

---

# Consolidated financial statements

---

Statement of comprehensive income	78
Statement of financial position	81
Statement of changes in equity	82
Statement of cash flows	83
Segment reporting	85
Notes	92
Risk report	144
Auditor's report	224
Statement of all legal representatives	226

# 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)%
<b>Net interest income</b>	[2]	<b>3,326,650</b>	<b>3,788,930</b>	<b>(12.2)%</b>
Net provisioning for impairment losses	[3]	(1,263,802)	(1,750,029)	(27.8)%
<b>Net interest income after provisioning</b>		<b>2,062,847</b>	<b>2,038,901</b>	<b>1.2%</b>
Fee and commission income		1,987,107	2,007,250	(1.0)%
Fee and commission expense		(467,913)	(421,362)	11.0%
<b>Net fee and commission income</b>	[4]	<b>1,519,193</b>	<b>1,585,888</b>	<b>(4.2)%</b>
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)	-
<b>Profit/loss before tax</b>		<b>710,946</b>	<b>(104,650)</b>	-
Income taxes	[11]	(275,955)	(482,539)	(42.8)%
<b>Profit/loss after tax</b>		<b>434,991</b>	<b>(587,189)</b>	-
Profit attributable to non-controlling interests	[33]	(56,142)	(29,659)	89.3%
<b>Consolidated profit/loss</b>		<b>378,850</b>	<b>(616,849)</b>	-

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
<b>Earnings per share in €</b>	<b>1.30</b>	<b>(2.17)</b>

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		Group equity		Non-controlling interests	
	2015	2014 restated	2015	2014 restated	2015	2014
<b>Profit/loss after tax</b>	<b>434,991</b>	<b>(587,189)</b>	<b>378,850</b>	<b>(616,849)</b>	<b>56,142</b>	<b>29,659</b>
<b>Items which are not reclassified to profit and loss</b>	<b>2,205</b>	<b>(9,774)</b>	<b>2,205</b>	<b>(9,774)</b>	<b>0</b>	<b>0</b>
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
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>(55,474)</b>	<b>(1,280,800)</b>	<b>(51,654)</b>	<b>(1,264,199)</b>	<b>(3,820)</b>	<b>(16,601)</b>
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
<b>Other comprehensive income</b>	<b>(53,269)</b>	<b>(1,290,575)</b>	<b>(49,449)</b>	<b>(1,273,973)</b>	<b>(3,820)</b>	<b>(16,601)</b>
<b>Total comprehensive income</b>	<b>381,722</b>	<b>(1,877,764)</b>	<b>329,401</b>	<b>(1,890,822)</b>	<b>52,322</b>	<b>13,058</b>

### 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
<b>As at 1/1/2014</b>	<b>(2,440)</b>	<b>(1,748,209)</b>	<b>77,573</b>	<b>140,652</b>	<b>(17,666)</b>	<b>16,271</b>	<b>302,020</b>
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)
<b>As at 31/12/2014</b>	<b>(15,472)</b>	<b>(3,062,227)</b>	<b>79,614</b>	<b>175,012</b>	<b>(27,906)</b>	<b>37,848</b>	<b>307,359</b>
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)
<b>As at 31/12/2015</b>	<b>(12,532)</b>	<b>(3,247,298)</b>	<b>169,930</b>	<b>175,012</b>	<b>(28,342)</b>	<b>113,488</b>	<b>274,521</b>

## 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)
<b>Net interest income after provisioning</b>	<b>559,564</b>	<b>517,639</b>	<b>622,910</b>	<b>362,735</b>
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
<b>Profit/loss before tax</b>	<b>187,667</b>	<b>267,389</b>	<b>253,002</b>	<b>2,888</b>
Income taxes	(87,691)	(53,311)	(51,502)	(83,451)
<b>Profit/loss after tax</b>	<b>99,976</b>	<b>214,078</b>	<b>201,500</b>	<b>(80,563)</b>
Profit attributable to non-controlling interests	(16,609)	(21,703)	(15,762)	(2,068)
<b>Consolidated profit/loss</b>	<b>83,367</b>	<b>192,376</b>	<b>185,738</b>	<b>(82,631)</b>

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)
<b>Net interest income after provisioning</b>	<b>697,339</b>	<b>688,454</b>	<b>425,197</b>	<b>227,911</b>
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)
<b>Profit/loss before tax</b>	<b>240,153</b>	<b>277,500</b>	<b>(15,568)</b>	<b>(606,735)</b>
Income taxes	(67,337)	(79,474)	(96,245)	(239,483)
<b>Profit/loss after tax</b>	<b>172,817</b>	<b>198,026</b>	<b>(111,813)</b>	<b>(846,219)</b>
Profit attributable to non-controlling interests	(12,138)	(14,640)	(7,121)	4,240
<b>Consolidated profit/loss</b>	<b>160,679</b>	<b>183,386</b>	<b>(118,934)</b>	<b>(841,979)</b>

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%
<b>Total assets</b>		<b>114,426,583</b>	<b>121,499,772</b>	<b>(5.8)%</b>

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%
<b>Total equity and liabilities</b>		<b>114,426,583</b>	<b>121,499,772</b>	<b>(5.8)%</b>

# Statement of changes in equity

in € thousand	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
<b>Equity as at 1/1/2014</b>	<b>594,591</b>	<b>2,500,000</b>	<b>2,575,082</b>	<b>3,651,965</b>	<b>557,336</b>	<b>484,824</b>	<b>10,363,798</b>
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)
<b>Equity as at 31/12/2014 restated</b>	<b>891,742</b>	<b>0</b>	<b>4,991,269</b>	<b>2,417,002</b>	<b>(616,849)</b>	<b>494,561</b>	<b>8,177,725</b>
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)
<b>Equity as at 31/12/2015</b>	<b>891,886</b>	<b>0</b>	<b>4,993,872</b>	<b>1,701,796</b>	<b>378,850</b>	<b>534,562</b>	<b>8,500,967</b>

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
<b>Profit/loss after tax</b>	<b>434,991</b>	<b>(587,189)</b>
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)
<b>Subtotal</b>	<b>1,012,490</b>	<b>2,307,177</b>
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)
<b>Net cash from operating activities</b>	<b>5,015,904</b>	<b>5,501,967</b>
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)
<b>Net cash from investing activities</b>	<b>1,797,926</b>	<b>(4,319,501)</b>
Capital increases	62,670	2,734,053
Payment of 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
<b>Net cash from financing activities</b>	<b>(73,093)</b>	<b>(221,017)</b>

in € thousand	2015	2014 restated
<b>Cash and cash equivalents at the end of previous period</b>	<b>6,768,685</b>	<b>6,674,226</b>
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)
<b>Cash and cash equivalents at the end of period<sup>1</sup></b>	<b>13,482,547</b>	<b>6,768,685</b>

