,000	EUR	74.0%	OT
VN-Wohn Immobilien GmbH, Vienna (AT)	35,000	EUR	74.0%	OT
VUWG Verwaltung und Verwertung von Gewerbeimmobilien GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Zefyros Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Zethos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT

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Other equity participations

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
Accession Mezzanine Capital II L.P., Bermuda (BM)	2,613	EUR	5.7%	OT
Accession Mezzanine Capital III L.P., Hamilton (BM)	134,125,000	EUR	3.7%	OT
Accession Mezzanine Capital L.P. in Liquidation, Bermuda (BM)	1,147	EUR	2.6%	OT
ACG Bor Glasworks, Bor (RU)	418,956,270	RUB	7.4%	OT
Agricultural Open Joint Stock Company Illintsi Livestock Breeding Enterprise, Illinci (UA)	703,100	UAH	4.7%	OT
ALCS Association of Leasing Companies in Serbia, Belgrade (RS)	853,710	RSD	12.5%	OT
Alpenbank Aktiengesellschaft, Innsbruck (AT)	10,220,000	EUR	0.0%	FI
ARR Rail Rent Transportmittel Vermietungs Gesellschaft m.b.H. in Liqu, Perchtoldsdorf (AT)	500,000	ATS	50.0%	OT
A-Trust Gesellschaft für Sicherheitssysteme im elektronischen Datenverkehr GmbH, Vienna (AT)	5,290,013	EUR	13.6%	OT
Bank of Slovenia, Bank Resolution Fund, Ljubljana (SI)	191,070,937	EUR	5.0%	OT
Bankart d.o.o., Ljubljana (SI)	2,000,083	EUR	1.7%	BR
bat-groupware GmbH, Vienna (AT)	50,000	EUR	100.0%	BR
Belarussian currency and stock exchange JSC, Minsk (BY)	90,065,837,400	BYR	0.0%	SC
Biroul de Credit S.A., Bucharest (RO)	4,114,615	RON	13.2%	FI
Bucharest Stock Exchange, Bucharest (RO)	76,741,980	RON	1.0%	SC
Budapest Stock Exchange, Budapest (HU)	541,348,100	HUF	50.5%	SC
Burza cennych papierov v. Bratislave, a.s., Bratislava (SK)	11,404,927,296	EUR	0.1%	SC
CASA DE COMPENSARE S.A., Bucharest (RO)	6,835,850	RON	52.6%	SC
Cash Service Company AD, Sofia (BG)	12,500,000	BGN	20.0%	BR
CEESEG Aktiengesellschaft, Vienna (AT)	18,620,720	EUR	7.0%	SC
CELL MED Research GmbH, Vienna (AT)	1,898,418	EUR	4.5%	OT
Central Depository and Clearing Company, Inc., Zagreb (HR)	86,925,000	HRK	0.0%	FI
Closed Joint Stock Company Truskavets Valeological Innovative Centre, Truskavets (UA)	100,000	UAH	5.0%	OT
Closed Joint Stock Company Vinegar-yeast Factory, Uzyn (UA)	9,450,000	UAH	33.8%	OT
Commodity Exchange Crimean Interbank Currency Exchange, Simferopol (UA)	440,000	UAH	4.5%	SC
Commodity Exchange of the Agroindustrial Complex of Central Regions of Ukraine, Cherkassy (UA)	90,000	UAH	11.1%	OT
CREF CZ 1 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
CREF CZ 2 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
CREF CZ 3 s.r.o, Prague (CZ)	200,000	CZK	100.0%	OT
CREF CZ 4 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
CREF CZ 5 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Czech Real Estate Fund (CREF) B.V., Amsterdam (NL)	18,000	EUR	20.0%	FI
D. Trust Certifikačná Autorita, a.s., Bratislava (SK)	331,939	EUR	10.0%	OT
Easdaq NV, Leuven (BE)	128,526,849	EUR	0.0%	OT
Einlagensicherung der Banken und Bankiers Gesellschaft m.b.H., Vienna (AT)	70,000	EUR	0.1%	FI
EMERGING EUROPE GROWTH FUND II, L.P., Delaware (US)	370,000,000	USD	1.9%	OT
Euro Banking Association (ABE Clearing S.A.S.), Paris (FR)	62,000	EUR	1.6%	FI
European Investment Fund S.A., Luxembourg (LU)	3,000,000,000	EUR	0.2%	FI
Export and Industry Bank Inc., Makati City (PH)	4,734,452,540	PHP	9.5%	BA
Flex-space Plzen I, s.r.o., Prague (CZ)	200,000	CZK	51.0%	OT
FMK Fachmarktcenter Kohlbruck Betriebs GmbH, Eschborn (DE)	30,678	EUR	5.63119	FI
Fondul de Garantare a Creditului Rural S.A., Bucharest (RO)	15,940,890	RON	33.3%	FI
Garantiqa Hitelgarancia ZRt., Budapest (HU)	7,839,600,000	HUF	0.2%	FI
Greenix Limited, Road Town (VG)	100,000	USD	25.0%	OT
Hrvatski registar obveza po kreditima d.o.o., Zagreb (HR)	13,500,000	HRK	10.5%	BR
Intereuropa d.d., Koper, Koper (SI)	27,488,803	EUR	16.9%	OT
International Factors Group S.C., Brussels (BE)	58,150	EUR	1.7%	FI
INVESTOR COMPENSATION FUND, Bucharest (RO)	344,350	RON	0.4%	SC
Island Capital Ltd., Hamilton (BM)	901,067	USD	0.0%	VV

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financal holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
Kathrein & Co. Private Equity I AG, Vienna (AT)	190,000	EUR	36.8%	OT
Konevova s.r.o., Prague (CZ)	50,000,000	CZK	100.0%	BR
Lead Equities Mittelstandsfinanzierungs AG, Vienna (AT)	89,422	EUR	2.0%	FI
Limited Liability Company Scientific-Production Enterprise Assembling and Implementation of Telecommunication Sytems, Dnepropetrovsk (UA)	500,000	UAH	10.0%	OT
LLC "Insurance Company 'Raiffeisen Life", Moscow (RU)	240,000,000	RUB	25.0%	VV
LUXTEN LIGHTING COMPANY S.A., Bucharest (RO)	42,126,043	RON	0.0%	OT
MasterCard Inc, New York (US)	13,518	USD	0.0%	BA
National Settlement Depositary, Moscow (RU)	1,180,675,000	RUB	0.0%	FI
Open Joint Stock Company Kyiv Special Project and Design Bureau Menas, Kyiv (UA)	3,383,218	UAH	4.7%	OT
Open Joint Stock Company Volodymyr-Volynskyi Sugar Refinery, Vladimir-Volynsky City (UA)	13,068,010	UAH	2.6%	OT
Österreichische Raiffeisen-Einlagensicherung eGen, Vienna (AT)	3,100	EUR	9.7%	OT
OT-Optima Telekom d.d., Zagreb (HR)	635,568,080	HRK	3.3%	OT
OVIS Raiffeisen-Immobilien-Lesing GesmbH, Vienna (AT)	36,400	EUR	99.0%	FI
Pannon Lúd Kft, Mezokovácsháza (HU)	852,750,000	HUF	0.6%	OT
Perun Capital GmbH in Liqu., Vienna (AT)	35,000	EUR	100.0%	OT
Perun Capital GmbH in Liqu., Vienna (AT)	35,000	EUR	100.0%	OT
Polish Real Estate Investment Limited, Limassol (CY)	911,926	EUR	11.2%	OT
Private Joint Stock Company First All-Ukrainian Credit Bureau, Kyiv (UA)	11,750,000	UAH	5.1%	OT
Private Joint Stock Company Ukrainian Interbank Currency Exchange, Kyiv (UA)	36,000,000	UAH	3.1%	SC
PRK Sigma 06, s.r.o., Prague (CZ)	3,700,000	CZK	100.0%	OT
Public Joint Stock Company Bird Farm Bershadskyi, Viytivka (UA)	6,691,141	UAH	0.5%	OT
Public Joint Stock Company National Depositary of Ukraine, Kyiv (UA)	103,200,000	UAH	0.1%	BR
Public Joint Stock Company Settlement Center for Servicing of Contracts in Financial Markets, Kyiv (UA)	153,100,000	UAH	0.0%	FI
Public Joint Stock Company Stock Exchange PFTS, Kyiv (UA)	32,010,000	UAH	0.2%	SC
Public Joint Stock Company Sumy Enterprise Agrotechservice, Sumy (UA)	1,545,000	UAH	0.6%	OT
Raiffeisen Banca pentru Locuinte S.A., Bucharest (RO)	131,074,560	RON	33.3%	BA
Raiffeisen e-force GmbH, Vienna (AT)	145,346	EUR	0.7%	OT
Raiffeisen Informatik GmbH, Vienna (AT)	1,460,000	EUR	0.1%	BR
Raiffeisen Services SRL, Bucharest (RO)	30,000	RON	100.0%	FI
Raiffeisen stavebni sporitelna, a.s., Prague (CZ)	650,000,000	CZK	10.0%	BA
Raiffeisen-Leasing Anlagen und KFZ Vermietungs GmbH, Vienna (AT)	35,000	EUR	17.0%	FI
Raiffeisen-Leasing BOT s.r.o., Prague (CZ)	100,000	CZK	80.0%	OT
Raiffeisen-Leasing Management GmbH, Vienna (AT)	300,000	EUR	25.0%	FI
Raiffeisen-Leasing Mobilien und KFZ GmbH, Vienna (AT)	35,000	EUR	31.0%	FI
RC Gazdasági és Adótanácsadó Zrt., Budapest (HU)	20,000,000	HUF	22.2%	FI
Registry of Securities in FBH, Sarajevo (BA)	2,052,300	BAM	1.4%	OT
REPEF Holding GmbH in Liquidation, Vienna (AT)	400,000	EUR	3.5%	OT
RL Flussschifffahrts GmbH & Co KG, Vienna (AT)	5,000	EUR	5.0%	FI
RL Hotel Palace Wien Besitz GmbH, Vienna (AT)	36,336	EUR	1.0%	FI
RLKG Raiffeisen-Leasing GmbH, Vienna (AT)	40,000	EUR	12.5%	FI
RVS, a. s., Bratislava (SK)	6,852,480	EUR	0.7%	OT
S.C. DEPOZITARUL CENTRAL S.A., Budapest (RO)	25,291,953	RON	2.6%	OT
Sarajevska berza-burza vrijednosnih papira dd Sarajevo, Sarajevo (BA)	1,975,680	BAM	5.2%	OT
Scanviwood Co. Ltd., Ho Chi Minh City (VN)	2,500,000	USD	6.0%	OT
Slovak Banking Credit Bureau, s.r.o., Bratislava (SK)	9,958	EUR	33.3%	BR
Societatea de Transfer de Fonduri si Decontari-TRANSFOND S.A, Bucharest (RO)	6,720,000	RON	3.4%	BR
Society for Worldwide Interbank Financial Telekommunication scrl, La Hulpe (BE)	13,788,750	EUR	0.5%	FI
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0%	OT
The Zagreb Stock Exchange joint stock company, Zagreb (HR)	40,408,000	HRK	3.3%	SC

