

RAIFFEISEN BANK INTERNATIONAL AG

ANNUAL FINANCIAL STATEMENTS 2015

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Annual financial statements

Statement of financial position

ASSETS	31/12/2015 in €	31/12/2014 in € thousand
1. Cash in hand and balances with central banks	5,316,212,675.61	567,767
2. Treasury bills and other bills eligible for refinancing with central banks	3,361,728,834.17	4,697,147
3. Loans and advances to credit institutions	10,188,691,338.19	15,221,343
a) Repayable on demand	822,746,120.55	865,452
b) Other loans and advances	9,365,945,217.64	14,355,891
4. Loans and advances to customers	18,497,292,061.68	24,180,894
5. Debt securities and other fixed-income securities	2,125,554,405.71	1,699,542
a) issued by public bodies	206,699,101.53	42,625
b) issued by other borrowers	1,853,461,949.45	1,570,629
hereof: own debt securities	65,393,354.73	86,289
6. Shares and other variable-yield securities	117,889,448.77	135,023
7. Participating interests	18,213,395.38	20,389
hereof: in credit institutions	0.00	0
8. Shares in affiliated undertakings	8,170,931,071.24	8,124,738
hereof: in credit institutions	1,241,306,941.72	1,395,364
9. Intangible assets	41,142,908.17	39,481
10. Tangible assets	7,283,875.71	6,724
hereof: land and buildings occupied by a credit institution for its own activities	0.00	0
11. Own shares	4,029,880.34	5,459
hereof nominal value	1,699,749.75	1,700
12. Other assets	4,546,803,608.49	5,882,261
13. Accruals and deferred income	137,994,362.58	106,000
Total assets	52,533,767,866.04	60,686,768

LIABILITIES		31/12/2015 in €	31/12/2014 in € thousand
1.	Liabilities to credit institutions	17,240,455,142.02	21,240,494
	a) Repayable on demand	3,803,792,324.18	5,576,934
	b) With agreed maturity dates or periods of notice	13,436,662,817.84	15,663,560
2.	Liabilities to customers (non-banks)	15,351,584,149.89	15,275,157
	a) Savings deposits	0.00	0
	b) Other liabilities	15,351,584,149.89	15,275,157
	aa) Repayable on demand	5,756,086,474.38	5,397,011
	bb) With agreed maturity dates or periods of notice	9,595,497,675.51	9,878,146
3.	Securitised liabilities	5,463,430,093.78	7,763,364
	a) Debt securities issued	4,245,511,405.83	5,830,695
	b) Other securitised liabilities	1,217,918,687.95	1,932,669
4.	Other liabilities	4,003,595,988.75	6,018,512
5.	Accruals and deferred income	138,397,301.43	192,511
6.	Provisions	278,872,628.45	241,160
	a) Provisions for severance payments	49,923,148.71	48,487
	b) Provisions for pensions	30,175,683.86	32,073
	c) Provisions for taxation	22,656,675.93	5,772
	d) Other Provisions	176,117,119.95	154,828
7.	Supplementary capital acc.to part 2 titel I chapter 4 of regulation (EU) no. 575/2013	3,672,126,368.31	3,760,201
8.	Subscribed capital	893,586,065.90	893,586
9.	Capital reserves	4,431,016,928.79	4,430,855
	a) Committed	4,333,303,215.41	4,333,303
	b) Uncommitted	97,066,398.80	97,067
	c) Option reserve	647,314.58	485
10.	Retained earnings	1,289,094,080.83	1,289,094
	a) Legal reserve	5,500,000.00	5,500
	b) Other reserves	1,283,594,080.83	1,283,594
	hereof: reserves for own shares	4,029,880.36	5,459
11.	Liability reserve pursuant to Article 57 (5)	383,015,000.00	383,015
12.	Net loss for the year	(611,405,882.11)	(801,181)
Total liabilities		52,533,767,866.04	60,686,768

Income statement

	2015	2014
	in €	in € thousand
1. Interest receivable and similar income	1,090,890,184.68	1,359,976
hereof: from fixed-income securities	79,619,822.22	116,308
2. Interest payable and similar expenses	(671,153,719.38)	(780,013)
I. NET INTEREST INCOME	419,736,465.30	579,963
3. Income from securities and participating interests	777,104,943.12	395,166
a) Income from shares and other variable-yield securities	6,402,306.40	1,306
b) Income from participating interests	617,621.27	357
c) Income from shares in affiliated undertakings	770,085,015.45	393,503
4. Commissions receivable	277,416,751.34	232,486
5. Commissions payable	(84,072,790.91)	(37,765)
6. Net profit or net loss on financial operations	66,465,743.00	29,392
7. Other operating income	187,394,140.48	188,574
II. OPERATING INCOME	1,644,045,252.33	1,387,816
8. General administrative expenses	(583,980,113.09)	(584,873)
a) Staff costs	(288,172,170.74)	(268,557)
aa) Wages and salaries	(221,484,632.32)	(197,193)
bb) Expenses for statutory social contributions and compulsory contributions related to wages and salaries	(45,519,287.03)	(41,881)
cc) Other social expenses	(6,521,907.01)	(6,537)
dd) Expenses für pensions and assistance	(5,689,686.69)	(5,195)
ee) Allocation to provision for pensions	443,321.96	(4,001)
ff) Expenses for severance payments and contributions to severance funds	(9,399,979.65)	(13,750)
b) Other administrative expenses	(295,807,942.35)	(316,316)
9. Value adjustments in respect of asset items 9 and 10	(12,050,066.20)	(13,650)
10. Other operating expenses	(36,932,384.57)	(90,906)
III. OPERATING EXPENSES	(632,962,563.86)	(689,429)
IV. OPERATING RESULT	1,011,082,688.47	698,387
11./12. Net income/expenses from the disposal and valuation of loans and advances and specific securities	(435,600,518.48)	(505,896)
13./14. Net income/expenses from the disposal and valuation of securities evaluated as financial investments and of shares in affiliated companies and participating interests	(292,001,861.73)	(869,768)
V. PROFIT ON ORDINARY ACTIVITIES	283,480,308.26	(677,277)
15. Extraordinary income	5,068,354.00	0
16. Extraordinary expenses	0.00	0
VI. EXTRAORDINARY RESULT	5,068,354.00	0
17. Tax on profit or loss	(10,203,666.35)	(9,425)
18. Other taxes not reported under Item 17	(88,569,743.98)	(116,906)
VII. PROFIT/LOSS	189,775,251.93	(803,608)
19. Changes in reserves	0.00	0
hereof: allocation to liability reserve	0.00	0
VIII. PROFIT/LOSS	189,775,251.93	(803,608)
20. Profit/loss brought forward	(801,181,134.04)	2,427
IX. LOSS	(611,405,882.11)	(801,181)