<sup>1</sup> 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 CET 1 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
<b>Operating income</b>	<b>1,048,134</b>	<b>1,213,970</b>	<b>1,361,229</b>	<b>401,551</b>	<b>287,891</b>
General administrative expenses	(635,848)	(680,562)	(563,252)	(142,751)	(215,676)
<b>Operating result</b>	<b>412,286</b>	<b>533,408</b>	<b>797,978</b>	<b>258,800</b>	<b>72,215</b>
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
<b>Profit/loss before tax</b>	<b>309,943</b>	<b>260,174</b>	<b>549,515</b>	<b>102,589</b>	<b>94,223</b>
Income taxes	(65,813)	(32,686)	(127,589)	(25,406)	(22,563)
<b>Profit/loss after tax</b>	<b>244,130</b>	<b>227,488</b>	<b>421,925</b>	<b>77,183</b>	<b>71,661</b>
Profit attributable to non-controlling interests	(57,375)	(1,181)	(4,773)	(1,091)	0
<b>Profit/loss after deduction of non-controlling interests</b>	<b>186,755</b>	<b>226,307</b>	<b>417,153</b>	<b>76,092</b>	<b>71,661</b>
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
<b>Return on equity before tax</b>	<b>18.3%</b>	<b>15.0%</b>	<b>33.5%</b>	<b>9.3%</b>	<b>17.2%</b>
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
<b>Operating income</b>	<b>1,147,927</b>	<b>576,677</b>	<b>(1,108,629)</b>	<b>4,928,751</b>
General administrative expenses	(305,850)	(462,452)	92,405	(2,913,986)
<b>Operating result</b>	<b>842,077</b>	<b>114,225</b>	<b>(1,016,224)</b>	<b>2,014,765</b>
Net provisioning for impairment losses	(23,090)	(374,737)	13,731	(1,263,802)
Other results	(226,401)	(2,305)	67,225	(40,017)
<b>Profit/loss before tax</b>	<b>592,587</b>	<b>(262,817)</b>	<b>(935,269)</b>	<b>710,946</b>
Income taxes	21,644	(23,541)	0	(275,955)
<b>Profit/loss after tax</b>	<b>614,230</b>	<b>(286,358)</b>	<b>(935,269)</b>	<b>434,991</b>
Profit attributable to non-controlling interests	(18,500)	(9)	26,787	(56,142)
<b>Profit/loss after deduction of non-controlling interests</b>	<b>595,730</b>	<b>(286,366)</b>	<b>(908,481)</b>	<b>378,850</b>
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
<b>Return on equity before tax</b>	<b>29.1%</b>	<b>-</b>	<b>-</b>	<b>8.5%</b>
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 <sup>1</sup> in € thousand	Central Europe	Southeastern Europe	Eastern Europe restated <sup>2</sup>	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
<b>Operating income</b>	<b>1,034,017</b>	<b>1,277,912</b>	<b>1,533,152</b>	<b>444,268</b>	<b>355,467</b>
General administrative expenses	(624,160)	(688,577)	(772,794)	(123,241)	(237,893)
<b>Operating result</b>	<b>409,857</b>	<b>589,334</b>	<b>760,358</b>	<b>321,027</b>	<b>117,574</b>
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)
<b>Profit/loss before tax</b>	<b>(132,897)</b>	<b>348,468</b>	<b>164,520</b>	<b>120,127</b>	<b>104,935</b>
Income taxes	(66,646)	(52,435)	(64,904)	(30,185)	(24,153)
<b>Profit/loss after tax</b>	<b>(199,543)</b>	<b>296,033</b>	<b>99,616</b>	<b>89,942</b>	<b>80,782</b>
Profit attributable to non-controlling interests	(42,438)	(286)	12,355	(42)	(3)
<b>Profit/loss after deduction of non-controlling interests</b>	<b>(241,981)</b>	<b>295,747</b>	<b>111,971</b>	<b>89,900</b>	<b>80,779</b>
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
<b>Return on equity before tax</b>	<b>-</b>	<b>16.7%</b>	<b>7.2%</b>	<b>6.9%</b>	<b>16.1%</b>
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 <sup>1</sup> in € thousand	Corporate Center restated <sup>2</sup>	Non-Core restated <sup>2</sup>	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
<b>Operating income</b>	<b>1,119,469</b>	<b>672,407</b>	<b>(1,086,776)</b>	<b>5,349,916</b>
General administrative expenses	(263,651)	(433,348)	120,094	(3,023,570)
<b>Operating result</b>	<b>855,818</b>	<b>239,060</b>	<b>(966,682)</b>	<b>2,326,346</b>
Net provisioning for impairment losses	(9,713)	(360,617)	2,930	(1,750,029)
Other results <sup>1</sup>	(430,057)	(4,018)	(36,524)	(680,967)
<b>Profit/loss before tax</b>	<b>416,048</b>	<b>(125,575)</b>	<b>(1,000,276)</b>	<b>(104,650)</b>
Income taxes	(172,746)	(71,469)	0	(482,539)
<b>Profit/loss after tax</b>	<b>243,302</b>	<b>(197,044)</b>	<b>(1,000,276)</b>	<b>(587,189)</b>
Profit attributable to non-controlling interests	(2,056)	1,011	1,799	(29,659)
<b>Profit/loss after deduction of non-controlling interests</b>	<b>241,246</b>	<b>(196,033)</b>	<b>(998,477)</b>	<b>(616,849)</b>
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
<b>Return on equity before tax</b>	<b>15.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>
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 financial 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)
<b>Net interest income</b>	<b>3,788,930</b>	<b>0</b>	<b>3,788,930</b>
Net provisioning for impairment losses	(1,750,029)	(34,129)	(1,715,900)
<b>Net interest income after provisioning</b>	<b>2,038,901</b>	<b>(34,129)</b>	<b>2,073,030</b>
Fee and commission income	2,007,250	0	2,007,250
Fee and commission expense	(421,362)	0	(421,362)
<b>Net fee and commission income</b>	<b>1,585,888</b>	<b>0</b>	<b>1,585,888</b>
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)
<b>Profit/loss before tax</b>	<b>(104,650)</b>	<b>(127,532)</b>	<b>22,882</b>
Income taxes	(482,539)	3,422	(485,961)
<b>Profit/loss after tax</b>	<b>(587,189)</b>	<b>(124,110)</b>	<b>(463,079)</b>
Profit attributable to non-controlling interests	(29,659)	0	(29,659)
<b>Consolidated profit/loss</b>	<b>(616,849)</b>	<b>(124,110)</b>	<b>(492,738)</b>

## 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
<b>Total assets</b>	<b>121,499,772</b>	<b>(124,110)</b>	<b>121,623,883</b>

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
<b>Total equity and liabilities</b>	<b>121,499,772</b>	<b>(124,110)</b>	<b>121,623,883</b>

## 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
<b>Total</b>	<b>8,177,725</b>	<b>(124,110)</b>	<b>8,301,835</b>

## Statement of cash flows

in € thousand	2014 restated	Restatements	2014 published
<b>Profit/loss after tax</b>	<b>(587,189)</b>	<b>(124,110)</b>	<b>(463,079)</b>
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)
<b>Subtotal</b>	<b>2,307,177</b>	<b>275,410</b>	<b>2,031,767</b>
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)
<b>Net cash from operating activities</b>	<b>5,501,967</b>	<b>19,818</b>	<b>5,482,149</b>
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)
<b>Net cash from investing activities</b>	<b>(4,319,501)</b>	<b>0</b>	<b>(4,319,501)</b>
Capital increases			
Capital increases	2,734,053	0	2,734,053
Payment of 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
<b>Net cash from financing activities</b>	<b>(221,017)</b>	<b>(624)</b>	<b>(220,393)</b>

## 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
<b>Earnings per share in €</b>	<b>(2.17)</b>		<b>(1.73)</b>

## 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:

Rates in units per €	2015		2014	
	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
<b>Net gains (losses) on financial assets and liabilities held-for-trading</b>	<b>105,649</b>	<b>326,186</b>
<b>Financial assets and liabilities at fair value through profit or loss</b>	<b>370,614</b>	<b>305,518</b>
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
<b>Financial assets available-for-sale</b>	<b>47,182</b>	<b>(10,813)</b>
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)
<b>Loans and advances</b>	<b>2,776,114</b>	<b>3,027,019</b>
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)
<b>Financial assets held-to-maturity</b>	<b>164,129</b>	<b>167,090</b>
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)
<b>Financial liabilities</b>	<b>(1,585,647)</b>	<b>(1,823,390)</b>
Interest expenses	(1,589,552)	(1,826,657)
Income from repurchase of liabilities	3,905	3,267
<b>Derivatives (hedging)</b>	<b>200,752</b>	<b>134,323</b>
Net interest income	194,763	109,116
Net gains (losses) from hedge accounting	5,989	25,207
<b>Net revaluations from exchange differences</b>	<b>64,645</b>	<b>33,960</b>
<b>Sundry operating income and expenses</b>	<b>(1,432,492)</b>	<b>(2,264,544)</b>
<b>Profit/loss before tax</b>	<b>710,946</b>	<b>(104,650)</b>

## (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
<b>Interest and interest-like income, total</b>	<b>4,916,202</b>	<b>5,615,587</b>
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
<b>Interest expenses and interest-like expenses, total</b>	<b>(1,589,552)</b>	<b>(1,826,657)</b>
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
<b>Total</b>	<b>3,326,650</b>	<b>3,788,930</b>

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
<b>Individual loan loss provisions</b>	<b>(1,324,169)</b>	<b>(1,866,107)</b>
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
<b>Portfolio-based loan loss provisions</b>	<b>49,642</b>	<b>48,125</b>
Allocation to provisions for impairment losses	(194,730)	(271,338)
Release of provisions for impairment losses	244,372	319,463
<b>Gains from loan termination or sale</b>	<b>10,724</b>	<b>67,953</b>
<b>Total</b>	<b>(1,263,802)</b>	<b>(1,750,029)</b>

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
<b>Total</b>	<b>1,519,193</b>	<b>1,585,888</b>

## (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 <sup>1</sup>
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)
<b>Total</b>	<b>16,415</b>	<b>(29,744)</b>

<sup>1</sup> 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
<b>Total</b>	<b>(4,272)</b>	<b>88,253</b>

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

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)
herof regulatory other administrative expenses	(167,221)	(104,465)
Depreciation of tangible and intangible fixed assets	(351,476)	(381,130)
<b>Total</b>	<b>(2,913,986)</b>	<b>(3,023,570)</b>

### 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)
<b>Total</b>	<b>(1,389,414)</b>	<b>(1,449,627)</b>

### 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)
<b>Operating other administrative expenses</b>	<b>(1,005,874)</b>	<b>(1,088,348)</b>
Deposit insurance fees	(125,853)	(104,465)
Resolution fund	(41,367)	0
<b>Regulatory other administrative expenses</b>	<b>(167,221)</b>	<b>(104,465)</b>
<b>Total</b>	<b>(1,173,095)</b>	<b>(1,192,813)</b>

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)
<b>Total</b>	<b>(351,476)</b>	<b>(381,130)</b>

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)
<b>Total</b>	<b>(28,278)</b>	<b>(32,049)</b>

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 Mitarbeiter-versorgungsgesetz). 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)
<b>Recurring other net operating income</b>	<b>66,493</b>	<b>4,843</b>
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)
<b>Total</b>	<b>(78,810)</b>	<b>(817,107)</b>

The reduction in sales revenues and expenses from non-banking activities primarily resulted from the disposal of Centrottrade 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
<b>Total</b>	<b>41,111</b>	<b>(9,755)</b>

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)
<b>Total</b>	<b>(275,955)</b>	<b>(482,539)</b>

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
<b>Profit/loss before tax</b>	<b>710,946</b>	<b>(104,650)</b>
<b>Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent</b>	<b>(177,736)</b>	<b>26,162</b>
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)
<b>Effective tax burden</b>	<b>(275,955)</b>	<b>(482,539)</b>
<b>Tax rate in per cent</b>	<b>38.8%</b>	<b>-</b>