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financal holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital	in local currency	Share	Type[1]
Transilvania LEASING S.A., Brasov (RO)	51,569,000	RON	0.6%	FI
Trimo inzeniring in proizvodnja montaznih objektov, d.d., Trebnje (SI)	9,138,625	EUR	1.4%	OT
UNIQA Raiffeisen Software Service Kft., Budapest (HU)	19,900,000	HUF	40.0%	OT
VISA Europe Ltd., London (GB)	150,000	EUR	0.0%	BR
Visa Inc., San Francisco (US)	84,598	USD	0.0%	BR
Zhytomyr Commodity Agroindustrial Exchange, Zhitomir (UA)	476,615	UAH	2.1%	OT
Ziloti Holding S.A., Luxembourg (LU)	48,963	EUR	0.9%	OT
ZHS Office- & Facilitymanagement GmbH, Vienna (AT)	36,336	EUR	1.0%	BR

1 Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financal holding, FI Financial institution, OT Other companies, SC Securities firms.

Recognition and measurement principles

Financial instruments: Recognition and measurement (IAS 39)

According to IAS 39, all financial assets, financial liabilities and derivative financial instruments are to be recognized in the statement of financial position. A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. On initial recognition, financial instruments are to be measured at fair value, which generally corresponds to the transaction price at the time of acquisition or issue. According to IFRS 13, the fair value is defined as the exit price. This is the price that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For subsequent measurement, financial instruments are recognized in the statement of financial position according to the respective measurement category pursuant to IAS 39, either at (amortized) cost or at fair value.

Categorization of financial assets and financial liabilities and their measurement

The measurement categories for financial instruments pursuant to IAS 39 do not equate to the principal line items in the statement of financial position. Relationships between the principal line items in the statement of financial position and the measurement standard applied are described in the table "Categories of financial instruments according to IFRS7" and in the notes under (1) Income statement according to measurement categories and (13) Statement of financial position according to measurement categories.

1. Financial assets or liabilities at fair value through profit and loss

On initial recognition, the Group categorizes certain financial assets and liabilities as held-for-trading or measured at fair value. These financial assets and liabilities are recognized at fair value and shown as financial assets and liabilities at fair value.

a. Trading assets/liabilities

Trading assets/liabilities are acquired or incurred principally for the purpose of generating profit from short-term fluctuations in market prices. Securities (including short selling of securities) and derivative financial instruments held-for-trading are recognized at their fair values. If securities are listed, the fair value is based on stock exchange prices. Where such prices are not available, internal prices based on present value calculations for originated financial instruments and futures or option pricing models for options are applied. Present value calculations are based on an interest rate curve which consists of money market rates, future rates and swap rates. Option price formulas Black-Scholes 1972, Black 1976 or Garman-Kohlhagen are applied depending on the kind of option. The measurement for complex options is based on a binominal tree model and Monte Carlo simulations.

Derivative financial instruments held-for-trading are shown under the item "trading assets" or "trading liabilities". Positive fair values including accrued interest (dirty price) are shown under trading assets. Negative fair values are recorded under trading liabilities. Positive and negative fair values are not netted. Changes in dirty prices are recognized in net trading income. Derivatives that are used neither for trading purposes nor for hedging purposes are recorded under the item "derivatives". Any liabilities from the short-selling of securities are shown in "trading liabilities".

Capital-guaranteed products (guarantee funds and pension plans) are shown as sold put options on the respective funds to be guaranteed, in accordance with statutory requirements. The valuation is based on a Monte Carlo simulation. The Group has provided capital guarantee obligations as part of the government-funded state-sponsored pension plans according to Section 108h (1) item 3 EStG (Austrian Income Tax Act). The bank guarantees that the retirement annuity, available for the payment amount, is not less than the sum of the amounts paid by the taxpayer plus credits for such taxable premiums within the meaning of Section 108g EStG.

b. Designated financial instruments at fair value

This category comprises mainly all those financial assets that are irrevocably designated as financial instruments at fair value (so-called fair value option) upon initial recognition in the statement of financial position independent of any intention to trade. An entity may use this designation only when doing so results in more relevant information for the user of the financial statements. This is the case for those financial assets, which belong to a portfolio, which is managed and its performance evaluated on a fair value basis.

These instruments are bonds, notes and other fixed-interest securities as well as shares and other variable-yield securities. These financial instruments are valued at fair value under IAS 39. In the statement of financial position, they are shown under the item "financial investments". Current income is shown under net interest income, valuation results and proceeds from disposals are shown in net income from financial investments.

Financial liabilities are also designated as financial instruments at fair value, to avoid valuation discrepancies with related derivatives. The fair value of financial obligations under the fair value option in this category reflects all market risk factors, including those related to the credit risk of the issuer.

In 2015, as in 2014, observable market prices were used for the valuation of liabilities of subordinated issues measured at fair value. The financial liabilities are mostly structured bonds. The fair value of these financial liabilities is calculated by discounting the contractual cash flows with a credit-risk-adjusted yield curve, which reflects the level at which the Group could issue similar financial instruments at the reporting date. The market risk parameters are evaluated according to similar financial instruments that are held as financial assets. Valuation results for liabilities that are designated as a financial instrument at fair value are recognized in income from derivatives and liabilities.

2. Financial assets held-to-maturity

Non-derivative financial assets (securities with fixed or determinable payments and a fixed maturity) purchased with the intention and ability to hold them to maturity are reported under the item "financial investments". They are recognized at amortized cost and differences are amortized over the term to maturity and recognized in the income statement under net interest income. If impairment occurs, it is taken into account when determining the amortized cost and shown in net income from financial investments. Coupon payments are recognized under net interest income. A sale of these financial instruments is only allowed in certain cases explicitly stated in IAS 39.

3. Loans and advances

Non-derivative financial assets with fixed or determinable payment entitlements for which there is no active market are allocated to this category. These financial instruments are mainly recorded in the items "loans and advances to banks" and "loans and advances to customers". Moreover, loans and advances relating to finance lease business, which are recognized in accordance with IAS 17, are stated in the items "loans and advances to banks" and "loans and advances to customers".

They are measured at amortized cost. If there is a difference between the amount paid and face value – and this has an interest character – the effective interest method is used and the amount is stated under net interest income. If impairment occurs it is taken account of when determining the amortized cost. Impairment provisions and provisions for losses that have occurred but have not yet been recognized are reported in the statement of financial position under the item "impairment losses on loans and advances". Profits from the sale of impaired loans are recognized in the income statement in the item "net provisioning for impairment losses".

Moreover, debt instruments are also allocated to this category if there is no active market for them. Derecognition of financial assets within the framework of securitizations is – after checking if the securitized special purpose vehicle has to be integrated into the consolidated accounts – undertaken on the basis of a risk and rewards or control test according to IAS 39 after identifying loss of control over the contractual rights relating to the asset.

4. Financial assets available-for-sale

The category of financial assets available-for-sale contains financial instruments including non-consolidated equity participations that were not allocated to any of the other three categories. They are stated at fair value, if a fair value is reliably measurable. Valuation differences are shown directly in equity in other comprehensive income and only recognized in the income statement under net income from financial investments if there is an objective indication of impairment or if the financial asset available-for-sale is sold.

For equity instruments impairment exists, among other indicators, if the fair value is either significantly or permanently below cost. In the Group, equity instruments classified as available-for-sale are impaired when the fair value over the last six months before the reporting date was consistently more than 20 per cent below carrying value, or in the last twelve months, on average, more than 10 per cent below carrying value. In addition to these quantitative indications (trigger events), qualitative indications from IAS 39.59 are considered. It is not permitted to include any appreciation in value in the income statement for equity instruments classified as available-for-sale, but rather this should be recognized in other comprehensive income under the item fair value reserve (available-for-sale financial assets). This means that only impairments or disposals are to be shown in the income statement.

For unquoted equity instruments, for which reliable fair values cannot be assessed regularly and are therefore valued at cost of acquisition less impairment losses, it is not permitted to show an appreciation in value. This kind of financial instrument is reported under the item "financial investments".

Interest and dividend income from financial assets available-for-sale are recorded in net interest income.

5. Financial liabilities

Liabilities are predominantly recognized at amortized cost. Discounted debt securities issued and similar obligations are measured at their present value. Financial liabilities are reported in the statement of financial position under the items "deposits from banks", “deposits from customers", "debt securities issued" or "subordinated capital". Financial liabilities measured at fair value are shown in the category "liabilities at fair value through profit and loss". Interest expenses are stated under net interest income.

Derecognition of financial assets and liabilities

Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows arising from a financial asset have expired, when the Group has transferred the rights to the cash flows, or if the Group has the obligation, in case that certain criteria occur, to transfer the cash flows to one or more receivers. A transferred asset is also derecognized if all material risks and rewards of ownership of the assets are transferred.

Securitization transactions

The Group securitizes various financial assets from transactions with retail and commercial customers by selling them to a special purpose vehicle (SPV) that issues securities to investors. The assets transferred may be derecognized fully or partly. Rights to securitized financial assets can be retained in the form of senior or subordinated tranches, interest claims or other residual claims (retained rights).