Items off the statement of financial position

ASSETS		31/12/2015	31/12/2014
		in €	in € thousand
1.	Foreign assets	31,206,166,049	33,838,887

LIABILITIES		31/12/2015	31/12/2014
		in €	in € thousand
1.	Contingent liabilities	6,494,130,347.55	8,558,368
	Guarantees and assets pledged as collateral security	6,494,130,347.55	8,558,368
2.	Commitments	12,215,770,064.00	13,456,223
3.	Commitments arising from agency services	272,201,606.67	313,195
4.	Eligible own funds according to Part 2 of Regulation (EU) No 575/2013	9,824,102,031.12	9,632,959
	hereof: supplementary capital pursuant to Chapter 4 of Title I of Part 2 of Regulation (EU) No 575/2013		
	Supplementary capital pursuant to Chapter 4 of Title I of Part 2 of Regulation (EU) No 575/2013	3,675,812,966.21	3,603,802
5.	hereof: capital requirements pursuant to Article 92 (1) (a) to (c) of Regulation (EU) No 575/2013	31,640,502,025.35	36,894,443
	a) hereof: capital requirements pursuant to Article 92 (a)	19.43%	16.15%
	b) hereof: capital requirements pursuant to Article 92 (b)	19.43%	16.15%
	c) hereof: capital requirements pursuant to Article 92 (c)	31.05%	25.92%
6.	Foreign liabilities	17,972,427,570.46	18,902,050

Notes

Recognition and measurement principles

General principles

The annual financial statements for the year ending 31 December 2015 were prepared by the Management Board in accordance with the Austrian Commercial Code (UGB), taking into account the special provisions of the Austrian Banking Act (BWVG). In accordance with the principles of proper accounting, and taking into account standard practice as described in Section 222 (2) of the Austrian Commercial Code (UGB), to the best of our knowledge the annual financial statements give a true and fair view of the company's net assets, financial position and earnings.

The consolidated financial statements were prepared in compliance with the consistency principle.

Assets and liabilities are valued on the principle of individual valuation and on the assumption that the company will continue to exist. The principle of prudence is applied, taking into account the special characteristics of the banking business.

Stock market prices are used to determine the fair value of listed products. If stock market prices are not available, prices for original financial instruments and forward transactions are determined based on the calculated present value. The prices for options are determined based on suitable option price models. The calculation of present value is based on a yield curve composed of money-market, futures and swap rates and does not include a credit spread. Option pricing formulas as described by Black-Scholes 1972, Black 1976 and Garman-Kohlhagen are used together with other common models for the valuation of structured options.

RBI AG chose the internet as the medium for the disclosure under Section 431 ff Regulation (EU) No. 575/2013. The disclosure is reported on RBI AG's homepage (www.rbinternational.com).

Amounts in foreign currencies

Assets and liabilities in foreign currencies are converted at the ECB's reference exchange rates as at 31 December 2015 pursuant to Section 58 (1) of the Austrian Banking Act (BWVG).

Financial instruments in the banking book

Securities intended to serve business purposes on a permanent basis (investment portfolio) are valued as fixed assets. The difference between the purchase cost and repayment amount is written off or recognized pro rata over the residual term.

Securities held as current assets have been valued strictly according to the lower of cost or market value principle, with any reversals of impairment losses up to amortized cost.

Derivatives on interest rates (interest rate swaps, interest rate options and forward rate agreements) and on exchange rates (cross currency interest rate swaps and forward exchange transactions) are accounted for according to the accrued interest method, in which interest amounts are accrued for each period.

In designating derivatives as part of effective micro hedging transactions, compensatory valuation of the underlying transaction and hedging derivative takes place.

RBI AG uses interest rate swaps to hedge the interest rate risk from assets (bonds and loans) and liabilities (own issues, promissory notes and custodian business) on the statement of financial position. Fixed cash flows are exchanged for variable cash flows to minimize the interest rate risk.

These derivatives form part of a valuation unit. Their market value is therefore not reported in the annual financial statements, as they are offset by cash flows from the underlying transactions recognized through profit and loss.

The hedging relationships are determined on the basis of micro fair value hedges in accordance with IAS 39 and documented according to applicable regulations. On designation, the effectiveness of the hedging relationship is reviewed by a prospective effectiveness test with 100 basis point shifts in the yield curve.

The effectiveness is measured retrospectively on the basis of a monthly regression analysis. Here, a set of 20 data points is used to determine the required calculation parameters used for the retrospective effectiveness test. A hedge is deemed to be effective if changes in the fair value of the underlying and hedging transaction are in a range of 80-125 per cent.

The banking book also includes derivatives which do not meet the criteria of a trading book and are not part of a micro hedge relation. The focus is not on short-term gains but on making profits through positioning based on medium- to long-term market opinion.

These derivatives were administrated in defined portfolios in order to guarantee a documented mapping to functional unities. Within these functional unities an imparitative valuation takes place. For a negative accounting balance per functional unit a provision for impending loss will be allocated, while a positive accounting balance will be unrecognized.

Derivatives of the bank book, which are not reflected in functional units, are valued imparitatively. In the case of negative market values a provision for impending loss will be allocated. The disclosure is shown in the income statement under position 11./12. net income/expenses from the disposal and valuation of loans and advances and specific securities.