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
<b>Cash reserve</b>	<b>13,211,971</b>	<b>6,768,685</b>
<b>Trading assets</b>	<b>6,678,474</b>	<b>8,618,064</b>
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
<b>Financial assets at fair value through profit or loss</b>	<b>5,363,032</b>	<b>3,853,910</b>
Shares and other variable-yield securities	3,751	7,745
Bonds, notes and other fixed-interest securities	5,359,281	3,846,165
<b>Financial assets available-for-sale</b>	<b>3,428,362</b>	<b>2,365,617</b>
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
<b>Loans and advances</b>	<b>75,646,253</b>	<b>88,499,546</b>
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)
<b>Financial assets held-to-maturity</b>	<b>6,452,241</b>	<b>8,248,360</b>
Bonds, notes and other fixed-interest securities	6,452,241	8,248,360
<b>Derivatives (hedging)</b>	<b>709,272</b>	<b>941,762</b>
Positive fair values of derivatives (hedging)	709,272	941,762
<b>Other assets</b>	<b>2,936,978</b>	<b>2,203,829</b>
Intangible and tangible fixed assets	2,094,203	2,073,563
Inventories	68,636	40,747
Assets held for sale	774,139	89,519
<b>Total assets</b>	<b>114,426,583</b>	<b>121,499,772</b>

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
<b>Trading liabilities</b>	<b>5,641,019</b>	<b>7,455,063</b>
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
<b>Financial liabilities</b>	<b>97,809,019</b>	<b>102,101,840</b>
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
<b>Liabilities at fair value through profit and loss</b>	<b>1,226,965</b>	<b>2,595,682</b>
Debt securities issued	1,226,965	2,130,029
Subordinated capital	0	465,653
<b>Derivatives (hedging)</b>	<b>434,791</b>	<b>200,549</b>
Negative fair values of derivatives (hedging)	434,791	200,549
<b>Provisions for liabilities and charges</b>	<b>813,823</b>	<b>968,910</b>
<b>Equity</b>	<b>8,500,967</b>	<b>8,177,728</b>
<b>Total equity and liabilities</b>	<b>114,426,583</b>	<b>121,499,772</b>

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
<b>Total</b>	<b>13,211,971</b>	<b>6,768,685</b>

## (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
<b>Total</b>	<b>10,837,209</b>	<b>15,573,241</b>

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
<b>Total</b>	<b>10,837,209</b>	<b>15,573,241</b>

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
<b>Total</b>	<b>10,837,209</b>	<b>15,573,241</b>

## (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
<b>Total</b>	<b>69,921,365</b>	<b>77,925,416</b>

Purchased loans amounting to € 1,774,747 thousand (2014: € 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
<b>Total</b>	<b>69,921,365</b>	<b>77,925,416</b>

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
<b>Total</b>	<b>69,921,365</b>	<b>77,925,416</b>

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
<b>Total</b>	<b>6,055,134</b>	<b>6,103,362</b>

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
<b>Total</b>	<b>74,240,083</b>	<b>80,758,573</b>	<b>8,252,139</b>	<b>5,697,828</b>	<b>357,306</b>	<b>74,703,439</b>

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
<b>Total</b>	<b>86,367,824</b>	<b>93,498,657</b>	<b>8,915,458</b>	<b>5,694,197</b>	<b>409,165</b>	<b>87,395,295</b>

### 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
<b>Total</b>	<b>8,252,139</b>	<b>5,697,828</b>	<b>2,554,310</b>	<b>2,019,607</b>	<b>183,804</b>

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
<b>Total</b>	<b>8,915,458</b>	<b>5,694,197</b>	<b>3,221,263</b>	<b>2,884,053</b>	<b>204,653</b>

ILLP individual loan loss provisions.

## (17) Trading assets

in € thousand	2015	2014
<b>Bonds, notes and other fixed-interest securities</b>	<b>2,778,244</b>	<b>3,100,291</b>
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
<b>Shares and other variable-yield securities</b>	<b>203,289</b>	<b>347,823</b>
Shares	173,360	320,670
Mutual funds	29,922	27,144
Other variable-yield securities	7	9
<b>Positive fair values of derivative financial instruments</b>	<b>2,832,575</b>	<b>4,468,510</b>
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
<b>Total</b>	<b>5,814,108</b>	<b>7,916,624</b>

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

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
<b>Bonds, notes and other fixed-interest securities</b>	<b>14,914,953</b>	<b>14,029,945</b>
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
<b>Shares and other variable-yield securities</b>	<b>6,250</b>	<b>8,353</b>
Shares	2,598	4,085
Mutual funds	390	2,792
Other variable-yield securities	3,262	1,477
<b>Equity participations</b>	<b>322,432</b>	<b>429,589</b>
Interest in affiliated companies	176,408	340,398
Other interests	146,024	89,191
<b>Total</b>	<b>15,243,635</b>	<b>14,467,887</b>

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
<b>Total</b>	<b>620,912</b>	<b>665,849</b>

### 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)
<b>As at 31/12</b>	<b>0</b>	<b>37,881</b>	<b>0</b>	<b>0</b>	<b>1,704</b>	<b>39,585</b>
Gross amount	51,705	37,881	193,225	133,138	138,352	554,302
Cumulative impairment <sup>1</sup>	(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)
<b>As at 31/12</b>	<b>0</b>	<b>36,908</b>	<b>0</b>	<b>0</b>	<b>10,085</b>	<b>46,993</b>
Gross amount	56,428	36,908	192,826	148,482	169,306	603,950
Cumulative impairment <sup>1</sup>	(56,428)	0	(192,826)	(148,482)	(159,227)	(556,962)

<sup>1</sup> 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 over-capitalization 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 <sup>1</sup>	RBCZ
Increase in discount rate	0.3 PP
Reduction of the growth rates in phase III	Not meaningful

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

<sup>1</sup> 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 <sup>1</sup>	(1,102)	(20,731)	(21,833)
Exchange differences	(3,953)	476	(3,477)
<b>As at 31/12</b>	<b>10,109</b>	<b>26,548</b>	<b>36,657</b>
Gross amount	27,073	46,905	73,978
Cumulative impairment <sup>2</sup>	(16,964)	(20,357)	(37,321)

2014 in € thousand	AVAL	RBPL	Total
<b>As at 1/1</b>	<b>66,715</b>	<b>44,733</b>	<b>111,447</b>
Impairment <sup>1</sup>	(28,456)	0	(28,456)
Exchange differences	(23,096)	2,070	(21,025)
<b>As at 31/12</b>	<b>15,163</b>	<b>46,803</b>	<b>61,966</b>
Gross amount	38,300	46,803	85,104
Cumulative impairment <sup>2</sup>	(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
<b>As at 1/1</b>	<b>10,390</b>	<b>9,481</b>	<b>19,872</b>
Depreciation	(992)	(3,329)	(4,321)
Impairment <sup>1</sup>	(324)	0	(324)
Exchange differences	(2,661)	78	(2,583)
<b>As at 31/12</b>	<b>6,413</b>	<b>6,230</b>	<b>12,643</b>
Gross amount	18,171	16,511	34,682
Cumulative impairment <sup>2</sup>	(11,758)	(10,280)	(22,039)

2014 in € thousand	AVAL	RBPL	Total
<b>As at 1/1</b>	<b>22,159</b>	<b>14,119</b>	<b>36,278</b>
Depreciation	(1,239)	(4,245)	(5,484)
Impairment <sup>1</sup>	(1,092)	0	(1,092)
Exchange differences	(9,437)	(393)	(9,830)
<b>As at 31/12</b>	<b>10,390</b>	<b>9,481</b>	<b>19,872</b>
Gross amount	24,784	16,475	41,258
Cumulative impairment <sup>2</sup>	(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
<b>Total</b>	<b>1,473,291</b>	<b>1,407,714</b>

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

in € thousand	Cost of acquisition or conversion						As at 31/12/2015
	As at 1/1/2015	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	
<b>Intangible fixed assets</b>	<b>2,231,728</b>	<b>(13,486)</b>	<b>(130,448)</b>	<b>155,898</b>	<b>(63,496)</b>	<b>13,669</b>	<b>2,193,865</b>
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
<b>Tangible fixed assets</b>	<b>2,610,498</b>	<b>191,542</b>	<b>(74,388)</b>	<b>191,233</b>	<b>(215,205)</b>	<b>(13,669)</b>	<b>2,690,011</b>
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
<b>Total</b>	<b>4,842,226</b>	<b>178,056</b>	<b>(204,836)</b>	<b>347,131</b>	<b>(278,701)</b>	<b>0</b>	<b>4,883,876</b>



in € thousand	Write-ups, amortization, depreciation, impairment			Carrying amount
	Cumulative	hereof Write-ups	hereof Depreciation	As at 31/12/2015
<b>Intangible fixed assets</b>	<b>(1,569,091)</b>	<b>0</b>	<b>(177,819)</b>	<b>620,912</b>
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
<b>Tangible fixed assets</b>	<b>(1,216,691)</b>	<b>7,505</b>	<b>(180,612)</b>	<b>1,473,291</b>
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
<b>Total</b>	<b>(2,785,782)</b>	<b>7,505</b>	<b>(358,431)</b>	<b>2,094,203</b>

2014 restated		Cost of acquisition or conversion					As at 31/12/2014
in € thousand	As at 1/1/2014	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	
<b>Intangible fixed assets</b>	<b>2,471,602</b>	<b>(913)</b>	<b>(338,603)</b>	<b>176,036</b>	<b>(76,187)</b>	<b>(207)</b>	<b>2,231,728</b>
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
<b>Tangible fixed assets</b>	<b>2,849,002</b>	<b>140,862</b>	<b>(420,807)</b>	<b>239,244</b>	<b>(198,010)</b>	<b>207</b>	<b>2,610,498</b>
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
<b>Total</b>	<b>5,320,604</b>	<b>139,949</b>	<b>(759,410)</b>	<b>415,280</b>	<b>(274,197)</b>	<b>0</b>	<b>4,842,226</b>