Derecognition of financial liabilities

The Group derecognizes a financial liability if the obligations of the Group have been paid, expired or revoked. The income or expense from the repurchase of own liabilities is shown in the notes under (6) Net income from derivatives and liabilities. The repurchase of own bonds also falls under derecognition of financial liabilities. Differences on repurchase between the carrying value of the liability (including premiums and discounts) and the purchase price are reported in the income statement in net income from derivatives and liabilities.

Reclassification

In accordance with IAS 39.50, non-derivative financial instruments classified as trading assets and available-for-sale financial instruments can be reclassified as financial assets held-to-maturity and loans and advances in exceptional circumstances. The effects resulting from such reclassifications are shown in the notes under (20) Financial investments.

Offsetting of financial instruments

Where the borrower and lender are the same, offsetting of loans and liabilities with matching maturities and currencies occurs only if a legal right, by contract or otherwise, exists and offsetting is in line with the actually expected course of the business. Information on offsetting of financial instruments is provided in the notes under (40) Offsetting financial assets and liabilities.

Derivatives

Within the operating activity, the Group carries out different transactions with derivative financial instruments for trading and hedging purposes. The Group uses derivatives including swaps, standardized forward contracts, futures, credit derivatives, options and similar contracts. The Group uses derivatives in order to meet client requirements concerning their risk management, to manage and hedge risks and to generate profit in proprietary trading. Derivatives are initially recognized at the time of the transaction at fair value and subsequently revalued to fair value. The resulting valuation gain or loss is recognized immediately in net income from derivatives and liabilities, unless the derivative is designated as a hedging instrument for hedge accounting purposes and the hedge is effective. Here the timing of the recognition of the gain or loss on the hedging instrument depends on the type of hedging relationship.

Derivatives which are used for hedging against market risk (excluding trading assets/liabilities) for a non-homogeneous portfolio do not meet the conditions for IAS 39 hedge accounting. These are recognized as follows: the dirty price is booked under the item "derivatives" in the statement of financial position (positive fair values under assets and negative fair values under liabilities). The change in value of these derivatives, on the basis of the clean price, is shown in net income from derivatives and liabilities (net income from other derivatives) and interest is shown in net interest income.

Credit derivatives, the value of which is dependent on future specified credit (non-)events are shown at fair value under the item "derivatives" (positive fair values under assets and negative fair values under liabilities). Changes in valuation are recognized under net income from derivatives and liabilities.

Additional information on derivatives is provided in the notes under (39) Derivative financial instruments.

Hedge Accounting

If derivatives are held for the purpose of risk management and if the respective transactions meet specific criteria, the Group uses hedge accounting. The Group designates certain hedging instruments as fair value hedges, cash flow hedges or capital hedges. Most of these are derivatives. At the beginning of the hedging relationship, the relationship between underlying and hedging instrument, including the risk management objectives, is documented. Furthermore, it is necessary to regularly document from the beginning and during the lifetime of the hedging relationship that the fair value or cash flow hedge is highly effective.

a. Fair value hedge

Hedge accounting according to IAS 39 applies to those derivatives that are used to hedge the fair values of financial assets and liabilities. The credit business is especially subject to such fair value risks if it deals with fixed-interest loans. Interest rate swaps that satisfy the prerequisites for hedge accounting are contracted to hedge against the interest-rate risks arising from individual loans or refinancing. Thus, hedges are formally documented, continuously assessed, and tested to be highly effective. Throughout the term of a hedge it can therefore be assumed that changes in the fair value of a hedged item will be nearly completely offset by a change in the fair value of the hedging instrument and that the actual effectiveness outcome will lie within a band of 80 to 125 per cent.

Derivative instruments held to hedge the fair values of individual items in the statement of financial position (except trading assets/liabilities) are recognized at their fair values (dirty prices) under the item "derivatives" (for assets: positive dirty prices; for liabilities: negative dirty prices). Changes in the carrying amounts of hedged items (assets or liabilities) are allocated directly to the corresponding items of the statement of financial position and reported separately in the notes.

Both the effect of changes in the carrying values of positions requiring hedging and the effects of changes in the clean prices of the derivative instruments are recorded under "net income from derivatives and liabilities" (net income from hedge accounting).

Within the management of interest rate risks, the hedging of interest rate risk is also undertaken on the portfolio level. Individual transactions or groups of transactions with similar risk structures, divided into maturities according to the expected repayment and interest rate adjustment date in a portfolio, are hedged. Portfolios can contain assets only, liabilities only, or both. For hedge accounting, the change in the value of the hedged asset or liability is shown as a separate item in other assets/liabilities. The hedged amount of the hedged items is determined in the consolidated financial statements including sight deposits (the rules of the EU carve-out are therefore applied).

b. Cash flow hedge

Cash flow hedge accounting according to IAS 39 applies for those derivatives that are used to hedge against the risk of fluctuating future cash flows. Variable-interest loans and liabilities, as well as expected transactions such as expected borrowing or investment, are especially subject to such cash flow risks. Interest rate swaps used to hedge against the risk of fluctuating cash flows arising from specific variable interest-rate items are recognized as follows: The hedging instrument is recognized at fair value, changes in its clean price are recorded in other comprehensive income. Any ineffective portion is recognized in the income statement in net income from derivatives and liabilities.

c. Hedge of a net investment in an economically independent operation (capital hedge)

In the Group, foreign exchange hedges of investments in economically independent sub-units (IAS 39.102) are executed in order to reduce differences arising from the foreign currency translation of equity components. Currency swaps are mainly used as hedging instruments. Where the hedge is effective the resulting gains or losses from foreign currency translation are recognized in other comprehensive income and shown separately in the statement of comprehensive income. Any ineffective part of the hedge is recognized in net trading income. The related interest components are shown in net interest income.

Fair value

The fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability, in an orderly business transaction between market participants on the measurement reference date. This applies irrespective of whether the price is directly observable or has been estimated using a valuation method. In accordance with IFRS 13, RBI uses the following hierarchy to determine and report the fair value for financial instruments.

Quotation on an active market (Level I)

If market prices are available, the fair value is reflected best by the market price. This category contains equity instruments traded on the stock exchange, debt instruments traded on the interbank market, and derivatives traded on the stock exchange. The valuation is mainly based on external data sources (stock exchange prices or broker quotes in liquid market segments). In an active market, transactions involving financial assets and liabilities are traded in sufficient frequency and volumes, so that price information is continuously available. Indicators for active markets are the number, the frequency of update or the quality of quotations (e.g. banks or stock exchanges). Moreover, narrow bid/ask spreads and quotations from market participants within a certain corridor are also indicators of an active liquid market.

Measurement techniques based on observable market data (Level II)

When quoted prices for financial instruments are unavailable, the prices of similar financial instruments are used to determine the current fair value or accepted measurement methods utilizing observable prices or parameters (in particular present value calculations or option price models) are employed. These methods concern the majority of the OTC-derivatives and non-quoted debt instruments.

Measurement techniques not based on observable market data (Level III)

If no sufficient current verifiable market data is available for the measurement with measurement models, parameters which are not observable in the market are also used. These input parameters may include data which is calculated in terms of approximated values from historical data among other factors (fair value hierarchy level III). The utilization of these models requires assumptions and estimates of the Management. The scope of the assumptions and estimates depends on the price transparency of the financial instrument, its market and the complexity of the instrument.

For financial instruments valued at amortized cost (this comprises loans and advances, deposits, other short-term borrowings and long-term liabilities), the Group publishes the fair value. In principle, there is low or no trading activity for these instruments, therefore a significant degree of assessment by the Management is necessary for determining the fair value.

Further information on measurement methods and quantitative information for determination of fair value is shown in the notes under (40) Fair value of financial instruments.

Amortized cost

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and allocating interest expenses and interest income to the relevant periods. The effective interest rate is the interest rate used to discount the forecast future cash inflows and outflows (including all fees which form part of the effective interest rate, transaction costs and other premiums and discounts) over the expected term of the financial instrument or a shorter period, where applicable, to arrive at the net carrying amount from initial recognition.

Categories of financial instruments according to IFRS 7

As the nature of the financial instruments is already shown by the classification of the items of the statement of financial position, the formation of categories was built in line with these items, which include financial instruments. Categories of financial instruments on the asset side of the statement of financial position are primarily cash reserve, loans and advances to banks, loans and advances to customers, trading assets, derivative financial instruments, derivatives for hedging, and financial investments (within this category are separately financial assets not traded on an active market and which are shown at cost of acquisition). Categories of financial instruments on the liability side are most notably trading liabilities, derivative financial instruments, derivatives for hedge accounting, deposits from banks, deposits from customers, debt securities issued and subordinated capital.

Assets/liabilities	Fair Value	Measurement Amortized Cost	Others	Category according to IAS 39[1]
Asset classes				
Cash reserve			Nominal value	n/a
Trading assets	X			TA
Derivatives	X			TA
Loans and advances to banks		X		LAR
Loans and advances to customers		X		LAR
of which finance lease business			to IAS 17	n/a
Financial investments	X			AFVTPL
Financial investments	X			AfS
Financial investments		X		HTM
of which not traded on an active market			At Cost	AfS
Positive fair values of derivatives for hedge accounting (IAS 39)	X			n/a
Liability classes				
Trading liabilities	X			TL
Derivatives	X			TL
Deposits from banks		X		FL
Deposits from customers		X		FL
Subordinated capital		X		FL
Debt securities issued		X		FL
Debt securities issued	X			AFVTPL
Negative fair values of derivatives for hedge accounting (IAS 39)	X			n/a

1 AfS Available-for-sale
AFVTPL At fair value through profit and loss
FL Financial liabilities
HTM Held to maturity
LAR Loans and advances
TA Trading assets
TL Trading liabilities

Impairment losses on loans and advances

At each reporting date an assessment is made as to whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred, when:

- there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the financial asset up until the reporting date (a "loss event");
- that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets, and
- the amount can be reliably estimated.