Credit default swaps have the following effect on the income statement: The margins received or paid (including accruals) are reported under commissions; the valuation results are recorded against income based on the imparity principle.

Financial instruments in the trading book

The securities in the trading portfolio are valued on a mark-to-market basis. All derivatives transactions in the trading book are also recognized at fair value.

The capital-guaranteed products (guarantee funds and pension provisions) are reported as sold put options on the respective funds to be guaranteed. Valuation is based on a Monte Carlo simulation and is in accordance with the framework conditions stipulated by law.

Derivative financial instruments

The price definition of OTC derivatives is subject to valuation adjustments to reflect the counterparty default risk (credit value adjustment - CVA) and adjustments for the Bank's own credit risk (debit value adjustment - DVA).

The CVA involves, first, the determination of the expected positive exposure and, second, the counterparty's probability of default. The DVA is determined by the expected negative exposure and RBI's credit quality.

To determine the expected positive exposure, a large number of scenarios for future points in time are simulated, reflecting all available risk factors (e.g. currency and yield curves). Having regard to these scenarios, the OTC derivatives are measured at market value and aggregated at counterparty level to finally determine the positive exposure for all the dates.

As a further component for the CVA, a probability of default has to be determined for each counterparty. If direct CDS quotes (credit default swap - CDS) are available, RBI derives the market-based probability of default for the respective counterparty and implicitly the loss-given default (LGD). To determine the probability of default of counterparties that are not actively traded in the market, the counterparty's internal rating is assigned to a sector- and rating-specific CDS curve.

The DVA is determined by the expected negative exposure and RBI's credit quality and represents the value adjustment with regard to RBI's own probability of default. The method applied to calculate the negative exposure is similar to that used for the CVA; the expected negative market value is applied instead of the expected positive market value. From the simulated future aggregated counterparty market values, negative, rather than positive, exposures are determined. These represent our expected liability to the counterparty at the respective future dates.

To determine RBI's own probability of default values implied by the market are also used. If direct CDS quotes are available, these are applied. If no CDS quotes are available, RBI's own rating is assigned to a sector- and rating-specific CDS curve to determine its own probability of default.

Loans and advances

Loans and advances are generally recognized at cost according to the strict lower of value or market principle.

Risks in the lending business

When the loan portfolio is measured, appropriate value adjustments or provisions respectively for guarantee loans are made for all identifiable risks, and the principle of prudence is observed. In addition, a general loan loss provision (portfolio-based provision) is recorded on the basis of the respective averages of the historic default rates of the last five years in each rating category. The single years were weighted linear.

Investments and shares in affiliated companies

The investments and shares in affiliated companies are measured at the cost, provided sustained losses or reduced equity do not necessitate depreciation to the proportionate equity, income value or market price.

If there are exchange rate hedges for investments in the form of valuation units, the individual valuation principle is applied at the level of the valuation unit.

Tangible and intangible fixed assets

Intangible fixed assets and tangible fixed assets are valued at acquisition or production cost less scheduled depreciation. Scheduled depreciation is on a straight-line basis (pro rata temporis).

An impairment loss is recognized if an asset is permanently impaired.

Scheduled depreciation is based on the following periods of use (in years):

Useful life	Years	Useful life	Years
Buildings	50	Software	4 to 10
Office equipment	3	Hardware	3
Office fixtures and fittings	5 to 10	Business equipment	5 to 10
Vehicles	5	Tenancy rights	10

Low-value fixed assets are written off in full in the year of acquisition.

Own shares

Own shares are valued on strict lowest value principle on the reporting date. These include own shares intended for the share incentive program (SIP) for top performers (members of the management boards and leading employees of the bank's subsidiaries). Own shares for employees of RBI AG intended for the SIP are written down on a straight-line basis over the residual term of the respective program (the term is five years), to the lower market price where necessary. An option reserve is set up for the 2013 tranche over the five-year period.

The Management Board of RBI AG decided, with the approval of the Supervisory Board, to introduce a share incentive program (SIP) in order to commit key employees to the company and to reward loyalty. Based on essentially similar agreements, a performance-based allocation of shares in the company to its top executives is planned after a qualifying period of five years.

The share incentive program applies for the Management Board of the RBI AG, as well as for members of the management boards of the bank's subsidiaries, and for selected executives of the RBI AG. Top executives have to make their own investment and purchase shares in RBI AG in order to benefit from the program. Shares purchased in this way have to remain in the possession of the manager concerned for a period of five years.

Shares are allocated based on two equally weighted performance indicators. One is the performance of RBI AG compared to the ROE target, calculated as the average value over the qualifying period. The other is the total shareholder return of the RBI share compared to all banks included in the Dow Jones Euro Stoxx Banks index.

Capital expenses

Issuance and management fees and premiums or discounts for bonds issued are distributed over the given term. Other capital expenses are expensed immediately.

Pension and severance payment obligations

The provisions for pension and severance payment obligations are determined in accordance with IAS 19 - Employee Benefits - based on the projected unit credit method.

The actuarial calculation of pension obligations for active employees is based on an interest rate of 2.0 per cent (31/12/2014: 2.0 per cent) a year and an effective salary increase of 3.0 per cent (31/12/2014: 3.0 per cent) a year. The parameters for retired employees are calculated using a capitalization rate of 2.0 per cent (31/12/2014: 2.0 per cent) p.a. and an expected increase in retirement benefits of 2.0 per cent (31/12/2014: 2.0 per cent) p.a., and in the case of pension commitments with existing reinsurance policies of 1.0 per cent (31/12/2014: 2.0 per cent) p.a. The calculations are based on an assumed retirement age of 60 for women and 65 for men, subject to transitional statutory requirements and special arrangements contained in individual contracts.

The actuarial calculation of severance payment and long-service bonus obligations is also based on an interest rate of 2.0 per cent (2014: 2.0 per cent) a year and an average salary increase of 3.0 per cent (2014: 3.0 per cent) a year.