2014 restated		Write-ups, amortization, depreciation, impairment			Carrying amount
in € thousand		Cumulative	hereof Write-ups	hereof Depreciation	As at 31/12/2014
<b>Intangible fixed assets</b>		<b>(1,537,131)</b>	<b>987</b>	<b>(577,484)</b>	<b>665,849</b>
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
<b>Tangible fixed assets</b>		<b>(1,202,784)</b>	<b>6,202</b>	<b>(202,712)</b>	<b>1,407,714</b>
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
<b>Total</b>		<b>(2,739,915)</b>	<b>7,189</b>	<b>(780,196)</b>	<b>2,073,563</b>

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
<b>Total</b>	<b>1,785,589</b>	<b>1,234,517</b>

### 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)
<b>Total</b>	<b>(51,772)</b>

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:

<b>Assets held for sale in € 000</b>	<b>ZUNO</b>	<b>RBSI</b>	<b>Others</b>	<b>Total</b>
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
<b>Total</b>	<b>136,362</b>	<b>613,932</b>	<b>23,846</b>	<b>774,139</b>

<b>Liabilities held for sale in € 000</b>	<b>ZUNO</b>	<b>RBSI</b>	<b>Others</b>	<b>Total</b>
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
<b>Total</b>	<b>778,742</b>	<b>515,027</b>	<b>0</b>	<b>1,293,769</b>

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

## Deferred taxes

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

The net deferred taxes result from the following items:

<b>in € thousand</b>	<b>2015</b>	<b>2014 restated</b>
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
<b>Deferred tax assets</b>	<b>1,115,887</b>	<b>647,354</b>
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
<b>Deferred tax liabilities</b>	<b>909,942</b>	<b>405,433</b>
<b>Net deferred taxes</b>	<b>205,945</b>	<b>241,921</b>

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
<b>Total</b>	<b>16,369,175</b>	<b>22,408,371</b>

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
<b>Total</b>	<b>16,369,175</b>	<b>22,408,371</b>

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
<b>Total</b>	<b>16,369,175</b>	<b>22,408,371</b>

## (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
<b>Total</b>	<b>68,990,887</b>	<b>66,094,172</b>

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
<b>Total</b>	<b>68,990,887</b>	<b>66,094,172</b>

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
<b>Total</b>	<b>68,990,887</b>	<b>66,094,172</b>

## (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
<b>Total</b>	<b>7,501,593</b>	<b>10,593,069</b>

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
<b>Total</b>	<b>968,913</b>	<b>(27,220)</b>	<b>522,276</b>	<b>(280,814)</b>	<b>(404,715)</b>	<b>35,383</b>	<b>813,823</b>

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
<b>DBO as at 31/12</b>	<b>44,143</b>	<b>48,117</b>

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
<b>Plan assets at fair value as at 31/12</b>	<b>13,762</b>	<b>14,687</b>

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
<b>Total</b>	<b>100</b>	<b>100</b>
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:

in € thousand	2015		2014	
	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
<b>DBO as at 31/12</b>	<b>63,458</b>	<b>60,186</b>

### 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		2014	
	Addition	Decrease	Addition	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
<b>Negative fair values of derivative financial instruments</b>	<b>3,943,192</b>	<b>5,686,468</b>
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
<b>Short-selling of trading assets</b>	<b>453,459</b>	<b>498,071</b>
<b>Certificates issued</b>	<b>694,859</b>	<b>692,868</b>
<b>Total</b>	<b>5,091,510</b>	<b>6,877,407</b>

## (29) Derivatives

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

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
<b>Total</b>	<b>2,009,976</b>	<b>1,416,803</b>

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
<b>Total</b>	<b>4,164,353</b>	<b>4,185,108</b>

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

Issuer	ISIN	Type	Currency	Nominale in € Tausend	Kupon <sup>1</sup>	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

<sup>1</sup> 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
<b>Total</b>	<b>8,500,967</b>	<b>8,177,725</b>

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

## 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)
<b>Total</b>		<b>534,562</b>	<b>56,142</b>	<b>(3,820)</b>	<b>52,322</b>

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)
<b>Total</b>		<b>494,561</b>	<b>29,659</b>	<b>(16,601)</b>	<b>13,058</b>

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)
<b>Total comprehensive income</b>	<b>(130,026)</b>	<b>120,128</b>	<b>132,453</b>	<b>6,590</b>
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 liabilities	1,636,383	7,230,308	8,838,163	843,362
Non-current liabilities	82,356	982,297	1,208,949	171,144
<b>Net assets</b>	<b>234,999</b>	<b>902,780</b>	<b>950,030</b>	<b>294,181</b>
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)
<b>Net increase in cash and cash equivalents</b>	<b>(1,242)</b>	<b>1,275,862</b>	<b>568,551</b>	<b>(14,990)</b>
Dividends paid to non-controlling interests during the year <sup>1</sup>	0	9,659	28,861	3,231

<sup>1</sup> Included in net cash from investing activities.

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
<b>Total comprehensive income</b>	<b>(650,467)</b>	<b>68,378</b>	<b>104,451</b>
Current assets	1,070,823	3,248,597	3,359,497
Non-current assets	1,283,849	4,900,980	6,304,800
Current liabilities	1,868,881	6,202,288	7,429,309
Non-current liabilities	240,944	1,122,639	1,279,332
<b>Net assets</b>	<b>244,846</b>	<b>824,650</b>	<b>955,656</b>
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
<b>Net increase in cash and cash equivalents</b>	<b>(280,118)</b>	<b>31,944</b>	<b>(350,602)</b>
Dividends paid to non-controlling interests during the year <sup>1</sup>	3,008	8,363	26,821

<sup>1</sup> Included in net cash from investing activities.

## 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 till 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	Short-term assets/liabilities			Long-term assets/liabilities	
	Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
<b>in € thousand</b>					
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
<b>Total assets</b>	<b>20,182,959</b>	<b>21,798,243</b>	<b>14,774,069</b>	<b>34,266,090</b>	<b>23,405,221</b>
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
<b>Subtotal</b>	<b>46,254,817</b>	<b>22,009,699</b>	<b>13,667,873</b>	<b>14,487,357</b>	<b>9,505,869</b>
Equity	8,500,967	0	0	0	0
<b>Total equity and liabilities</b>	<b>54,755,784</b>	<b>22,009,699</b>	<b>13,667,873</b>	<b>14,487,357</b>	<b>9,505,869</b>

2014 restated	Short-term assets/liabilities			Long-term assets/liabilities	
	Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
<b>in € thousand</b>					
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
<b>Total assets</b>	<b>13,864,244</b>	<b>28,806,632</b>	<b>16,967,509</b>	<b>38,195,564</b>	<b>23,665,823</b>
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
<b>Subtotal</b>	<b>44,586,525</b>	<b>25,823,981</b>	<b>14,086,837</b>	<b>18,337,548</b>	<b>10,487,156</b>
Equity	8,177,725	0	0	0	0
<b>Total equity and liabilities</b>	<b>52,764,250</b>	<b>25,823,981</b>	<b>14,086,837</b>	<b>18,337,548</b>	<b>10,487,156</b>

## (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		2014	
	Outstanding nominal amount	Carrying amount	Outstanding nominal amount	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
<b>Total</b>	<b>710,803</b>	<b>676,478</b>	<b>968,859</b>	<b>918,419</b>

## (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 in € thousand	Transferred assets			Associated liabilities		
	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
<b>Total</b>	<b>716,391</b>	<b>327,669</b>	<b>388,722</b>	<b>611,330</b>	<b>268,322</b>	<b>343,009</b>

2014 in € thousand	Transferred assets			Associated liabilities		
	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
<b>Total</b>	<b>523,851</b>	<b>257,829</b>	<b>266,021</b>	<b>377,853</b>	<b>161,669</b>	<b>216,184</b>

### 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 <sup>1</sup>	6,732,916	7,086,587
Trading assets <sup>2</sup>	1,077,547	694,067
Financial investments	572,848	711,713
<b>Total</b>	<b>8,383,312</b>	<b>8,492,368</b>

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
<b>Total</b>	<b>6,279,735</b>	<b>6,662,561</b>

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		2014	
	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Loans and advances <sup>1</sup>	6,732,916	1,983,278	7,086,587	1,735,310
Trading assets <sup>2</sup>	1,077,547	56,227	694,067	33,405
Financial investments	572,848	7,327	711,713	131,049
<b>Total</b>	<b>8,383,312</b>	<b>2,046,832</b>	<b>8,492,368</b>	<b>1,899,764</b>

<sup>1</sup> Without loans and advances from reverse repo and securities lending business.