Objective evidence for an impairment may exist when the issuer or the counterparty faces considerable financial difficulties, a breach of contract occurs (for example, default or delay in interest or principal payments) or it can be assumed with high probability that insolvency or other restructuring proceedings will be instituted against the borrower.

Credit risk is accounted for by forming individual loan loss provisions and portfolio-based loan loss provisions. The latter comprise impairment provisions for portfolios of loans with the same risk profiles that are formed under certain conditions for IBNR losses (incurred but not reported). This involves cases where there is not yet any objective evidence of an individual impairment of a financial asset and for this reason groups of financial assets with a similar default risk profile are collectively examined for impairment. The underlying rating models for corporate customers are distinguished between "corporate large" and "corporate regular" as well as "SME large" and "SME regular". Moreover, portfolios for which the "financial institutions" or "project finance" rating models are applied are separately evaluated. A Group-wide uniform approach is in place for calculation of portfolio-based provisions in that centrally calculated historical Group default rates for each rating class are evaluated and applied. In the retail segment, with the exception of two Group units, provisions are formed according to product portfolio and past due days and partly taking historical default rates into account; in the Group units in Poland and the Czech Republic, a PD/LGD-based calculation (probability of default/loss given default) is used. Individual and portfolio-based impairment provisions are not netted against corresponding receivables but are stated separately in the statement of financial position.

For credit risks related to loans and advances to customers and banks, provisions are formed in the amount of expected loss according to homogeneous Group-wide standards. Risk of loss is deemed to exist if the discounted projected repayment amounts and interest payments are below the carrying value of the loan – taking collateral into account. Portfolio-based impairments are calculated using valuation models that estimate expected future cash flows for the loans in the respective loan portfolio based on loss experience history.

The total provision for impairment losses arising from loans reported in the statement of financial position comprising individual loan loss provisions and portfolio-based loan loss provisions is shown as a separate item "Impairment losses on loans and advances" under assets, below loans and advances to banks and customers.

Genuine sale and repurchase agreements

In a genuine sale and repurchase transaction, the Group sells assets to a third party and agrees at the same time to repurchase these assets at an agreed price and time. The assets remain on the statement of financial position of the Group and are measured according to the standards applied to the item in the statement of financial position under which they are shown. The securities are not derecognized since all the risks and rewards associated with the ownership of the repurchased securities are retained. Cash inflows arising from a sale and repurchase transaction are recognized in the statement of financial position as "deposits from banks" or "deposits from customers" depending on the counterparty.

Under reverse repurchase agreements, assets are acquired with the obligation to sell them in the future. The purchased securities on which the financial transaction is based are not reported in the statement of financial position and accordingly not measured. Cash outflows arising from reverse repurchase agreements are recorded in the statement of financial position under the item "loans and advances to banks" or "loans and advances to customers".

Interest expense from sale and repurchase agreements and interest income from reverse sale and repurchase agreements is accrued in a straight line over their term to maturity and shown under net interest income.

Securities lending

The Group concludes securities lending transactions with banks or customers in order to meet delivery obligations or to conduct security sale and repurchase agreements. Securities lending transactions are shown in the same way as genuine sale and repurchase agreements. This means loaned securities continue to remain in the securities portfolio and are valued according to IAS 39. Borrowed securities are not recognized and not valued. Cash collateral provided by the Group for securities lending transactions is shown as a claim under the item "loans and advances to banks" or "loans and advances to customers" while collateral received is shown as deposits from banks or deposits from customers in the statement of financial position.

Leasing

Leases are classified according to their contractual structure as follows:

Finance leases

When nearly all the risks and rewards of a leased asset are transferred to the lessee, the Group as lessor recognizes a loan to banks or a loan to customers. The loan amount is the amount of the net investment. The income from the finance lease is spread over periods in such a way as to represent a constant periodic rate of interest on the outstanding net investment in the leases. Interest income is reported under net interest income.

If the Group holds assets under a finance lease as lessee, these are shown under the relevant tangible fixed asset item, which corresponds to a lease liability. Interest expenditure is reported under net interest income.

Operating leases

An operating lease exists when the risks and rewards of ownership remain with the lessor. The leased assets are allocated to the Group under the item "tangible fixed assets" and depreciated in accordance with the principles applicable to the type of fixed assets. Rental income from the corresponding lease object is spread on a straight-line basis over the term of the leasing contract and reported in other net operating income. Expenses for operating leases are generally amortized on a straight-line basis over the term of the leasing contract and reported as administrative expenses.

Consolidation principles

Subsidiaries

All material subsidiaries over which RBI AG directly or indirectly has control are fully consolidated. The Group has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Structured entities are entities in which the voting or similar rights are not the dominant factor for determining control, e.g. if the voting rights are solely related to administration activities and the relevant activities are governed by contractual agreements.

Similar to subsidiaries, consolidation of structured entities is necessary, if the Group has control over the entity. In the Group, the need to consolidate structured entities is reviewed as part of the securitization transaction process, where the structured entity is either formed by the Group with or without participation of third parties, or, in which the Group with or without participation of third parties enters into contractual relationships with already existing structured entities. Whether an entity should be consolidated or not is reviewed at least quarterly. All fully consolidated structured entities and interests in non-consolidated structured entities are to be found in the notes under (56) Group composition.

In order to determine when an entity has to be consolidated, a series of control factors have to be checked. These include an examination of

- the purpose and the constitution of the entity,
- the relevant activities and how they are determined,
- if the Group has the ability to determine the relevant activity through its rights,
- if the Group is exposed to risks of or has rights to variable returns,
- if the Group has the ability to use its power over the investee in order to affect the amount of variable returns.

If voting rights are relevant, the Group has control over an entity in which it directly or indirectly holds more than 50 per cent of the voting rights; except when there are indicators that another investee has the ability to determine unilaterally the relevant activities of the entity. One or more of the following points may be such an indicator:

- Another investor has control over more than half of the voting rights due to an agreement with the Group,
- Another investor has the ability to control financial policy and operational activities of the equity participation due to legal provisions or an agreement,
- Another investor has control over the equity participation due to its possibility to appoint and withdraw the majority of members of the Board or members of an equivalent governing body,
- Another investor has control over the entity due to its possibility to possess the majority of the delivered voting rights in a meeting of members of the Board or of members an equivalent governing body.

When judging control, also potential voting rights are considered as far as they are material.

The Group assesses evidence of control in cases in which it does not hold the majority of voting rights but has the ability to unilaterally govern the relevant activities of the entity. This ability may occur in cases in which the Group has the ability to control the relevant activities due to the extent and distribution of voting rights of the investees.

In principle, subsidiaries are initially integrated into the consolidated group on the date when the Group obtains control of the company and are excluded from the date on when it no longer has control of the company. The results from subsidiaries acquired or disposed of during the year are recorded in the consolidated income statement, either from the actual date of acquisition or up to the actual date of disposal. The Group reviews the adequacy of previous decisions on which companies to consolidate at least every quarter. Accordingly, any organizational changes are immediately taken into account. Apart from changes in ownership, these also include any changes to the Group's existing contractual arrangements or new contractual arrangements with a unit.

Non-controlling interests are shown in the consolidated statement of financial position as part of equity, but separately from RBI AG's equity. The profit attributable to non-controlling interests is shown separately in the consolidated income statement.

In debt consolidation, intra-group loans and liabilities are eliminated. Remaining temporary differences are recognized under the items "other assets/other liabilities" in the consolidated statement of financial position.

Intra-group income and expenses are also eliminated and temporary differences resulting from bank business transactions are included partly in net interest income and partly in net trading income. Other differences are shown in the item "other net operating income."

Intra-group results are eliminated insofar as they have a material effect on the income statement items. Transactions between Group members are executed on an arm's length basis.

Changes in the Group's ownership interests in existing subsidiaries

If, in the case of existing control, further shares are acquired or sold without loss of control, in subsequent consolidation such transactions are recognized directly in equity. The carrying amount of the shares held by the Group and the non-controlling interests are adjusted in such a way as to reflect changes in existing shareholdings in subsidiaries. Any difference between the amount which is adjusted for the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is assigned to the shareholders of the parent company.

If the company loses control over a subsidiary, the income/loss from disposal of group assets is shown in the income statement. This is calculated as the difference between

- the total amount of fair value of the received consideration and fair value of the shares retained and
- the carrying amount of assets (including goodwill), liabilities of the subsidiary and all non-controlling interests

All amounts related to these subsidiaries and shown in other comprehensive income are recognized in the same way as would be the case for the sale of assets. This means the amounts are reclassified to the income statement or directly transferred to retained earnings.

Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity in which shares are held. No control or joint management of decision making processes exists. As a rule, significant influence is assumed if the Group holds 20 to 50 per cent of the voting rights. When judging whether the Group has the ability to exert a significant influence on another entity, the existence and the effect of potential voting rights which are actually usable or convertible are taken into account. Further parameters for judging significant influence are, for example, the representation in executive committees and supervisory boards (Supervisory Board in Austrian Joint Stock companies) of the entity and material business transactions with the entity. Shares in associated companies are valued at equity and shown in the statement of financial position under the item "investments in associates".

Profit or losses of companies valued at equity are netted and recognized in the item "current income from associates". The rules applicable to companies valued according to the equity method are the same as those for fully consolidated companies (offsetting acquisition costs against proportional fair net asset value). As a rule, the IFRS financial statements of associated companies are used. Changes in the equity of companies valued at equity are included in other comprehensive income in the consolidated financial statements.

Shares in subsidiaries not included in the consolidated financial statements because of their minor significance and shares in associated companies that have not been valued at equity are included under the item "financial investments" and assigned to the measurement category "financial assets available-for-sale". They are measured at acquisition cost.

At each reporting date, the Group reviews to what extent there is objective evidence for impairment of an equity participation in an associated company. If there is objective evidence of impairment, an impairment test is carried out, in which the recoverable value of the participation – this is higher of the usable value and the fair value less selling costs – is compared to the carrying amount. An impairment made in previous periods is reversed only if the assumptions underlying the determination of the recoverable value have been changed since recognition of the last impairment. In this case the carrying amount is written up to the higher recoverable value.