The basis for the calculation of provisions for pensions, severance payments and long-service bonuses is provided by AVÖ 2008-P Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance) by Pagler & Pagler, using the variant for salaried employees.

Other provisions

Other provisions are recorded at the level at which they are likely to be required. They take into account all identifiable risks and liabilities, the level of which is not yet known.

Other provisions include provisions for bonuses for identified staff (pursuant to European Banking Authority CP 42, 46). RBI AG fulfills the obligations set forth in the Annex to Section 39b of the Austrian Banking Act (BWVG) as follows: 60 per cent of the annual bonus is paid out in part 50 per cent as an upfront payment and in part 50 per cent as a phantom share plan with a retention period of one year. 40 per cent of the annual bonus is subject to a five-year deferral period and likewise paid out in part 50 per cent in cash and in part 50 per cent in the way of the phantom share plan. The phantom shares are converted on allocation and payment each using the average price of the preceding financial year.

Liabilities

These are recognized at the higher of the nominal value or the repayment amount. Zero-coupon bonds, on the other hand, are recognized at their pro rata annual values.

Company

Raiffeisen Bank International AG (RBI AG) is registered in the company register at the Commercial Court of Vienna under FN 122.119m. Its registered office is at Am Stadtpark 9, 1030 Vienna. The annual financial statements are deposited at the company register court and published in the official gazette of the Wiener Zeitung in accordance with the Austrian disclosure regulations.

The Raiffeisen Bank International Group (RBI) regards Central and Eastern Europe (including Austria) as its home market. For around 25 years, RBI has been operating in Central and Eastern Europe (CEE), where today it maintains a closely knit network of subsidiary banks, leasing companies and numerous specialized financial service providers in 15 markets. As a universal bank, RBI ranks among the top five banks in several countries. This role is supported by the Raiffeisen brand, which is one of the most widely recognized brands in the region. RBI has positioned itself in CEE as a fully integrated corporate and retail banking group with a comprehensive product offering. At the end of 2015, around 52,000 RBI employees served approximately 14.9 million customers in around 2,700 outlets in CEE.

In Austria, RBI is one of the top corporate and investment banks. It primarily serves Austrian customers, but also international customers and major multinational clients operating in CEE. All in all, RBI employs around 55,000 staff and has total assets of approximately €122 billion.

RBI AG has branches in Asia (Beijing, Hong Kong, Xiamen, Singapore) and also in London and Frankfurt. The branch in Labuan was closed on 28 September 2015.

Under a contribution agreement dated 31 August 2015, the investment banking and M&A business of Raiffeisen Centrobank AG, Vienna, was incorporated with retrospective effect as of 1 January 2015. This resulted in extraordinary earnings of € 5,068 thousand.

The RBI AG has a group relation with Raiffeisen-Landesbanken-Holding GmbH, Vienna (ultimate parent) and its affiliated companies and is part of the fully consolidated group. The annual consolidated financial statement is deposited at the domicile of the company. In addition the annual consolidated financial statement is included in the annual consolidated financial statement of Raiffeisen Zentralbank Austria AG, Vienna.

As shares of the company are traded under Section 2 (37) BWG within a regulated market, RBI AG has to publish an annual consolidated financial statement in accordance with Section 245 (5) UGB in compliance with International Financial Reporting Standards.

Service relationships between RZB AG and RBI AG

There are mutual service relationships between RZB AG and RBI AG that are covered by service level agreements (SLAs). On the basis of a framework agreement and an SLA template, which regulate the rights and obligations of the contracting parties and the settlement modalities between them, there are a variety of SLAs covering dealings between RZB AG and RBI AG in different areas. These are subject to an annual review process based on the services actually provided.

On the reporting date there were 27 SLAs regulating services provided by RBI AG. The most important of these are:

- Accounting & Reporting
- Group Communications
- Human Resources
- Information technology
- Legal
- Risk Controlling

In return, RZB AG provides services that represent group guidelines, such as group management instruments. These are regulated in 7 SLAs concerning primarily Compliance, Corporate Responsibility, Executive Secretariat, Group Organizations & Internal Control System, Risk Controlling and Sector-customers.

Service relationships between RBI AG and other companies

Service relationships exist between RBI AG and other companies in the field of IT, facility management and processing of payment transfer and securities transactions. Corresponding SLA's are in place.

Notes on individual items of the statement of financial position

Loans and advances and liabilities

In the items of the statement of financial position "Loans and advances to credit institutions" and "Loans and advances to customers", loans and advances in an amount of € 61.8 million (31/12/2014: € 19.5 million) are secured by bills of exchange.

Breakdown of maturities

The loans and advances to credit institutions and loans and advances to customers that are not due on a daily basis break down by their residual terms as follows:

in € million	31/12/2015	31/12/2014
Loans and advances to credit institutions		
Up to 3 months	4,357.7	6,873.2
More than 3 months, up to 1 year	1,802.2	2,358.0
More than 1 year, up to 5 years	1,906.3	3,037.8
More than 5 years	1,299.7	2,086.9
Loans and advances to customers		
Up to 3 months	9,415.8	7,136.2
More than 3 months, up to 1 year	3,919.8	4,641.0
More than 1 year, up to 5 years	3,420.7	9,716.7
More than 5 years	607.5	1,674.1

The deposits from banks and deposits from customers that are not due on a daily basis break down by their residual terms as follows:

in € million	31/12/2015	31/12/2014
Liabilities to credit institutions		
Up to 3 months	7,721.7	6,680.1
More than 3 months, up to 1 year	2,635.2	2,064.1
More than 1 year, up to 5 years	2,192.6	5,184.4
More than 5 years	887.2	1,735.0
Liabilities to customers (non-banks)		
Up to 3 months	4,750.2	4,923.9
More than 3 months, up to 1 year	2,882.8	2,698.6
More than 1 year, up to 5 years	798.2	812.2
More than 5 years	1,164.3	1,443.5

Bonds and other fixed-interest securities amounting to € 261.6 million (31/12/2014: € 273.0 million) will become due in the next financial year.