<sup>2</sup> 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 in € thousand	Gross amount		Net amount of recognized assets set-off in the statement of financial position	Related amounts not set-off in the statement of financial position		Net amount
	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 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)	1,326,950	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
<b>Total</b>	<b>5,937,941</b>	<b>578,374</b>	<b>5,359,567</b>	<b>4,004,406</b>	<b>33,017</b>	<b>1,322,143</b>

2015 in € thousand	Gross amount		Net amount of recognized liabilities set-off in the statement of financial position	Related amounts not set-off in the statement of financial position		Net amount
	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 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
<b>Total</b>	<b>4,645,979</b>	<b>578,374</b>	<b>4,067,605</b>	<b>2,874,028</b>	<b>170,599</b>	<b>1,022,979</b>

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 in € thousand	Gross amount of recognized assets set-off in the statement of financial position	Gross amount of recognized liabilities set-off in the statement of financial position	Net amount of recognized assets set-off in the statement of financial position	Related amounts not set-off in the statement of financial position		Net amount
				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
<b>Total</b>	<b>16,655,015</b>	<b>458,518</b>	<b>16,196,497</b>	<b>12,327,589</b>	<b>34,971</b>	<b>3,833,938</b>

2014 in € thousand	Gross amount of recognized liabilities set-off in the statement of financial position	Gross amount of recognized assets set-off in the statement of financial position	Net amount of recognized liabilities set-off in the statement of financial position	Related amounts not set-off in the statement of financial position		Net amount
				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
<b>Total</b>	<b>7,364,938</b>	<b>457,924</b>	<b>6,907,014</b>	<b>6,497,045</b>	<b>124,497</b>	<b>285,471</b>

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	Nominal amount by maturity			Total	Fair values	
	Up to 1 year	More than 1 year, up to 5 years	More than 5 years		Positive	Negative
<b>Total</b>	<b>80,710,102</b>	<b>75,897,307</b>	<b>50,153,791</b>	<b>206,761,200</b>	<b>4,406,213</b>	<b>(4,927,491)</b>
<b>Interest rate contracts</b>	<b>31,184,684</b>	<b>62,690,306</b>	<b>47,475,761</b>	<b>141,350,751</b>	<b>3,179,729</b>	<b>(2,390,128)</b>
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
<b>Foreign exchange rate and gold contracts</b>	<b>47,617,072</b>	<b>10,253,473</b>	<b>2,230,651</b>	<b>60,101,197</b>	<b>1,154,426</b>	<b>(1,382,843)</b>
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)
<b>Equity/index contracts</b>	<b>1,250,956</b>	<b>1,821,516</b>	<b>403,490</b>	<b>3,475,961</b>	<b>69,838</b>	<b>(1,024,373)</b>
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)
<b>Commodities</b>	<b>141,386</b>	<b>128,795</b>	<b>43,889</b>	<b>314,071</b>	<b>442</b>	<b>(110,759)</b>
<b>Credit derivatives</b>	<b>494,078</b>	<b>992,305</b>	<b>0</b>	<b>1,486,383</b>	<b>1,776</b>	<b>(2,114)</b>
<b>Precious metals contracts</b>	<b>21,926</b>	<b>10,912</b>	<b>0</b>	<b>32,838</b>	<b>1</b>	<b>(17,274)</b>

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			Fair values		
	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	Positive	Negative
<b>Total</b>	<b>81,423,171</b>	<b>78,328,479</b>	<b>47,373,936</b>	<b>207,125,585</b>	<b>6,111,712</b>	<b>(6,464,673)</b>
<b>Interest rate contracts</b>	<b>31,359,185</b>	<b>63,386,910</b>	<b>43,256,192</b>	<b>138,002,287</b>	<b>4,531,606</b>	<b>(3,488,507)</b>
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)
<b>Foreign exchange rate and gold contracts</b>	<b>48,205,734</b>	<b>11,277,116</b>	<b>2,950,853</b>	<b>62,433,703</b>	<b>1,496,375</b>	<b>(1,813,068)</b>
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)
<b>Equity/index contracts</b>	<b>1,705,372</b>	<b>1,895,477</b>	<b>1,140,395</b>	<b>4,741,244</b>	<b>63,801</b>	<b>(1,017,973)</b>
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)
<b>Commodities</b>	<b>80,358</b>	<b>212,477</b>	<b>14,338</b>	<b>307,172</b>	<b>1,671</b>	<b>(103,039)</b>
<b>Credit derivatives</b>	<b>57,419</b>	<b>1,536,077</b>	<b>0</b>	<b>1,593,496</b>	<b>18,110</b>	<b>(17,395)</b>
<b>Precious metals contracts</b>	<b>15,103</b>	<b>20,422</b>	<b>12,158</b>	<b>47,682</b>	<b>148</b>	<b>(24,690)</b>

## (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.

in € thousand	2015			2014		
	Level I	Level II	Level III	Level I	Level II	Level III
<b>Trading assets</b>	<b>2,764,434</b>	<b>3,889,826</b>	<b>24,214</b>	<b>3,138,518</b>	<b>5,365,030</b>	<b>114,517</b>
Positive fair values of derivatives <sup>1</sup>	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
<b>Financial assets at fair value through profit or loss</b>	<b>2,224,975</b>	<b>3,072,102</b>	<b>65,955</b>	<b>3,434,961</b>	<b>332,688</b>	<b>86,261</b>
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
<b>Financial assets available-for-sale</b>	<b>2,930,139</b>	<b>95,835</b>	<b>170,518</b>	<b>1,857,262</b>	<b>0</b>	<b>82,243</b>
Other interests <sup>2</sup>	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
<b>Derivatives (hedging)</b>	<b>0</b>	<b>709,272</b>	<b>0</b>	<b>0</b>	<b>941,575</b>	<b>187</b>
Positive fair values of derivatives from hedge accounting	0	709,272	0	0	941,575	187

<sup>1</sup> Including other derivatives.

<sup>2</sup> 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			2014		
	Level I	Level II	Level III	Level I	Level II	Level III
<b>Trading liabilities</b>	<b>524,973</b>	<b>5,087,363</b>	<b>28,683</b>	<b>555,458</b>	<b>6,872,620</b>	<b>26,984</b>
Negative fair values of derivative financial instruments <sup>1</sup>	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
<b>Liabilities at fair value through profit and loss</b>	<b>0</b>	<b>1,226,965</b>	<b>0</b>	<b>0</b>	<b>2,595,682</b>	<b>0</b>
Debt securities issued <sup>2</sup>	0	1,226,965	0	0	2,595,682	0
<b>Derivatives (hedging)</b>	<b>0</b>	<b>434,791</b>	<b>0</b>	<b>0</b>	<b>200,549</b>	<b>0</b>
Negative fair values of derivatives from hedge accounting	0	434,791	0	0	200,549	0

<sup>1</sup> Including other derivatives.

<sup>2</sup> 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%
<b>Total</b>		<b>260,688</b>			

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	2 - 16%
				Currency risk	0 - 5%
				LT volatility	0 - 3%
				Index category	0 - 5%
Issued certificates for trading purposes	Certificates	7,068	Option model	Closing period	0 - 3%
				Bid-Ask spread	0 - 3%
				LT volatility	0 - 3%
				Index category	0 - 2.5%
<b>Total</b>		<b>28,683</b>			

### 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
<b>Assets</b>						
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
<b>Liabilities</b>						
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
<b>Assets</b>						
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
<b>Liabilities</b>						
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 <sup>1</sup>	0	4,238,844	409,948	4,648,792	4,185,108	463,684

<sup>1</sup> Adaptation of previous year figures.

## (41) Contingent liabilities and commitments

in € thousand	2015	2014
<b>Contingent liabilities</b>	<b>9,386,509</b>	<b>10,037,595</b>
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
<b>Commitments</b>	<b>9,980,036</b>	<b>10,019,684</b>
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
<b>Revocable credit lines</b>	<b>15,775,452</b>	<b>18,268,598</b>
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
<b>Target rating perspective</b>	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
<b>Going concern perspective</b>	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
<b>Sustainability perspective</b>	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%
<b>Total</b>	<b>5,457,592</b>	<b>100.0%</b>	<b>7,375,631</b>	<b>100.0%</b>



## Regional allocation of economic capital according to Group booking unit

in € thousand	2015	Share	2014 <sup>1</sup>	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%
<b>Total</b>	<b>5,457,592</b>	<b>100.0%</b>	<b>7,375,631</b>	<b>100.0%</b>

<sup>1</sup> 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 these 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)
<b>Total<sup>1</sup></b>	<b>148,302,296</b>	<b>155,239,541</b>

<sup>1</sup> 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%
<b>Total</b>	<b>66,701,672</b>	<b>100.0%</b>	<b>74,842,411</b>	<b>100.0%</b>

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%
<b>Total</b>	<b>7,465,684</b>	<b>100.0%</b>	<b>8,608,620</b>	<b>100.0%</b>

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 <sup>1</sup>	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%
<b>Total</b>	<b>74,167,356</b>	<b>100.0%</b>	<b>83,451,031</b>	<b>100.0%</b>

<sup>1</sup> 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%
<b>Total</b>	<b>74,167,356</b>	<b>100.0%</b>	<b>83,451,031</b>	<b>100.0%</b>

### 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%
<b>Total</b>	<b>27,844,112</b>	<b>100.0%</b>	<b>28,620,435</b>	<b>100.0%</b>
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
<b>Total</b>	<b>9,457,623</b>	<b>7,795,433</b>	<b>3,858,367</b>	<b>6,717,702</b>	<b>14,987</b>
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 <sup>1</sup>					
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
<b>Total</b>	<b>9,396,264</b>	<b>7,985,585</b>	<b>4,905,975</b>	<b>6,320,356</b>	<b>12,254</b>
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

<sup>1</sup> 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%
<b>Total</b>	<b>27,844,112</b>	<b>100.0%</b>	<b>28,620,435</b>	<b>100.0%</b>

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
<b>Total</b>	<b>9,457,623</b>	<b>7,795,433</b>	<b>3,858,367</b>	<b>6,717,702</b>	<b>14,987</b>

2014 <sup>1</sup> 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
<b>Total</b>	<b>9,396,264</b>	<b>7,985,585</b>	<b>4,905,975</b>	<b>6,320,356</b>	<b>12,254</b>

<sup>1</sup> 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%
<b>Loans in foreign currencies</b>	<b>7,999,889</b>	<b>100.0%</b>	<b>9,007,134</b>	<b>100.0%</b>
<b>Share of total loans</b>	<b>28.7%</b>		<b>31.5%</b>	

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
<b>Loans in foreign currencies</b>	<b>28,815</b>	<b>3,223,861</b>	<b>812,883</b>	<b>3,931,768</b>	<b>2,562</b>
<b>Share of total loans</b>	<b>0.3%</b>	<b>41.4%</b>	<b>21.1%</b>	<b>58.5%</b>	<b>17.1%</b>

2014 <sup>1</sup> 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
<b>Loans in foreign currencies</b>	<b>823,766</b>	<b>3,429,711</b>	<b>894,699</b>	<b>3,850,614</b>	<b>8,345</b>
<b>Share of total loans</b>	<b>8.8%</b>	<b>42.9%</b>	<b>18.2%</b>	<b>60.9%</b>	<b>68.1%</b>

<sup>1</sup> Adaptation of previous year figures 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%
<b>Total</b>	<b>16,996,536</b>	<b>100.0%</b>	<b>21,414,009</b>	<b>100.0%</b>

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%
<b>Total</b>		<b>16,996,536</b>	<b>100.0%</b>	<b>21,414,009</b>	<b>100.0%</b>

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 to € 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%
<b>Total</b>		<b>16,996,536</b>	<b>100.0%</b>	<b>21,414,009</b>	<b>100.0%</b>



## 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%
<b>Total</b>		<b>29,294,291</b>	<b>100.0%</b>	<b>21,754,066</b>	<b>100.0%</b>

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 Netherlands 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%
<b>Total</b>		<b>29,294,291</b>	<b>100%</b>	<b>21,754,066</b>	<b>100.0%</b>

The table below shows the credit exposure to sovereigns in non-investment grade (rating B3 and below):

in € thousand	2015	Share	2014 <sup>1</sup>	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%
<b>Total</b>	<b>8,191,468</b>	<b>100.0%</b>	<b>6,806,627</b>	<b>100.0%</b>

<sup>1</sup> 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.