Business combinations

The acquisition of business operations is recognized according to the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the aggregate of the acquisition-date fair value of all assets transferred, liabilities assumed from former owners of the acquired business combination and equity instruments issued by the Group in exchange for control of the business combination. Transaction costs related to business combinations are recognized in the income statement when incurred.

Goodwill is measured as the excess of the aggregate of the value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree (if any), and the net of the acquisition-date amounts of the fair values of identifiable assets acquired and the liabilities assumed. In the event that the difference is negative after further review, the resulting gain is recognized immediately in the income statement.

Non-controlling interests which confer ownership rights and grant the right to the owner to receive a proportionate share of the net assets of the entity in the event of liquidation, are measured either at fair value or at the non-controlling interest's proportionate share of net assets of the acquiree at the acquisition date. This accounting policy choice can be newly made for every business combination. Other components of non-controlling interests are measured at fair value or with measurement values derived from other standards.

If the consideration transferred includes a contingent consideration, this is measured at the acquisition-date fair value. Changes in the fair value of the contingent consideration within the measurement period are adjusted retroactively and are booked against goodwill. Adjustments within the measurement period are corrections to reflect additional information about facts and circumstances already existing at the acquisition date. The measurement period may not exceed one year from the acquisition date.

Recognition of changes in the fair value of the contingent consideration which do not represent corrections within the measurement period is dependent on how the contingent consideration is to be classified. If the contingent consideration is classified as equity, it is not re-measured on the following reporting date. Its settlement is recognized within equity. A contingent consideration classified as assets or liabilities is measured on the following reporting dates according to IAS 39 or IAS 37 Provisions for liabilities and charges, contingent liabilities or contingent receivables if applicable and a resulting profit or loss is recognized in the income statement.

Cash reserve

The cash reserve includes cash in hand and balances at central banks that are due on call. They are shown with their nominal value.

Equity participations

Shareholdings in subsidiaries not included in the consolidated financial statements because of their minor significance, shareholdings in associated companies that are not valued at equity and other equity participations are shown under financial investments.

These are categorized as "financial assets available-for-sale" upon initial recognition and – if no share prices are available – are measured at cost. Changes in value are recognized in other comprehensive income. Impairment is shown in net income from financial investments.

Intangible fixed assets

Separately acquired intangible fixed assets

Separately acquired intangible fixed assets, i.e. those with a definite useful life not acquired in a business combination, are capitalized at acquisition cost less accumulated amortization and impairment. Amortization is accrued in a straight line over the expected useful life and reported as an expense in the income statement. The expected useful life and the depreciation method are reviewed at each reporting date and any possible changes in measurement taken into account prospectively. Separately acquired intangible fixed assets with an indefinite useful life are capitalized at acquisition cost less accumulated impairment. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Internally developed intangible fixed assets – research and development costs

Internally developed intangible assets comprise exclusively software and are capitalized if it is probable that the future economic benefits attributable to the asset will accrue to the Group and the cost of the asset can be measured reliably. Expenses for research are recognized as an expense when they are incurred.

An internally developed intangible fixed asset resulting from development activities or from the development stage of an internal project is capitalized when the following evidence is provided:

- The final completion of the intangible fixed asset is technically feasible so that it will be available for use or sale.
- It is intended to finally complete the intangible fixed asset and to use or to sell it.
- The ability exists to use or to sell the intangible fixed asset. The intangible fixed asset is likely to generate future economic benefit.
- The availability of adequate technical, financial and other resources required in order to complete development and to use or sell the intangible fixed asset is assured.
- The ability exists to reliably determine the expenditure incurred during the development of the intangible fixed asset.

The amount at which an internally developed intangible fixed asset is initially capitalized is the sum of all expenses incurred beginning from the day on which the aforementioned conditions are initially met. If an internally developed intangible fixed asset cannot be capitalized, or if there is as yet no intangible fixed asset, the development costs are reported in the income statement for the reporting period in which they are incurred.

Capitalized development costs are generally amortized in the Group in a straight line over a useful life of five years. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Intangible fixed assets acquired in a business combination

Intangible fixed assets acquired in a business combination are reported separately from goodwill and measured at fair value. Goodwill and other intangible fixed assets without definite useful lives are tested for impairment at each reporting date. Impairment tests are performed whenever certain events (trigger events) occur during the year. Whenever circumstances indicate that the expected benefit no longer exists, impairment must be recognized pursuant to IAS 36.

Intangible fixed assets with a definite useful life are amortized over the period during which the intangible fixed asset can be used. The useful life of the acquired customer base was set at 20 years in the retail business of Raiffeisen Bank Aval JSC. For the customer base of Polbank EFG S.A. a useful life of ten years was set for the purchase price allocation.

Group companies use brands to differentiate their services from the competition. According to IFRS 3, brands of acquired companies are recognized separately under the item "intangible fixed assets." Brands have an indeterminable useful life and are therefore not subject to scheduled amortization. Brands have to be tested annually for impairment and additionally whenever indications of impairment arise. Details on impairment testing can be found in the notes under (22) Intangible fixed assets.

Tangible fixed assets

The land and buildings as well as office furniture and equipment reported under tangible fixed assets are measured at cost of acquisition or conversion less depreciation. Depreciation is recorded under the item "general administrative expenses". The straight-line method is used for depreciation and is based on the following useful life figures:

Useful life	Years
Buildings	25 – 50
Office furniture and equipment	5 – 10
Hardware	3 – 5

Land is not subject to depreciation.

Expected useful lives, residual values and depreciation methods are reviewed annually. Any necessary future change of estimates is taken into account. Any anticipated permanent impairment is reported in the income statement and shown under the item "general administrative expenses". In the event that the reason for the write-down no longer applies, a write-up will take place up to a maximum of the amount of the amortized cost of the asset.

A tangible fixed asset is derecognized on disposal or when no future economic benefit can be expected from the continued use of the asset. The resulting gain or loss from the sale or retirement of any asset is determined as the difference between the proceeds and the carrying value of the asset and is recognized in other net operating income.

Investment property

This is property that is held to earn rental income and/or for capital appreciation. Investment property is reported at amortized cost using the cost model permitted by IAS 40 and is shown under tangible fixed assets because of minor importance. Straight line depreciation is applied on the basis of useful life. The normal useful life of investment property is identical to that of buildings recognized under tangible fixed assets. Depreciation is recorded under the item "general administrative expenses".

Investment property is derecognized on disposal or when it is no longer to be used and no future economic benefit can be expected from disposal. The resulting gain or loss from the disposal is determined as the difference between the net proceeds from the disposal and the carrying value of the asset and is recognized in other net operating income in the reporting period in which the asset was sold.

Impairment of non-financial assets (tangible fixed assets, investment property and intangible fixed assets)

Impairment test for goodwill

On each reporting date, goodwill is examined with a view to its future economic utility on the basis of cash generating units (CGUs). A cash generating unit is defined by the management and represents the smallest identifiable group of assets of a company that generates cash inflows from operations. Within RBI, all segments according to segment reporting are determined as cash generating units. Legal entities within the segments form their own CGU for the purpose of impairment testing of goodwill. The carrying value of the relevant entity (including any assigned goodwill) is compared with its recoverable amount. This is, as a general principle, defined as the amount resulting from its value in use and based on expected potential dividends discounted using a rate of interest reflecting the risk involved. The estimation of the future results requires an assessment of previous as well as future performance. The latter must take into account the likely development of the relevant markets and the overall macroeconomic environment.

Impairment tests for goodwill based on cash-generating units use a multi-year plan drawn up by the relevant management team and approved by the bodies responsible. This covers the CGU's medium-term prospects for success taking into account its business strategy, overall macroeconomic conditions (gross domestic product, inflation expectations, etc.) and the specific market circumstances. The data is then used to capture the terminal value based on a going concern concept. Discounting of the earnings relevant for the measurement, i.e. potential dividends, is undertaken using risk-adapted and country-specific equity capital cost rates determined by means of the capital asset pricing model. The individual interest rate parameters (risk-free interest rate, inflation difference, market risk premium, country-specific risks and beta factors) were defined by using external information sources. The entire planning horizon is divided into three phases with phase I covering the management planning period of three years. Detailed planning, including macroeconomic planning data, is extrapolated in phase II, which lasts another two years. The terminal value is then calculated in phase III based on the assumption of a going concern. Details on impairment testing can be found in the notes under (20) Intangible fixed assets.

Inventory

Inventories are measured at the lower of cost or net realizable value. Write-downs are made if the acquisition cost is above the net realizable value as of the reporting date or if limited usage or longer storage periods have impaired the value of the inventory.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when the related carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only considered met if the sale is highly probable and the asset (or disposal groups) is immediately available for sale and furthermore that the Management Board has committed itself to a sale. Moreover, the sale transaction must be due to be completed within twelve months.

Non-current assets and disposal groups classified as held for sale are valued at the lower amount of their original carrying value or fair value less costs to sell and are reported under other assets. Income from non-current assets held for sale and discontinued operations is reported under other net operating income. If the impairment expense of the discontinued operations exceeds the carrying value of the assets which fall under the scope of IFRS 5 (Measurement), there is no special provision in the IFRS on how to deal with this difference. This difference is recognized as other provisions in the item “provisions for liabilities and charges” in the statement of financial position.

In the event that the Group has committed to a sale involving the loss of control over a subsidiary, all assets and liabilities of the subsidiary concerned are classified as held for sale provided the aforementioned conditions for this are met. This applies irrespective of whether the Group retains a non-controlling interest in the former subsidiary after the sale or not. Results from discontinued business operations are reported separately in the income statement as result from discontinued business operations.

Details on assets held for sale pursuant to IFRS 5 are included in the notes under (23) Other assets.

Provisions for liabilities and charges

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and a reliable estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while taking into account the risks and uncertainties underlying the commitment to fulfill the obligation. If a provision is formed based on cash flows estimated to fulfill an obligation, the cash flows must be discounted if the interest effect is material.