Bonds and notes issued amounting to € 1,262.0 million (31/12/2014: € 2,416.2 million) will become due in the next financial year.

Derivative financial instruments

Hedging relationships

Fair value hedges with hedging periods up to 2053 existed as at 31 December 2015.

On the basis of clean prices, the positive market values of the hedging derivatives amounted to € 610.0 million (31/12/2014: € 812.4 million). The negative market values of the derivatives amounted to € 107.1 million (31/12/2014: € 98.6 million) as at 31 December 2015.

Interest rate management derivatives

A provision for impending losses of € 33.7 million (31/12/2014: € 40.6 million) was made for derivatives in connection with functional units. In the financial year, in this context € 8.2 million (31/12/2014: € 30.3 million) was allocated to the provision and €15.1 million (31/12/2014: € 23.8 million) was released due to changes in market value of the functional units.

The portfolio-based management of functional units was summarized according to the strategy applied to manage interest risk for the currencies contained therein and reveals the following picture for the positive and negative fair values:

in € thousand	31/12/2015		31/12/2014		Valuation effect 31.12.2015
	Positive values	Negative values	Positive values	Negative values	
CHF	39	0	84	(67)	22
CZK	106	(165)	116	(383)	208
EUR	77,180	(33,533)	86,883	(40,059)	(3,177)
HUF	47	0	1	0	46
JPY	2	0	3	0	(1)
PLN	33	0	2	0	31
RUB	313	0	136	0	177
USD	4,857	(49)	3,432	(118)	1,494
Summe	82,577	(33,747)	90,657	(40,627)	(1,200)

The main factor that determined the valuation result was the change in fair value due to the change in the euro interest rate market.

Securities

The table below lists the securities admitted to stock exchange trading (asset side), broken down into listed and unlisted securities (amounts incl. interest accrued):

Securities in € million	Listed	Unlisted	Listed	Unlisted
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
Debt securities and other fixed-income securities	2,125.6	0.0	1,696.9	2.6
Shares and other variable-yield securities	22.4	0.0	44.4	0.0

The table below lists securities admitted to stock exchange trading (asset side) measured as fixed assets or current assets (including trading portfolio):

Securities in € million	Fixed assets	Current assets	Fixed assets	Current assets
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
Debt securities and other fixed-income securities	916.6	1,209.0	684.2	1,015.3
Shares and other variable-yield securities	0.0	24.6	0.0	44.5

RBI AG sold fixed asset securities in the nominal amount of € 1.034,7 million in the reporting year, realizing a net gain of € 14.5 million:

Balance sheet item	Nominal amount in € million	Net gain in € million
Treasury bills and other bills eligible for refinancing with central banks	450.9	0.0
Loans and advances to credit institutions	71.0	1.1
Loans and advances to customers	4.2	0.4
Debt securities and other fixed-income securities	508.6	13.0
Total	1,034.7	14.5

Difference between the acquisition cost and the repayment amount for securities (except zero-coupon bonds) in the investment portfolio (banking book):

The difference between the amortized costs and the repayment amounts is made up of € 52.9 million (31/12/2014: € 70.1 million) to be recognized in the future as expenditure and € 1.5 million (31/12/2014: € 17.8 million) to be recognized as income.

In the case of securities admitted to stock exchange trading and recognized at fair value that do not have the characteristics of financial investments, the difference between the higher of the acquisition cost and the fair value is € 7.8 million (31/12/2014: € 13.6 million), whereas € 4.8 million (31/12/2014: € 7.5 million) are hidden reserves and € 3.0 million (31/12/2014: € 6.1 million) are valuation gains.

The item "Loans and advances to credit institutions" contains own bonds that are not admitted for public trading worth € 18.4 million (31/12/2014: € 13.0 million).

Securities amounting to € 20.1 million (31/12/2014: € 50.2 million) are the subject of genuine repurchase transactions on the reporting date, whereby RBI AG is the seller and the securities continue to be recognized on the statement of financial position.

The volume of RBI's trading book pursuant to Article 103 CRR is € 160,105.5 million (31/12/2014: € 171,678.67 million), with € 1,761.9 million (31/12/2014: € 1,936.9 million) accounted for by securities and € 158,343.6 million (31/12/2014: € 169,741.6 million) accounted for by other financial instruments.

Investments and shares in affiliated companies

The list of investments is shown separately in the notes, annex 3. There are no cross-shareholdings and no profit and loss transfer agreements as at 31 December 2015.

In the past, RI concluded exchange rate hedging transactions with RZB to hedge the currency risk represented by the equity of the following companies held in local currency:

- Raiffeisen Bank Polska S.A., Warsaw
- Ukrainian Processing Center JSC, Kiev
- VAT Raiffeisen Bank Aval, Kiev

Loans and advances to and deposits from affiliated companies and companies linked by virtue of a participating interest:

in € million	31/12/2015	31/12/2014
Loans and advances to credit institutions		
to affiliated companies	6,414.3	6,856.7
To companies linked by virtue of a participating interest	170.9	380.1
Loans and advances to customers		
to affiliated companies	3,308.9	4,388.0
To companies linked by virtue of a participating interest	115.3	145.3
Debt securities and other fixed-income securities		
from affiliated companies	83.8	21.5
from companies linked by virtue of a participating interest	0.2	1.2
Liabilities to credit institutions		
from affiliated companies	5,019.5	4,995.3
from companies linked by virtue of a participating interest	2,541.6	4,114.4
Liabilities to customers (non-banks)		
from affiliated companies	2,013.7	1,493.7
from companies linked by virtue of a participating interest	27.4	174.4

Fixed assets

The statement of fixed assets is shown separately in the notes, Annex 1.

RBI AG was not directly involved in the leasing business as a lessor in 2015.

Obligations from the use of tangible fixed assets not reported on the statement of financial position amount to € 30.9 million (31/12/2014: € 30.4 million) for the following fiscal year. The total amount of obligations for the following five years amounts to € 170.8 million (31/12/2013: € 162.5 million).