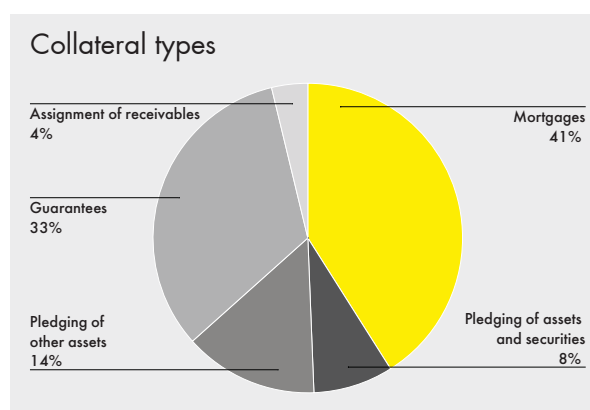
The credit exposure mainly resulted from deposits of Group units with the local central banks in Central and Southeastern Europe. They are used for meeting the respective minimum reserve requirements and for managing the short-term investment of excess liquidity, and are therefore inextricably linked 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		Fair value of collateral
	Net exposure	Commitments/guarantees issued	
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
<b>Total</b>	<b>74,703,439</b>	<b>35,144,417</b>	<b>44,055,739</b>

2014 <sup>1</sup> in € thousand	Maximum credit exposure		Fair value of collateral
	Net exposure	Commitments/guarantees issued	
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
<b>Total</b>	<b>87,429,423</b>	<b>38,326,775</b>	<b>51,220,960</b>

<sup>1</sup> 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					Collateral received for assets which are past due
		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	
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
<b>Total</b>	<b>69,347,384</b>	<b>2,495,002</b>	<b>416,300</b>	<b>126,803</b>	<b>66,904</b>	<b>54,041</b>	<b>1,571,484</b>

2014 restated in € thousand	Current	Overdue					Collateral received for assets which are past due
		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	
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
<b>Total</b>	<b>81,032,271</b>	<b>2,696,676</b>	<b>537,981</b>	<b>178,990</b>	<b>37,860</b>	<b>99,425</b>	<b>1,908,417</b>

## 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 forbore 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 forbore is the financial situation of a customer at the time the terms and conditions are altered. Loans are defined as forbore 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 forbore/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%
<b>Total</b>	<b>383,061</b>	<b>100%</b>	<b>1,061,713</b>	<b>100%</b>
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		Instruments with modified time and modified conditions		NPE total	
	2015	2014	2015	2014	2015	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
<b>Total</b>	<b>44,291</b>	<b>54,647</b>	<b>338,771</b>	<b>1,007,067</b>	<b>383,061</b>	<b>1,061,713</b>

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
<b>Total non-banks</b>	<b>8,875,984</b>	<b>211,987</b>	<b>1,982,447</b>	<b>(2,742,255)</b>	<b>8,328,164</b>
Banks	129,909	4,837	0	(7,250)	127,496
<b>Total</b>	<b>9,005,894</b>	<b>216,824</b>	<b>1,982,447</b>	<b>(2,749,505)</b>	<b>8,455,659</b>

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
<b>Total non-banks</b>	<b>8,657,421</b>	<b>(778,164)</b>	<b>996,727</b>	<b>8,875,984</b>
Banks	153,469	(397)	(23,163)	129,909
<b>Total</b>	<b>8,810,890</b>	<b>(778,560)</b>	<b>973,564</b>	<b>9,005,894</b>

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):

in € thousand	NPL		NPL ratio		NPL coverage ratio	
	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%
<b>Total non-banks</b>	<b>8,328,164</b>	<b>8,875,984</b>	<b>11.9%</b>	<b>11.4%</b>	<b>71.3%</b>	<b>67.5%</b>
Banks	127,496	129,909	0.7%	0.8%	94.1%	88.2%
<b>Total</b>	<b>8,455,659</b>	<b>9,005,894</b>	<b>10.5%</b>	<b>9.6%</b>	<b>71.6%</b>	<b>67.8%</b>

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:

in € thousand	NPL		NPL ratio		NPL coverage ratio	
	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%
<b>Total</b>	<b>8,455,659</b>	<b>9,005,894</b>	<b>10.5%</b>	<b>9.6%</b>	<b>71.6%</b>	<b>67.8%</b>
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, the 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 <sup>1</sup>	Release	Usage <sup>2</sup>	Transfers, exchange differences	As at 31/12/2015
<b>Individual loan loss provisions</b>	<b>5,763,004</b>	<b>6,414</b>	<b>1,962,765</b>	<b>(638,597)</b>	<b>(1,356,008)</b>	<b>34,380</b>	<b>5,771,958</b>
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
<b>Portfolio-based loan loss provisions</b>	<b>438,106</b>	<b>588</b>	<b>194,730</b>	<b>(244,421)</b>	<b>(1,120)</b>	<b>(5,901)</b>	<b>381,982</b>
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
<b>Total</b>	<b>6,201,109</b>	<b>7,003</b>	<b>2,157,495</b>	<b>(883,018)</b>	<b>(1,357,128)</b>	<b>28,479</b>	<b>6,153,940</b>

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 <sup>1</sup>	Release	Usage <sup>2</sup>	Transfers, exchange differences	As at 31/12/2014 restated
<b>Individual loan loss provisions</b>	<b>5,195,279</b>	<b>(270)</b>	<b>2,425,264</b>	<b>(559,157)</b>	<b>(1,113,985)</b>	<b>(184,141)</b>	<b>5,762,991</b>
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
<b>Portfolio-based loan loss provisions</b>	<b>529,379</b>	<b>1,190</b>	<b>271,338</b>	<b>(319,463)</b>	<b>(39)</b>	<b>(44,285)</b>	<b>438,119</b>
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
<b>Total</b>	<b>5,724,657</b>	<b>920</b>	<b>2,696,602</b>	<b>(878,620)</b>	<b>(1,114,024)</b>	<b>(228,426)</b>	<b>6,201,109</b>

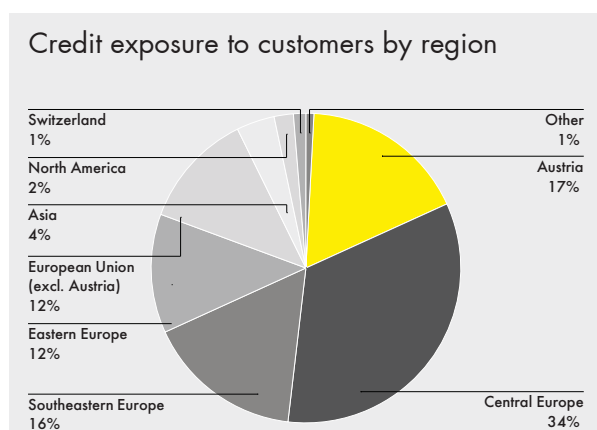
1 Allocation including direct write-downs and income on written down claims.

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
<b>Individual loan loss provisions</b>	<b>5,770,893</b>	<b>5,760,299</b>
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
<b>Portfolio-based loan loss provisions</b>	<b>383,047</b>	<b>440,810</b>
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
<b>Total</b>	<b>6,153,940</b>	<b>6,201,109</b>

## 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 <sup>1</sup>	Share
<b>Austria</b>	<b>25,892,777</b>	<b>17.5%</b>	<b>23,612,819</b>	<b>15.2%</b>
<b>Central Europe</b>	<b>50,146,158</b>	<b>33.8%</b>	<b>47,963,978</b>	<b>30.9%</b>
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%
<b>Other European Union</b>	<b>18,534,952</b>	<b>12.5%</b>	<b>23,101,485</b>	<b>14.9%</b>
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%
<b>Southeastern Europe</b>	<b>24,372,440</b>	<b>16.4%</b>	<b>24,144,854</b>	<b>15.6%</b>
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%
<b>Asia</b>	<b>5,209,370</b>	<b>3.5%</b>	<b>7,629,309</b>	<b>4.9%</b>
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%
<b>Eastern Europe</b>	<b>17,995,779</b>	<b>12.1%</b>	<b>22,946,273</b>	<b>14.8%</b>
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%
<b>North America</b>	<b>2,994,639</b>	<b>2.0%</b>	<b>2,899,065</b>	<b>1.9%</b>
<b>Switzerland</b>	<b>1,930,766</b>	<b>1.3%</b>	<b>1,929,287</b>	<b>1.2%</b>
<b>Rest of World</b>	<b>1,225,415</b>	<b>0.8%</b>	<b>1,012,470</b>	<b>1.9%</b>
<b>Total</b>	<b>148,302,296</b>	<b>100.0%</b>	<b>155,239,541</b>	<b>100.0%</b>

<sup>1</sup> 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%
<b>Total</b>	<b>148,302,296</b>	<b>100.0%</b>	<b>155,239,541</b>	<b>100.0%</b>

## 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 <sup>1</sup>	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

<sup>1</sup> 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 <sup>1</sup>	28,191	13,619	0	45,899	0
Interest rate risk	5,094	11,321	4,927	27,106	52,657
Credit spread risk <sup>1</sup>	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

<sup>1</sup> Currency risk of equity positions of subsidiaries denominated in foreign currency was shown in banking book in 2015 and in trading book in 2014.