These types of provision are reported in the statement of financial position under the item "provisions for liabilities and charges". Allocation to the various types of provision is booked through different line items in the income statement depending on the nature of the provision. Allocation of loan loss provisions for contingent liabilities are recorded under net provisioning for impairment losses, restructuring provisioning, provisioning for legal risks and other employee benefits are recorded in general administrative expenses. Provision allocations that are not assigned to a corresponding general administrative expense are as a matter of principle booked against other net operating income.

Provisions for pensions and similar obligations

All defined benefit plans relating to so-called social capital (provisions for pensions, provisions for severance payments and provisions for service anniversary bonuses) are measured using the Projected Unit Credit Method in accordance with IAS 19 – Employee Benefits. The biometrical basis for the calculation of provisions for pensions, severance payments and service anniversary bonuses for Austrian companies is provided by AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance) – Pagler & Pagler, using the relevant parameters for salaried employees. In other countries, comparable actuarial parameters are used for calculation.

Please refer to Provisions for pensions and similar obligations in the notes under (27) Provisions for liabilities and charges for further details.

Defined contribution plans

Under defined contribution plans, the company pays fixed contributions into a separate entity (a fund). These payments are recognized as staff expenses in the income statement.

Employee compensation plans

Variable remuneration – special remuneration policies

In the Group variable compensation is based on bonus pools on the bank or profit center level. Every variable remuneration system has fixed minimum and maximum levels and thus defines maximum payout values.

As of the financial year 2011, the following general and specific principles for the allocation, the claim and the payment of variable remuneration (including the payment of the deferred portion of the bonus) for board members of RBI AG and certain Group units and identified staff ("risk personnel") are applied:

- 60 per cent and for especially high amounts 40 per cent of the annual bonus respectively will be paid out on a proportional basis as 50 per cent cash immediately (up-front), and 50 per cent through a phantom share plan (see details below), which will pay out after a holding period (retention period) of one year. An exception to this are the Group units in Bulgaria, with 40 percent up-front portion and a retention period of two years, and in the Czech Republic with a holding period of 1.5 years.

- 40 per cent and 60 per cent of the annual bonus respectively will be deferred according to local law over a period of three (in Austria, five) years (deferral period). Payment will be made on a proportional basis, 50 per cent cash and 50 per cent based on the phantom share plan.

Variable remuneration including a deferred portion is only allocated, paid or transferred if the following criteria are met:

- This is not prohibited at the level of RZB/ RBI and/or RBI AG on the basis of a decision by the competent supervisory authority (e.g. by the European Central Bank for RZB/ RBI).

- This is tenable overall based on the financial position of RZB/ RBI and the financial position of RBI AG and is justified based on the performance of the Group, RBI AG, the business unit and the individual concerned.

- The minimum requirements applicable to RBI AG under local legislation for the allocation or payment of variable remuneration are fulfilled.

- The legally required CET 1 ratio of RZB/ RBI is achieved, the capital and buffer requirements of the CRR and CRD IV for RZB/ RBI are complied with in full and additionally neither the allocation, payment or transfer of the variable remuneration is detrimental to the maintenance of a sound capital base for RZB/RBI.

- RBI has met the minimum requirements under applicable law for economic and regulatory capital and additionally neither the allocation, payment nor transfer of the variable remuneration is detrimental to the maintenance of a sound capital base for RZB/ RBI.

- All additional criteria and prerequisites for the allocation and/or payment of variable remuneration, as defined from time to time by the Management Board or the Supervisory Board (REMCO) of RZB/RBI, are met.

The Group fulfills the obligation arising from Clause 11 of the Annex to Section 39b of the Austrian Banking Act (BWG) which stipulates that at least 50 per cent of the variable remuneration of risk personnel must be paid out in the form of shares or similar non-cash instruments by means of a phantom share plan as follows: 50 per cent of the "up front" and 50 per cent of the "deferred" portion of the bonus are divided by the average closing price of the RBI share on trading days of the Vienna Stock Exchange in the payment year serving as the basis for calculating the bonus. Thereby, a certain amount of phantom shares is determined. This amount is fixed for the entire duration of the deferral period. After the expiration of the respective retention period, the amount of specified phantom shares is multiplied by RBI's share price for the previous financial year, calculated as described above. The resulting cash amount is paid on the next available monthly salary payment date.

These rules are valid unless any applicable local laws prescribe a different procedure (e.g. Poland).

Further details of the employee compensation plans are described in the management report.

Share-based compensation

The Management Board, with approval of the Supervisory Board, of RBI AG has approved a share incentive program (SIP) for the years 2011, 2012 and 2013 which provides performance based allotments of shares to eligible employees domestically and abroad for a given period. Eligible employees are current board members and selected executives of RBI AG, as well as executives of its affiliated bank subsidiaries and other affiliated companies. In 2014, it was decided not to continue the program due to the complexity of the regulatory rules regarding variable compensation.

The number of ordinary shares of RBI AG which will ultimately be transferred depends on the achievement of two performance criteria: the targeted return on equity (ROE) and the performance of the shares of RBI AG compared to the total shareholder return of the shares of companies in the DJ EURO STOXX Banks index after a five-year holding period.

All expenses related to the share incentive program are recognized in staff expenses in accordance with IFRS 2 (share-based payment) and charged to equity. They are described in greater detail in the notes under (32) Equity.

Subordinated capital

This item comprises subordinated capital and supplementary capital. Assets are subordinated if, in the event of liquidation or bankruptcy, they can only be met after the claims of the other – not subordinated – creditors have been satisfied. Supplementary capital contains all paid-in capital provided by a third-party and available for the company for at least eight years, for which interest is paid only from profit and which can be repaid in the case of insolvency only after all other creditors are satisfied.

Net interest income

Interest and interest-like income mainly includes interest income on loans and advances to banks and customers and from fixed-interest securities. In addition, current income from shares and other variable-yield securities (especially dividends), income from equity participations and from investments accounted for at equity, and interest-like income are also reported under net interest income. Dividend income is recognized if the entitlement of the owner for payment exists. Interest expenses and interest-like expenses mainly include interest paid on deposits from banks and customers and on debt securities issued and subordinated capital. Interest income and interest expenses are accrued in the reporting period. Negative interest from asset items is shown in interest income; negative interest from liability items is shown in interest expenses.

Net fee and commission income

Net fee and commission income mainly includes income and expenses arising from payment transfer business, foreign exchange business and credit business. Fee and commission income and expenses are accrued in the reporting period.

Net trading income

Net trading income comprises the trading margins resulting from the foreign exchange business, results due to foreign exchange revaluations and all realized and unrealized gains and losses from financial assets and liabilities at fair value. In addition, it includes all interest and dividend income attributable to trading activities and related refinancing costs.

General administrative expenses

General administrative expenses include staff and other administrative expenses as well as amortization/depreciation and impairment losses on tangible and intangible fixed assets.

Income taxes

RBI AG and eight of its consolidated domestic subsidiaries are members of a tax group for which Raiffeisen Zentralbank Österreich Aktiengesellschaft acts as group parent. Current taxes are calculated on the basis of taxable income for the current year taking into account the tax group (in terms of a tax group allocation). In the reporting year, a supplementary agreement was added to the current tax group allocation agreement. If RBI AG generates a negative taxable net income and these taxable losses are not usable in the group, then the group parent does not immediately pay a negative tax group allocation. Only and after withdrawal from the tax group at the latest, a final settlement is carried out. The group parent still pays a negative tax group allocation to RBI AG if the tax losses of RBI AG are usable. The taxable income deviates from the profit of the consolidated statement of comprehensive income due to expenses and income which are taxable or tax-deductible in the following years or which are never taxable or tax-deductible. The liability of the Group for current taxes is recognized on the basis of the actual tax rate or the expected applicable tax rate.

Deferred taxes are calculated and recognized in accordance with IAS 12 applying the liability method. Deferred taxes are based on all temporary differences that result from comparing the carrying amounts of assets and liabilities in the IFRS accounts with the tax bases of assets and liabilities, and which will reverse in the future. Deferred taxes are calculated by using tax rates applicable in the countries concerned. A deferred tax asset should also be recognized on tax loss carry-forwards if it is probable that sufficient taxable profit will be generated against which the tax loss carry-forwards can be utilized within the same entity. On each reporting date, the carrying amount of the deferred tax assets is reviewed and impaired if it is no longer probable that sufficient taxable income will become available in order to partly or fully realize the tax assets. Deferred tax assets and deferred tax liabilities within the same entity are netted. Income tax credits and income tax obligations are recorded separately under the items "other assets" and "tax provisions" respectively.

Current taxes and movements of deferred taxes are recognized in the income statement unless they are linked to items which are recognized in other comprehensive income, in which case the current and deferred taxes are also directly recognized in other comprehensive income.

Other comprehensive income

Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS standards. Income and expenses recognized directly in equity that are reclassified in the income statement are reported separately from income and expenses recognized directly in equity that are not reclassified in the income statement. This applies to currency differences resulting from the translation of equity held in foreign currency, changes resulting from the hedging of net investments in a foreign entity (capital hedge), the effective part of a cash flow hedge, changes resulting from valuation of available-for-sale financial assets as well as deferred taxes on the mentioned items. Revaluations of defined benefit plans are reported in other comprehensive income and are not reclassified to the income statement.

Fiduciary business

Transactions arising from the holding and placing of assets on behalf of third parties are not shown in the statement of financial position. Fees arising from these transactions are shown under net fee and commission income.

Financial guarantees

According to IAS 39, a financial guarantee is a contract under which the guarantor is obliged to make certain payments. These payments compensate the party to whom the guarantee is issued for losses arising in the event that a particular debtor does not fulfill payment obligations on time as stipulated in the original terms of a debt instrument. At the date of recognition of a financial guarantee, the initial fair value corresponds under market conditions to the premium at the date of signature of the contract. For subsequent measurement the credit commitment has to be presented as a provision according to IAS 37.

Insurance contracts

Liabilities arising from insurance contracts change depending on changes in interest rates, income from investments and expenses for pension agreements for which future mortality rates cannot be reliably predicted. IFRS 4 must be applied to the reporting of liabilities resulting from the existence of mortality rate risks and discretionary participation features. All assets associated with pension products are reported in accordance with IAS 39. Liabilities are recorded under other liabilities. Please refer to the notes under (30) Other liabilities for more information on insurance contracts.