In the reporting year, the disposal of tangible fixed assets resulted in book losses of € 0.0 million (31/12/2014: € 0.3 million).

The intangible fixed assets item includes € 0.5 million (31/12/2014: € 0.7 million) of intangible fixed assets acquired from affiliated companies.

Own shares

The item "Own shares" amounting to € 4.0 million (31/12/2014: € 5.5 million) includes 557,295 (31/12/2014: 557,295) own shares (representing 0.19 per cent, or € 1,700 thousand of the total capital stock), of which 557,295 (31/12/2014: 557,295) are intended for the share incentive program (SIP).

Own shares for RBI employees dedicated for own shares of the 2011 and 2012 tranche were written off linear according to the duration of the program.

Other assets

As at 31 December 2015, other assets totaled € 4,546.8 million (31/12/2014: € 5,882.3 million). This item also contains loans and advances from treasury transactions (positive market values arising from derivatives in the trading book, as well as accrued interest from derivatives in the banking book - refer to Annex 2 for details) in the amount of € 3,552.5 million (31/12/2014: € 5,311.8 million). This item also includes dividends receivable totaling € 731.5 million (31/12/2014:

€ 288.6 million), loans and advances for coined and uncoined precious metals in the amount of € 62.2 million (31/12/2014: € 52.9 million).

The other assets also contains income of € 998.7 million (2014: € 552.1 million), which were affecting in payment after the reporting date.

Other liabilities

As at 31 December 2015, other liabilities amounted to € 4,003.6 million (31/12/2014: € 6,018.5 million). This item also contains liabilities from treasury transactions (primarily negative market values arising from derivatives in the trading book, as well as accrued interest from derivatives in the banking book - refer to Annex 2 for details) in the amount of € 3,052.9 million (31/12/2014: € 5,389.2 million) and liabilities of € 43.1 million (31/12/2014: € 32.5 million) from short positions in bonds. Capital guarantees for funds are valued at € 148.3 million (31/12/2014: € 151.0 million). The item also includes accrued interest for additional capital of € 221.6 million (31/12/2014: € 191.2 million).

The other liabilities also contains expenses in the amount of € 410.2 million (2014: 432.3 million), which were affecting in payment after the reporting date.

Provisions

Provisions are valued at € 278.9 million, representing a year-on-year increase of € 37.3 million.

Provisions amount to € 50.4 million (31/12/2014: € 48.5 million) for severance payments, € 30.2 million (31/12/2014: € 32.1 million) for pensions; € 22.7 million (31/12/2014: € 5.8 million) for tax provisions € 175.6 million (31/12/2014: € 154.8 million) for other provisions. Reinsurance policies are in place in the amount of € 15.5 million for pension provisions. Pension claims of the same amount are reported under other assets.

Tax provisions of € 22.7 million amount to € 17.1 million (31/12/2014: € 3.2 million) for corporate income tax, € 4.4 million (31/12/2014: € 1.1 million) for value added tax and € 1.1 million (31/12/2014: € 1.4 million) for income tax at the branch in Singapore.

The change in other provisions mainly resulted from the allocation of provisions for anticipated losses at affiliated companies.

Breakdown of other provisions in € million	31/12/2015	31/12/2014
Provisions for bonus payments	29.9	29.3
Provisions for losses on bankbook interest rate derivatives	33.7	40.6
Provisions for participations and affiliated enterprises	18.0	0.0
Provisions for process risks	23.2	23.2
Provisions for audit costs	1.4	1.3
Provisions for anniversary payments	14.1	10.6
Provisions for overdue vacation	14.4	13.7
Provisions for guarantee loans	20.5	22.7
Provisions for Supervisory Board fees	0.7	0.7
Provisions for other expenses/outstanding invoices	8.4	11.8
Provisions for credit brokerage	6.4	0.0
Provisions for restructuring costs	2.3	0.0
Provisions for operational risk/losses/other	2.6	0.9
Total	175.6	154.8

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.

Capital reserves

The committed capital reserves of € 4,333,303,215.41 and the uncommitted capital reserves of € 97,066,398.80 remained unchanged over the entire fiscal year.

An option reserve was set up in the amount of € 647,314.58 (2014: € 485,314.58) for obligations under the Share Incentive Program for which RBI holds no own shares. The corresponding expense is booked under staff expenses.

Retained earnings

Retained earnings consist of legal reserves of € 5,500,000.00 (31/12/2014: € 5,500 thousand) and other free reserves amounting to € 1,283,594,080.83 (31/12/2014: € 1,283,594 thousand). € 4,029,880.35 (31/12/2013: € 5,458 thousand) of the other free reserves was reallocated to own shares.

Liability reserves

As at 31 December 2015, liability reserves stood at € 383,015,000.00 (31/12/2014: € 383,015 thousand).

Additional capital from own issues

Additional capital according to CRR

The additional capital amounted to € 3,672,126,368.31 as at 31 December 2015 (31/12/2014: € 3,760,201 thousand).

Company's additional capital according to CRR

in € million	31/12/2015	31/12/2014
6.625 % RBI bonds 2011-2021	0.3	0.3
5.875 % RBI debt securities issued 2023-2023	2.3	0.3
6 % RBI debt securities issued 2013-2023	2.6	1.3
RBI bonds 2014-2025	1.0	3.1
RBI bonds 2013-2024	0.0	1.0

In the reporting year issuances in the amount of € 117.9 million (2014: € 206.0 million) were collected. A profit of € 1.6 million (2014: € 1.8 million) including the release of the corresponding hedging transaction was booked.

Subordinated liabilities

List of subordinated loans (including additional capital) that exceed 10 per cent of the total subordinated liabilities of € 3,672.1 million (i.e. that exceed € 367.2 million):

Name	Nominal value in € million	Maturity date	Interest rate
Subordinated Notes 2025 series 56	500.0	21/2/2015	4.500%
Subordinated Notes 2023 series 45	500.0	16/10/2023	6.000%
Subordinated Notes 2021 series 4	500.0	18/5/2021	6.625%

The modalities for the listed subordinated liabilities and all other subordinated liabilities are in accordance with article 63 of CRR.