<sup>2</sup> As at 31 December 2015, the credit spread modeling was converted to an improved methodology considering negative interest.

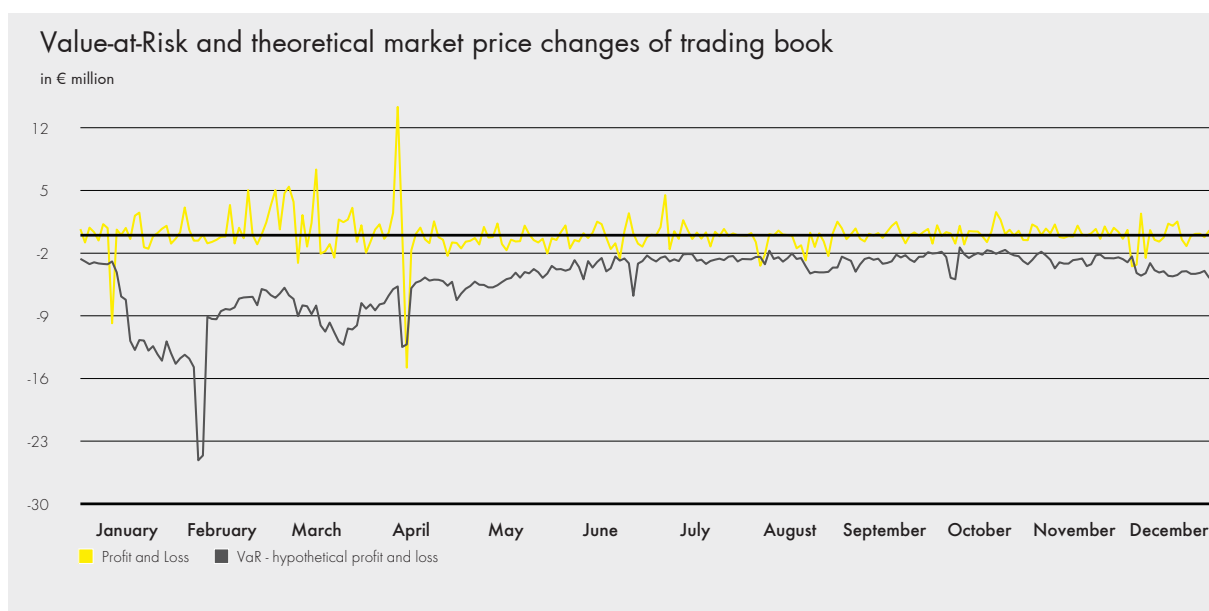
Total VaR 99% 1d in € thousand	VaR as at 31/12/2015	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2014
Currency risk <sup>1</sup>	28,914	32,165	14,655	113,515	114,463
Interest rate risk	5,834	14,024	5,218	63,368	53,594
Credit spread risk <sup>1</sup>	16,915	17,078	7,791	41,051	17,507
Share price 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

<sup>1</sup> Total currency risk inkl. equity positions of subsidiaries held in foreign currency was shown in banking book in 2015 and in trading book 2014.

<sup>2</sup> 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 Maturity	2015			2014		
	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
<b>Average liquid assets</b>	<b>17,898,255</b>
<b>Net outflows</b>	<b>9,901,948</b>
Inflows	10,394,364
Outflows	20,296,311
<b>LCR</b>	<b>181%</b>

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
<b>Non-derivative liabilities</b>	<b>100,184,302</b>	<b>107,569,572</b>	<b>70,296,120</b>	<b>14,584,917</b>	<b>17,454,182</b>	<b>5,234,353</b>
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
<b>Derivatives</b>	<b>4,927,492</b>	<b>10,705,247</b>	<b>3,658,348</b>	<b>2,100,882</b>	<b>3,292,865</b>	<b>1,653,151</b>
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
<b>Contingent liabilities</b>	<b>9,386,509</b>	<b>1,082,964</b>	<b>573,621</b>	<b>306,735</b>	<b>163,070</b>	<b>39,538</b>
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
<b>Commitments</b>	<b>9,980,036</b>	<b>9,525,946</b>	<b>4,826,324</b>	<b>1,331,788</b>	<b>3,108,622</b>	<b>259,211</b>
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
<b>Non-derivative liabilities</b>	<b>105,888,462</b>	<b>114,808,169</b>	<b>68,078,586</b>	<b>16,531,771</b>	<b>21,646,512</b>	<b>8,551,301</b>
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
<b>Derivatives</b>	<b>6,464,673</b>	<b>15,680,138</b>	<b>4,557,294</b>	<b>2,502,372</b>	<b>4,486,244</b>	<b>4,134,227</b>
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
<b>Contingent liabilities</b>	<b>10,037,594</b>	<b>1,633,785</b>	<b>602,359</b>	<b>714,394</b>	<b>181,097</b>	<b>135,936</b>
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
<b>Commitments</b>	<b>10,033,024</b>	<b>10,290,154</b>	<b>3,726,583</b>	<b>1,452,302</b>	<b>4,618,930</b>	<b>492,338</b>
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
<b>Fiduciary assets</b>	<b>346,031</b>	<b>334,012</b>
Deposits from banks	148,028	138,292
Deposits from customers	143,252	148,223
Other fiduciary liabilities	54,751	47,498
<b>Fiduciary liabilities</b>	<b>346,031</b>	<b>334,012</b>

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 <sup>1</sup>
<b>Retail investment funds</b>	<b>4,860,389</b>	<b>4,614,064</b>
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
<b>Special funds</b>	<b>61,207</b>	<b>238,587</b>
<b>Property-based funds</b>	<b>242,143</b>	<b>255,768</b>
<b>Total</b>	<b>5,163,739</b>	<b>5,108,418</b>

<sup>1</sup> Adaptation of previous year figures due to different allocation.

## (44) Finance leases

in € thousand	2015	2014
<b>Gross investment value</b>	<b>3,519,290</b>	<b>3,451,381</b>
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
<b>Unearned finance income</b>	<b>361,405</b>	<b>390,875</b>
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
<b>Net investment value</b>	<b>3,157,885</b>	<b>3,060,506</b>

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
<b>Total</b>	<b>3,157,885</b>	<b>3,060,506</b>

## (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
<b>Total</b>	<b>102,743</b>	<b>148,948</b>

### 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
<b>Total</b>	<b>263,938</b>	<b>289,270</b>

## (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
<b>Central Europe</b>	<b>1,048,134</b>	<b>654,409</b>	<b>309,943</b>	<b>(65,813)</b>	<b>8,623</b>
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
<b>Southeastern Europe</b>	<b>1,213,972</b>	<b>780,220</b>	<b>260,174</b>	<b>(32,686)</b>	<b>15,041</b>
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
<b>Eastern Europe</b>	<b>1,360,673</b>	<b>948,557</b>	<b>549,515</b>	<b>(127,589)</b>	<b>19,369</b>
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
<b>Non-Core</b>	<b>576,677</b>	<b>384,908</b>	<b>(262,817)</b>	<b>(23,541)</b>	<b>5,797</b>
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
<b>Head office and other</b>	<b>1,295,837</b>	<b>798,423</b>	<b>(49,068)</b>	<b>(19,592)</b>	<b>2,662</b>
<b>Reconciliation</b>	<b>(566,543)</b>	<b>(239,868)</b>	<b>(96,801)</b>	<b>(6,733)</b>	<b>0</b>
<b>Total</b>	<b>4,928,751</b>	<b>3,326,650</b>	<b>710,946</b>	<b>(275,955)</b>	<b>51,492</b>

2014 restated Monetary values in € thousand	Operating income	hereof net interest income	Profit/loss before tax	Current income taxes	Employees as at reporting date
<b>Central Europe</b>	<b>1,031,395</b>	<b>694,451</b>	<b>(134,794)</b>	<b>(66,204)</b>	<b>8,652</b>
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
<b>Southeastern Europe</b>	<b>1,277,930</b>	<b>835,128</b>	<b>348,468</b>	<b>(52,435)</b>	<b>15,216</b>
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
<b>Eastern Europe</b>	<b>1,533,152</b>	<b>1,220,400</b>	<b>164,520</b>	<b>(64,904)</b>	<b>21,915</b>
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
<b>Non-Core</b>	<b>672,407</b>	<b>495,939</b>	<b>(125,575)</b>	<b>(71,469)</b>	<b>6,199</b>
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
<b>Head office and other</b>	<b>1,830,037</b>	<b>1,329,167</b>	<b>234,442</b>	<b>(204,131)</b>	<b>2,748</b>
<b>Reconciliation</b>	<b>(995,006)</b>	<b>(786,518)</b>	<b>(591,711)</b>	<b>(23,397)</b>	<b>0</b>
<b>Total</b>	<b>5,349,916</b>	<b>3,788,567</b>	<b>(104,650)</b>	<b>(482,539)</b>	<b>54,730</b>