Contingent liabilities and commitments

This item mainly includes contingent liabilities from guarantees, credit guarantees, letters of credit and loan commitments recognized at face value. Guarantees are used in situations in which the Group guarantees payment to the creditor of a third party to fulfill the obligation of the third party. Irrevocable credit lines must be reported when a credit risk may occur. These include commitments to provide loans, to purchase securities or to provide guarantees and acceptances. Loan loss provisions for contingent liabilities and irrevocable loan commitments are reported under provisions for liabilities and charges.

Own shares

Own shares of RBI AG at the reporting date are deducted directly from equity. Gains and losses on own shares have no impact on the income statement.

Statement of cash flows

The cash flow statement reports the change in the cash and cash equivalents of the Group through the net cash from operating activities, investing and financing activities. Cash flows for investing activities mainly include proceeds from the sale, or payments for the acquisition of, financial investments and tangible fixed assets. The net cash from financing activities shows all cash flows from equity capital, subordinated capital, and participation capital. All other cash flows are – according to international practices for financial institutions – assigned to operating activities.

Segment reporting

Notes on segment reporting are to be found in the section segment reporting.

Notes on the nature and extent of risks

Information about risks arising from financial instruments is disclosed in the explanatory notes. The risk report in particular contains detailed information on credit risk, country risk, concentration risk, market risk and liquidity risk.

Capital management

Information on capital management, regulatory capital and risk-weighted assets is disclosed in the notes under (47) Capital management and regulatory total capital according to the BWG (Austrian Banking Act).

Application of new and revised standards

Annual Improvements to IFRS – 2011–2013 cycle (entry into force January 1, 2015)

The Annual Improvements to IFRS – 2011–2013 cycle include numerous amendments to various IFRS. The amendments are effective for annual periods beginning on or after January 1, 2014. These amendments have no material impact on the consolidated financial statements of RBI.

Standards and interpretations that are not yet applicable (already endorsed by the EU)

The following new or amended standards and interpretations, which have been adopted, but are not yet mandatory, have not been applied early.

IAS 19 (Employee contributions; entry into force February 1, 2015)

The amendments clarify the provisions that relate to the allocation of employee or third-party contributions linked to periods of service. In addition, a solution that simplifies accounting practice is permitted if the amount of the contributions is independent of the number of years of service performed.

Annual Improvements to IFRS – 2010–2012 cycle (entry into force February 1, 2015)

The Annual Improvements to IFRS – 2010–2012 cycle include numerous amendments to various IFRS. The amendments are effective for annual periods beginning on or after January 1, 2014.

Amendments to IAS 1 (Presentation of financial statements; entry into force January 1, 2016)

The amendments aim to remove obstacles encountered by those responsible for preparing the financial statements relating to the exercise of discretion in the presentation of financial statements.

Amendments to IFRS 11 (Joint arrangements; entry into force January 1, 2016)

The amendments to IFRS 11 modify accounting for acquisitions of interests in joint operations in such a way that the acquirer of shares in a joint operation in which the activity constitutes a business operation as defined in IFRS 3 is required to apply all of the principles regarding the recognition of business combinations pursuant to IFRS 3 and other IFRS, provided they do not contradict the principles contained in IFRS 11.

Amendments to IAS 16/IAS 41 (Agriculture: bearer plants; entry into force January 1, 2016)

According to these amendments, IAS 16 is applicable for bearer plants which are no longer subject to obvious biological changes; therefore they can be recognized as tangible fixed assets.

Amendments to IAS 27 (Equity method in separate financial statements; entry into force January 1, 2016)

Under these amendments, the option to use the equity method to measure investments in subsidiaries, joint ventures and associated companies in separate financial statements of investors is reinstated.

Annual Improvements to IFRS – 2012–2014 cycle (entry into force January 1, 2016)

Amendments and clarifications to various IFRS.

Amendments to IAS 16/IAS 38 (Clarification of acceptable methods of depreciation and amortization; entry into force January 1, 2016)

These amendments provide guidelines for methods of depreciation on tangible and intangible fixed assets to be used; especially related to revenue-based methods of depreciation.

Standards and interpretations not yet applicable (not yet endorsed by the EU)

Amendments to IFRS 10/IAS 28 (Sale or contribution of assets between an investor and its associate or joint venture; entry into force January 1, 2016)

The amendments clarify that for transactions with an associate or joint venture, the extent of recognition of gains or losses depends on whether the sold or contributed assets constitute a business.

Amendments to IAS 12 (Deferred taxes; entry into force January 1, 2017)

The amendments clarify that unrealized losses related to debt instruments measured at fair value but at cost for tax purposes can give rise to deductible temporary differences. This applies irrespective of whether the holder expects to recover the carrying amount by holding the debt instrument until maturity and collecting all contractual payments or by selling the debt instrument. In addition, the carrying amount of an asset does not represent the upper limit for the estimation of probable future taxable profits. When estimating future taxable profits tax deductions resulting from the reversal of deductible temporary differences must be excluded and a company must assess a deferred tax asset in combination with other deferred tax assets. If tax law restricts the realization of tax losses, a company must assess a deferred tax asset in combination with other deferred tax assets of the same (admissible) type.

IFRS 9 (Financial Instruments; entry into force January 1, 2018)

IFRS 9 (financial instruments) contains requirements for the classification, measurement, derecognition of and accounting for hedging relationships. The IASB published the final version of the standard within the context of completion of the various phases on July 24, 2014. Key requirements of IFRS 9 are:

According to IFRS 9, all financial assets must be measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are measured at amortized cost at the end of subsequent accounting periods. All other instruments must be measured at fair value.

IFRS 9 also includes an irrevocable option to recognize subsequent changes in the fair value of an equity instrument (not held for trading purposes) in other comprehensive income and to recognize only dividend income in the profit and loss statement.

With regard to the measurement of financial liabilities (designated as measured at fair value through profit or loss), IFRS 9 requires that changes in fair value arising out of changes in the default risk of the reporting entity are to be recognized in other comprehensive income. Changes in fair value attributable to a reporting entity's own credit risk may not be subsequently reclassified to profit or loss.

For subsequent measurement of financial assets measured at amortized cost, IFRS 9 provides for three stages which determine the future amount of losses to be recognized and the recognition of interest. The first stage requires that at the time of initial recognition, expected losses must be shown in the amount of the present value of an expected twelve-month loss. If there is a significant increase in the default risk, the risk provision must be increased up to the amount of the expected full lifetime loss (stage 2). When there is an objective indication of an impairment, the interest in step 3 must be recognized on the basis of the net carrying amount.

In addition to transitional provisions, IFRS 9 also includes extensive provisions on disclosure both during transition and during ongoing application. New provisions relate in particular to impairment.

RBI anticipates that the application of IFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. It is expected that overall, IFRS 9 will increase the level of risk provision. This estimate is based on the requirement to recognize a risk provision in the amount of the expected loan defaults for the first twelve months even for those instruments where the credit risk has not increased significantly since initial recognition. Moreover, it is based on the estimate that the volume of assets for which the "lifetime expected loss" is applied is probably larger than the volume of assets where loss events pursuant to IAS 39 have already occurred. The mandatory date of the initial application of IFRS 9 will be January 1, 2018.

IFRS 14 (Regulatory deferral accounts; entry into force January 1, 2016)

Only entities applying IFRS for the first time and who recognize regulatory deferrals according to their previous accounting standards are allowed to continue with regulatory deferrals after transition to IFRS. The standard is intended to be a short-term interim solution till the IASB concludes the long-term project relating to price-regulated business transactions.

IFRS 15 (Revenue from contracts with customers; entry into force January 1, 2018)

The standard regulates when revenue is recognized and how much revenue is recognized. IFRS 15 replaces IAS 18 (Revenue), IAS 11 (Construction contracts) and a series of revenue-related interpretations. The application of IFRS 15 is obligatory for all IFRS users and is applicable to almost all contracts with customers – the material exemptions are leasing contracts, financial instruments and insurance contracts.

IFRS 16 (Leases; entry into force January 1, 2019)

For lessees, the new standard establishes an accounting model which does not distinguish between financial leasing and operating leasing. In future, most lease agreements will have to be recognized in the statement of financial position. For lessors, the rules under IAS 17 (Leases) remain largely valid, meaning that in future it will still also be necessary to distinguish between financial and operating leasing with corresponding different accounting consequences.

Events after the reporting date

Sale of Zuno to the Alfa Banking Group will not be concluded

On 1 March 2016, RBI announced that the sale of its direct bank ZUNO BANK AG to the Alfa Banking Group, as announced by RBI in September 2015, will not be concluded. ABH Holdings S.A., the Luxembourg-based parent company of the Alfa Banking Group, with which RBI had reached an agreement last year, withdrew from the contract of sale.

The effect of the transaction on RBI's regulatory capital ratios would have been negligible. The reasoning for selling Zuno was to reduce complexity and minimize overlap within the group. RBI is examining the next steps which could be either external or internal, primarily the full sale of Zuno, but also the full integration of Zuno into other RBI group entities, or partial sale.

New bank levy impacts earnings situation in Poland

On 15 January 2016, the Polish president signed the law, which had already been passed by parliament, for a bank levy on Polish banks. The bank levy will impact total assets by 0.44 per cent on an annual basis and will be collected in monthly installments from February 2016. Not included in this impact, is a base amount of PLN 4 billion (roughly equal to € 1 billion), investments in Polish government bonds and total capital.