Expenses for subordinated liabilities

The expenses for subordinated liabilities in the financial year amount to € 179,3 million (2014: € 195.4 million).

Expenses for additional capital according to CRR

As a result of the net loss reported in the last financial year, no coupon was paid on the additional capital bond issued by RZB Jersey Finance III in 2015 on the basis of the bond terms. Under a support agreement, RZB AG payed the corresponding coupon payments in full.

Total capital according to CCR

in € million	31/12/2015	31/12/2014
Paid-in capital	893	893
Less own shares	-4	-5
Capital reserves and premium to CET1 instruments	4,430	4,430
Retained earnings and other reserves	1,673	1,673
Common equity tier 1 (before deductions)	6,992	6,991
Net loss for the year	-611	-801
Intangible fixed assets/goodwill	-41	-40
Provision shortage for IRB positions	-114	-117
Deductions exceeding common equity tier 1	-59	-78
Deduction securitizations	-116	-121
Transitional adaptations for common equity tier 1	93	125
Common equity tier 1 (after deductions)	6,144	5,959
Additional tier 1	0	0
Tier 1	6,144	5,959
Supplementary capital	3,600	3,519
Less own supplementary capital	-7	-6
Provision excess of internal rating approach positions	117	138
Transitional adaptations for Supplementary Capital	-34	-46
Tier 2 (after deductions)	3,676	3,604
Total capital	9,820	9,563
Total risk exposure amount (assessment basis)	31,559	36,894
Common equity tier 1 capital ratio	19.5%	16.2%
Tier 1 capital ratio	19.5%	16.2%
Total capital ratio (transitional)	31.1%	25.9%
Total capital ratio (fully loaded)	31.1%	25.9%
Common equity tier 1 capital ratio (fully loaded)	19.4%	16.0%

¹ Adaption of previous year figures due to changed allocation.

Total capital requirement

in € million	31/12/2015	31/12/2014
Total risk exposure amount (assessment basis)	31,559	36,894
Total capital requirement for credit risk	2,175	2,617
Internal rating approach	1,555	1,843
Standardized approach	427	462
CVA risk	30	34
Basel I - Floor	163	278
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	115	119
Total capital requirement for operational risk	235	215
Total capital requirement	2,525	2,952

in € million	31/12/2015	31/12/2014
Risk-weighted assets according to standardized approach	427	462
Banks	1	1
Corporate customers	1	1
Equity exposures	406	415
Other positions	19	44
Risk-weighted assets according to internal rating approach	1,555	1,843
Central governments and central banks	5	5
Banks	420	549
Corporate customers	819	1.005
Equity exposures	296	264
Securitization position	15	20
CVA risk	30	34
Basel I - Floor	163	279
Total capital requirement for credit risk	2,175	2,618

Per cent	31/12/2015	31/12/2014
Leverage ratio (fully loaded)	8.8%	8.0%
Risk weighted assets in per cent of total assets	60.2%	60.8%

Additional notes

Notes on liability arrangements:

In the government-promoted, subsidized forward private planning scheme, RBI AG has issued capital guarantee obligations in accordance with Section 108h (1) 3 of the Income Tax Act (EStG). In this context, the bank guarantees that in the event of transferring the capital into a perpetual annuity the payment amount available for this annuity is not less than the sum of the contributions made by the taxpayer plus the premiums credited to this taxpayer pursuant to Section 108g EStG. As at 31 December 2015, the volume of these guarantees was € 1.682 million (2014: € 1.912 million).

As at 31 December 2015, RBI AG also issued capital guarantees in connection with structured financial products, with a guarantee volume of € 44 million (2014: € 54 million).

RBI AG is a member of the *Raiffeisen-Kundengarantiegemeinschaft Österreich* (Deposit Guarantee Association of Austria). Members of the Association assume contractual liability under which they jointly guarantee the timely honoring of all customer deposits and securities issues of an insolvent member of the Association up to an amount equaling the sum of the individual financial strength of the other member institutions. The individual financial strength of a member institution is determined based on its available reserves, taking into account the relevant provisions of the Austrian Banking Act (BWG).

The liability was met by inserting a noted item of one euro off the statement of financial position, as it is not possible to determine the exact amount of RBI's potential liability in connection with the cross-guarantee system.

As at 31 December 2015, soft letters of comfort in the amount of € 460.8 million (31/12/2014 € 1,109.0 million) had been issued.

The European Bank for Reconstruction and Development (EBRD) acquired a stake in Raiffeisen Bank Aval Public Joint Stock Company, Kiev (AVAL) through a capital increase in December 2015. Under this transaction, RBI entered into an agreement with the EBRD according to which at the end of 6 years following the acquisition of the stake in AVAL, it will endeavor to offer EBRD shares in RBI in exchange for the equity participation in AVAL within the framework of a "share swap". However, the implementation of such a transaction is subject to regulatory approval and corresponding decisions at the annual general meeting and by the boards.

The volume of liabilities to affiliated companies amounted to € 1,950.0 million as at 31 December 2015 (31/12/2014: € 3,850.7 million).

Open capital commitments on share capital in the amount of € 5.6 million (31/12/2014: € 5.6 million) exist vis-à-vis European Investment Fund S.A., Luxembourg.

Contingent liabilities of RBI AG of € 6,494.1 million were reported as at 31 December 2015 (31/12/2014: € 8,558.4 million) below the line. Of that amount, € 5,710.6 million (31/12/2014: € 7,701.1 million) were attributable to guarantees and € 757.9 million (31/12/2014: € 795.2 million) to letters of credit.

As at 31 December 2015, € 12,215.8 million (31/12/2014: € 13,456.2 million) in credit risks was reported under liabilities off the statement of financial position. In the reporting year, credit risks are fully attributable to unused, irrevocable credit lines.

There are no other transactions with considerable risks or benefits that are not reported in or off the statement of financial position.