### 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
<b>Total</b>	<b>158,633,308</b>	<b>181,157,229</b>

### Securities admitted for trading on a stock exchange

in € thousand	2015		2014	
	listed	unlisted	listed	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
<b>Total</b>	<b>11,639,579</b>	<b>804,107</b>	<b>11,706,925</b>	<b>801,906</b>

## 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
<b>Total</b>	<b>372,971</b>	<b>335,985</b>

## (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
<b>Common equity tier 1 (before deductions)</b>	<b>8,034,479</b>	<b>7,777,414</b>
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
<b>Common equity tier 1 (after deductions)</b>	<b>7,671,305</b>	<b>7,444,320</b>
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
<b>Tier 1</b>	<b>7,671,305</b>	<b>7,444,320</b>
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
<b>Tier 2 (after deductions)</b>	<b>3,315,864</b>	<b>3,525,648</b>
<b>Total capital</b>	<b>10,987,169</b>	<b>10,969,968</b>
<b>Total capital requirement</b>	<b>5,061,931</b>	<b>5,497,690</b>
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
<b>Risk-weighted assets (total RWA)</b>	<b>63,272,218</b>	<b>68,721,124</b>
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
<b>Total capital requirement</b>	<b>5,061,777</b>	<b>5,497,690</b>

Credit risk-weighted assets by asset class break down as follows:

in € thousand	2015	2014
<b>Risk-weighted assets according to standardized approach</b>	<b>21,884,143</b>	<b>23,321,745</b>
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
<b>Risk-weighted assets according to internal rating approach</b>	<b>29,081,410</b>	<b>33,220,327</b>
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
<b>CVA risk</b>	<b>405,734</b>	<b>505,702</b>
<b>Basel 1 floor</b>	<b>87,359</b>	<b>0</b>
<b>Total</b>	<b>51,458,646</b>	<b>57,047,774</b>

## 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		Market risk	Operational risk
	Non-Retail	Retail		
Raiffeisen Bank International AG, Vienna (AT)	IRB <sup>1</sup>	n.a.	Internal model <sup>2</sup>	STA <sup>3</sup>
RBI Finance (USA) LLC, New York (USA)	IRB	STA <sup>3</sup>	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 <sup>4</sup>	STA	STA	STA
Raiffeisenbank Russia d.d., Moscow (RU)	IRB <sup>4</sup>	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
<b>Total</b>	<b>54,092</b>	<b>56,396</b>

Full-time equivalents	2015	2014
Austria	2,656	2,669
Foreign	51,436	53,727
<b>Total</b>	<b>54,092</b>	<b>56,396</b>

## (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
<b>Total</b>	<b>7,923</b>	<b>8,830</b>

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 benefits 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 <sup>1</sup>	30 June 2017
Johann Strobl, Deputy Chairman	22 September 2010 <sup>1</sup>	30 June 2017
Klemens Breuer	16 April 2012	31 December 2020
Martin Grill	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

<sup>1</sup> 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 <sup>1</sup>	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 <sup>1</sup>	AGM 2020
Bettina Selden	4 June 2014	AGM 2019
Rudolf Kortenhof <sup>2</sup>	10 October 2010	Until further notice
Martin Prater <sup>2</sup>	10 October 2010	31 January 2016
Peter Anzeletti-Reikl <sup>2</sup>	10 October 2010	Until further notice
Suanne Unger <sup>2</sup>	18 January 2012	Until further notice
Helge Rechberger <sup>2</sup>	10 October 2010	Until further notice

<sup>1</sup> Effective as of 10 October 2010.

<sup>2</sup> 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		Equity method	
	07.7.1905	06.7.1905	07.7.1905	06.7.1905
<b>As at beginning of period</b>	<b>135</b>	<b>143</b>	<b>0</b>	<b>1</b>
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)
<b>As at end of period</b>	<b>120</b>	<b>135</b>	<b>0</b>	<b>0</b>

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
<b>Financial institutions</b>			
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
<b>Companies rendering bank-related ancillary services</b>			
Raiffeisen Property Lizing Zrt., Budapest (HU)	100.0%	1/1	Materiality
B52 RBI Leasing-Immobilien GmbH, Vienna (AT)	81.3%	1/3	Purchase
<b>Other companies</b>			
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
<b>Financial institutions</b>			
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
ООО 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
<b>Companies rendering bank-related ancillary services</b>			
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	100.0%	1/1	Immaterial
ООО „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 Kereskedőház Kft., Budapest (HU)	100.0%	1/1	Immaterial
ООО „Kvadro”, Tomsk (RU)	0.0%	1/1	Immaterial
<b>Other companies</b>			
Centrottrade Chemicals AG, Zug (CH)	75.0%	1/1	Immaterial
Centrottrade Commodities Malaysia Sdn Bhd, Kuala Lumpur (MY)	100.0%	1/1	Sale
Centrottrade Deutschland GmbH, Eschborn (DE)	100.0%	1/1	Sale
Centrottrade Holding AG, Vienna (AT)	100.0%	1/1	Immaterial
Centrottrade Minerals & Metals Inc., Chesapeake (USA)	100.0%	1/1	Sale
Centrottrade 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
<b>Total identifiable net assets</b>	<b>8,609</b>	<b>13,297</b>	<b>21,906</b>
Non-controlling interests	0	225	225
<b>Net assets after non-controlling interests</b>	<b>8,609</b>	<b>13,072</b>	<b>21,681</b>
Goodwill	0	91	91
Goodwill/Badwill from exchange differences	(4,018)	314	(3,703)
Selling price/carrying amount	98,156	19,906	118,062
<b>Net income from disposal of group assets</b>	<b>85,529</b>	<b>7,058</b>	<b>92,587</b>

RNPF: Closed Joint Stock Company Non-State pension fund Raiffeisen, Moscow

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 O1, 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 <sup>1</sup>	in local currency	Share <sup>1</sup>	Type <sup>2</sup>
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
Lexus 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

<sup>1</sup> Less own shares.

<sup>2</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital <sup>1</sup>	in local currency	Share <sup>1</sup>	Type <sup>2</sup>
Raiffeisen Corporate Lizing 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 Vagyonekezelő 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 Lizing 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

<sup>1</sup> Less own shares.

<sup>2</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital <sup>1</sup>	in local currency	Share <sup>1</sup>	Type <sup>2</sup>
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

<sup>1</sup> Less own shares.

<sup>2</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial 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
<b>Total</b>	<b>342,939</b>	<b>48,101</b>	<b>451,637</b>	<b>0</b>

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
<b>Total</b>	<b>358,208</b>	<b>27,999</b>	<b>670,325</b>	<b>22</b>

### 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
<b>Total</b>	<b>32,987</b>	<b>0</b>	<b>22,628</b>	<b>1,118</b>

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
<b>Total</b>	<b>97,303</b>	<b>0</b>	<b>0</b>	<b>1,321</b>

### 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 <sup>1</sup>
"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
Centrotech Chemicals AG - in liquidation, Zug (CH)	5,000,000	CHF	100.0%	OT
Centrotech 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
Dubravnice, 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

<sup>1</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital	in local currency	Share	Type <sup>1</sup>
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

<sup>1</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital	in local currency	Share	Type <sup>1</sup>
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 Alapkezelő Zrt., Budapest (HU)	100,000,000	HUF	100.0%	FI
Raiffeisen Biztosításközvetítő 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 Društvo 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

<sup>1</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital	in local currency	Share	Type <sup>1</sup>
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 Kereskedház 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 Vajnoría 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
RLAssets 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

<sup>1</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, SC Securities firms.

OVERVIEW OF RBI

GROUP MANAGEMENT REPORT

SEGMENT REPORTS

CONSOLIDATED FINANCIAL STATEMENTS

SERVICE

Company, domicile (country)	Subscribed capital	in local currency	Share	Type <sup>1</sup>
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
Stadipark 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 Bubeneč, 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

<sup>1</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, SC Securities firms.

## Other equity participations

Company, domicile (country)	Subscribed capital	in local currency	Share	Type <sup>1</sup>
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

<sup>1</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital	in local currency	Share	Type <sup>1</sup>
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 Depository, 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-Volynskiy 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 Oó, s.r.o., Prague (CZ)	3,700,000	CZK	100.0%	OT
Public Joint Stock Company Bird Farm Bershadskiy, Vytivka (UA)	6,691,141	UAH	0.5%	OT
Public Joint Stock Company National Depository 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 Flussschiffahrts 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 Telecommunication scrI, 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

<sup>1</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial holding, FI Financial institution, OT Other companies, SC Securities firms.

Company, domicile (country)	Subscribed capital	in local currency	Share	Type <sup>1</sup>
Transilvania LEASING S.A., Brasov (RO)	51,569,000	RON	0.6%	FI
Trimo inženiring in proizvodnja montažnih objektov, d.d., Trebnje (SI)	9,138,625	EUR	1.4%	OT
UNIQRA 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

<sup>1</sup> Company type: BA Bank, BR Company rendering banking-related ancillary services, FH Financial 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 <sup>1</sup>
<b>Asset classes</b>				
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
<b>Liability classes</b>				
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	HTM	Held to maturity	
AFVTPL	At fair value through profit and loss	LAR	Loans and advances	
FL	Financial liabilities	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 Kavsca

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<sup>1</sup>, 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 Grill**

Member of the Management Board responsible for Active Credit Management, Investor Relations, Planning & Finance, Tax Management, Participations and Treasury



**Andreas Gschwentner**

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

<sup>1</sup> Outsourced to RZB/Reporting to the whole Board of Management.

OVERVIEW OF RBI

GROUP MANAGEMENT REPORT

SEGMENT REPORTS

CONSOLIDATED FINANCIAL STATEMENTS

SERVICE