Vienna, 2 March 2016

The Management Board

Karl Sevelda

Johann Strobl

Klemens Breuer

Martin Grüll

Andreas Gschwenter

Peter Lennkh

Auditor’s report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

Raiffeisen Bank International AG,
Vienna, Austria,

for the fiscal year from 1 January 2015 to 31 December 2015. These consolidated financial statements comprise the consolidated statement of financial position as of 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year 2015 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Company’s management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to § 245a UGB (Austrian Commercial Code) and 59a BWG (Austrian Banking Act) respectively, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group’s preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and other legal or regulatory requirements.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 2 March 2016

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca

Wirtschaftsprüfer

(Austrian Chartered Accountant)

Statement of all legal representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, 2 March 2016

The Management Board

Karl Sevelda

Chief Executive Officer responsible for Compliance[1], Group Communications, Group Strategy, Human Resources, Internal Audit, International Banking Units, Legal Services, Management Secretariat and Marketing & Event Management

Johann Strobl

Deputy to the Chief Executive Officer responsible for Credit Management Corporates, Financial Institutions, Country & Portfolio Risk Management, Retail Risk Management, Risk Controlling, Risk Excellence & Projects and Special Exposures Management

Klemens Breuer

Member of the Management Board responsible for Business Management & Development, Consumer Banking, Group Capital Markets, Institutional Clients, Investment Banking, Raiffeisen Research and Small Business & Premium Banking

Martin Grüll

Member of the Management Board responsible for Active Credit Management, Investor Relations, Planning & Finance, Tax Management, Participations and Treasury

Andreas Gschwenter

Member of the Management Board responsible for Bereiche Group & Austrian IT, Lean, Operations, Procurement & Cost Management and Project Portfolio & Security

Peter Lennkh

Member of the Management Board responsible for Corporate Customers, Corporate Finance, Corporate Sales Management & Development, International Business Support and Trade Finance & Transaction Banking

1 Outsourced to RZB/Reporting to the whole Board of Management.

Service

Glossary

Back testing – Comparison of historical calculated VaR figures with actual results to test the quality of a model.

Basel III – Expanded Basel-II regulations incorporating the experiences and insights from the financial and economic crisis, aimed at improving the alignment of incurred risks with a bank's risk bearing capacity (derived from the level and quality of equity).

BWG – Bankwesengesetz (Austrian Banking Act).

CE – Central Europe. RBI's Central Europe segment encompasses the Czech Republic, Hungary and Slovakia.

CEE – Central and Eastern Europe.

Common equity tier 1 ratio (fully loaded) – Common equity tier 1 as a percentage of risk-weighted assets (total RWA) according to CRR/CRD IV, without application of the transitional provisions set out in Part Ten of CRR and the accompanying CRR regulation of the FMA, respectively (425th regulation issued on 11 December 2013).

Common equity tier 1 ratio (transitional) – Common equity tier 1 as a percentage of risk-weighted assets (total RWA) according to CRR/CRD IV methodology.

[Consolidated ROE] Consolidated Return on Equity – consolidated profit in relation to average consolidated equity, i.e. the equity attributable to the shareholders of RBI. Average equity is based on month-end figures excluding non-controlling interests and does not include current year profit.

Cost/income ratio – General administrative expenses in relation to operating income (less bank levies, impairments of goodwill, releases of negative goodwill and any one-off effects reported under sundry operating expenses).

Country risk – Comprises transfer and convertibility risk as well as political risk.

Credit exposure – Comprises all exposures on the statement of financial position (loans, debt securities) and all exposures off the statement of financial position (guarantees, commitments) that expose RBI to credit risk.

Credit risk – See default risk.

Credit spread – Difference in yield between top-rated bonds (usually government bonds) and bonds with the same residual maturity but lower issuer quality.

Cross-selling – Marketing strategy whereby additional products and services are actively offered to existing customers.

Default risk – Risk that a party to a financial transaction will not be able to fulfill its obligations, causing the other party a financial loss.

EE – Eastern Europe. RBI's Eastern Europe segment encompasses Belarus, Kazakhstan, Russia and Ukraine.

[EPS] Earnings per share – Consolidated profit divided by the average number of ordinary shares outstanding in the reporting period.

EBRD – European Bank for Reconstruction and Development. An institution that promotes the transition to an open market economy and private and entrepreneurial activity in the countries of Central and Eastern Europe. Through its investments, it supports private sector activity and strengthens financial institutions, legal systems, and development of infrastructure needed by the private sector.

Excess cover ratio (total capital) – Ratio of excess total capital to total capital requirement.

Funding – All means used by banks for the purpose of financing their operations.

General administrative expenses – Comprises staff expenses, other administrative expenses, and depreciation/amortization of intangible and tangible fixed assets.

Individual loan loss provisions – For credit risks related to loans and advances to customers and banks, provisions are made in the amount of the expected loss according to uniform Group-wide standards. Risk of loss is deemed to exist if the discounted projected repayment amounts and interest payments are below the carrying value of the loan, taking collateral into account.

Interest-bearing assets – Total assets less trading assets, derivatives, intangible fixed assets, tangible fixed assets, and other assets.

IRB – Internal Ratings-Based. Approach to measure the total capital requirement for credit risks in accordance with Basel III. By applying the IRB approach, the total capital requirement is determined according to internal credit ratings. In the process, features specific to the borrower and the loan are taken into account. The ratings must be assigned by an independent area.

LCR – Liquidity Coverage Ratio. The LCR supports the short-term resilience of banks by ensuring that they have an adequate stock of unencumbered high-quality liquid assets (HQLA) to meet potential liability run offs that might occur in a crisis, which can be converted into cash to meet liquidity needs for a minimum of 30 calendar days in a liquidity stress scenario.

Leverage ratio – The ratio of tier 1 capital to specific exposures on and off the statement of financial position calculated in accordance with the methodology set out in CRD IV.

Liquidity risk – Risk that a bank could be unable to meet its current and future financial obligations in full or on a timely basis. This arises from the danger, for example, that refinancing can only be obtained at very disadvantageous terms or is entirely impossible.

Loan/deposit ratio (net) – Loans and advances to customers less impairment losses, in relation to deposits from customers (in each case less claims and obligations from (reverse) repurchase agreements and securities lending).

Loan to local stable funding ratio (LLSFR) – The sum of total loans and advances to customers less impairment losses on loans and advances to customers, divided by the sum of deposits from non-banks, funding from supranational institutions, capital from third parties and the total outstanding bonds (with an original maturity of at least one year issued by a subsidiary bank to investors outside the bank`s consolidated group).

Market capitalization – The number of issued shares multiplied by the share price on a given date.

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

Monte Carlo simulation – Numerical method to aggregate risks to evaluate specific risks in respect to their influence on corresponding income statement items.

Net interest margin (average interest-bearing assets) – Net interest income in relation to average interest-bearing assets.

NPL – Non-performing loans. A loan is classified as non-performing when it is expected that a specific debtor is unlikely to pay its credit obligations to the bank in full, or the debtor is overdue by 90 days or more on any material credit obligation to the bank (RBI has defined 12 default indicators).

NPL coverage ratio – Impairment losses on loans and advances to customers in relation to non-performing loans to customers.

NPL ratio – Non-performing loans in relation to total loans and advances to customers.

Operating income – Comprises net interest income, net fee and commission income, net trading income and recurring other net operating income (less bank levies, impairments of goodwill, releases of negative goodwill and any non-recurring effects reported under sundry operating expenses).

Operating result – Consists of operating income less general administrative expenses.

Operational risk – Risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

Other results – Consist of net income from derivatives and liabilities, net income from financial investments, expenses for bank levies, impairment of goodwill, releases of negative goodwill, net income from disposal of Group assets and any non-recurring effects reported under sundry operating expenses.

Portfolio-based loan loss provisions – Impairment provisions for portfolios of loans with the same risk profiles that may be formed under certain conditions.

Premium banking – Support for affluent customers that includes additional and above all more individually tailored products in comparison to the customary support for retail customers.

Provisioning ratio – Net provisioning for impairment losses in relation to average loans and advances to customers.

Quarter-on-quarter – Compared to the quarter which precedes the quarter under consideration; for example, the fourth quarter of 2015 in comparison to the third quarter of 2015.

RBI – Raiffeisen Bank International. RBI Group in contrast to RBI AG.

Risk-weighted assets (RWA credit risk) – The sum of the weighted accounts receivable including receivables in the form of items on and off the statement of financial position and CVA risk.

Risk-weighted assets (total RWA) – Risk-weighted assets (credit risk, CVA risk) plus market risk and operational risk.

ROE – Return on equity. Return on the total equity including non-controlling interests, i.e. profit before tax respectively after tax in relation to average equity on the statement of financial position. Average equity is calculated on month-end figures including non-controlling interests and does not include current year profit.

ROTE – Return on tangible equity is consolidated profit less depreciation of intangible assets and less impairment of goodwill in relation to average consolidated equity less intangible assets. Average equity is calculated using month-end figures for the period.

RZB – Raiffeisen Zentralbank Österreich. RZB Group in contrast to RZB AG.

RZB credit institution group – Pursuant to Section 30 of the Austrian Banking Act (BWG), the RZB credit institution group is made up of all banks, financial institutions, securities companies and companies rendering banking related services in which RZB holds direct or indirect majority interests or has control as a superordinate institution.

Scorecard – A statistical tool in risk management for estimating risk parameters, typically used to determine probability of default or the loss given default.

SEE – Southeastern Europe. RBI's Southeastern Europe segment comprises Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania (incl. Moldova), and Serbia.

Stress test – Stress tests endeavor to simulate extreme fluctuations in market parameters. They are used because such fluctuations are usually inadequately captured by VaR models (VaR forecasts maximum losses under normal market conditions).

Tax rate – Ratio of income taxes to profit before tax.

Tier 1 ratio (transitional) – Tier 1 capital to risk-weighted assets (total RWA).

Total capital ratio – Total capital as a percentage of risk-weighted assets (total RWA).

Trading book – Bank regulatory term for positions taken by a bank for the purpose of short-term resale to exploit price and interest rate fluctuations.

UGB – Unternehmensgesetzbuch (Austrian Commercial Code).

VaR – Value at risk. Expresses the potential loss that will, with a 99 per cent probability, not be exceeded within the period for which an asset is held in the portfolio in question.

Wholesale funding – financing of banks by way of external sources, i.e. not through their own capital or customer deposits.

Year-on-year – Compared to the point in time, or the period, which occurred one year before the point in time or period under consideration; for example, the first half year of 2015 in comparison to the first half year of 2014, or 30 June 2015 in comparison to 30 June 2014.

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