Total assets and liabilities in foreign currency:

in € million	31/12/2015	31/12/2014
Assets in foreign currency	14,727.3	17,170.3
Liabilities in foreign currency	14,182.9	18,684.2

Subordinated assets contained under assets:

in € million	31/12/2015	31/12/2014
Loans and advances to credit institutions	1,850.5	1,630.2
hereof to affiliated companies	1,817.0	1,596.8
hereof to companies linked by virtue of a participating interest	1.6	1.6
Loans and advances to customers	249.6	232.5
hereof to affiliated companies	6.8	6.8
hereof to companies linked by virtue of a participating interest	0.0	0.0
Debt securities and other fixed-income securities	23.8	34.1
hereof from affiliated companies	0.0	0.0
hereof from companies linked by virtue of a participating interest	0.0	0.0
Shares and other variable-yield securities	95.5	90.5
hereof from affiliated companies	72.9	70.2
hereof from companies linked by virtue of a participating interest	2.2	0.0

Open forward transactions as at the reporting date are listed in Annex 2 to the Notes.

The derivative financial instruments listed in Annex 2 are recognized in the statement of financial position at fair value:

Derivatives in € million	Positive fair values		Negative fair values	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Derivatives in the trading book				
a) Interest rate contracts	2,312.4	3,491.4	1,935.8	3,219.5
b) Foreign exchange rate contracts	969.9	1,547.3	925.1	1,557.8
c) Share and index contracts	1.2	0.1	1.5	43.4
d) Credit derivatives	1.8	18.1	2.0	17.4
e) Other derivatives	0.0	2.1	0.0	2.2
Derivatives in the banking book				
a) Interest rate contracts	0.0	0.0	0.0	40.6

As at the reporting date, there were restrictions related to asset availability (in accordance with Section 64 (1) 8 BWG):

in € million	31/12/2015	31/12/2014
Indemnification for securities lending transactions	5.7	378.2
Loans assigned to OeKB	1,929.3	3,114.5
Loans assigned to EIB	289.0	129.0
Loans assigned to KfW	16.7	17.6
Loans assigned to SEK	70.4	77.5
Loans assigned to Euler Hermes	37.2	0.0
Trust deposit for foreign credit institutions	0.0	10.6
Margin requirements	29.0	83.2
Treasury call deposits for contractual netting agreements	1,673.4	1,464.5
Total	4,050.5	5,275.1

In addition, assets with usage restrictions in an amount of € 1,296.3 million (31/12/2014: € 1,244.0 million) exist for covered bonds which have been established but not yet issued.

For the following financial instruments within financial assets, the fair value is lower than the book value:

Financial investments in € million	Carrying amount		Fair value	
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
1. Treasury bills and other bills eligible for refinancing with centralbank	25.2	25.1	83.2	83.1
1. Loans and advances to credit institutions	31.0	29.0	66.5	62.9
2. Loans and advances to customers	137.5	136.4	0.0	0.0
3. Debt securities and other fixed-income securities				
a) issued by public bodies	119.3	118.8	33.1	33.0
b) issued by other borrowers	272.1	271.0	90.2	89.8
4. Shares and other variable-yield securities	70.0	47.1	90.0	65.7
Total	655.0	627.4	363.0	334.5

An impairment (in accordance with Section 204 (2) 2 of the Austrian Commercial code UGB) is not accounted for as the assessment of the credit rating of the security borrower is such that scheduled interest payments and repayments are expected to be made.

Notes to the income statement

Breakdown of income by geographic market in accordance with Section 64 (1) 9 BWG

A regional allocation to segments according to the business outlets' registered offices results in the following distribution:

2015 in € million	Total	Austria	Rest of the world	Asia
Interest receivable and similar income	1,090.9	1,003.2	0.0	87.7
hereof: from fixed-income securities	79.6	77.8	0.0	1.8
Income from variable-yield securities and participations	777.1	777.1	0.0	0.0
Commissions receivable	277.4	270.8	0.5	6.2
Net profit or net loss on financial operations	66.5	74.2	(0.1)	(7.7)
Other operating income	187.4	186.7	0.3	0.4

2014 in € million	Total	Austria	Rest of the world	Asia
Interest receivable and similar income	1,360.0	1,171.7	0.0	188.3
hereof: from fixed-income securities	116.3	115.4	0.0	0.9
Income from variable-yield securities and participations	395.2	290.3	103.4	1.5
Commissions receivable	232.5	223.3	0.8	8.4
Net profit or net loss on financial operations	29.4	40.2	0.1	(10.9)
Other operating income	188.6	182.6	0.4	5.5

Due to the low interest rate situation prevailing in the financial year, an expense, resulting from negative interest for loans and advances, was shown for the first time in an amount of € 3.6 million in the item interest receivable and similar income. This contrasted with income of € 4.2 million resulting from negative interest for liabilities which was shown in the item interest payable and similar expenses.

Other operating income includes staff and administrative expenses passed on for services in the amount of € 102.5 million (2014: € 119.6 million), income from releases of contingent provisions from derivatives in the amount of € 15.1 million (2014: 23.8 million), as well as other income from previous periods in the amount of € 22.8 million (2014: € 7.9 million).

Expenses for severance payments and benefits for occupational employee pension funds include € 7.1 million (2014: € 11.2 million) in expenses for severance payments.

The sundry operating expenses decreased by € 53.9 million to € 36.9 million in the reporting year. In this position allocation in the amount of € 8.2 million (2014: 30.4 million) for contingent losses for bank book derivatives are included.

The item net income/expenses from the disposal and valuation of securities valued as financial investments and from shares in affiliated companies and equity participations includes write-ups for FARIO Handels- und Beteiligungsges.m.b.H, Vienna (€ 3.7 million) and for LOTA Handels- und Beteiligungs-GmbH, Vienna (€ 0.9 million). It also included, among other things, write-downs of the book values of Raiffeisen Bank Polska S.A., Warsaw (€ 183.3 million), Raiffeisen Bank Aval JSC, Kiev (€ 33.9 million), RBI PE Handels- und Beteiligungs GmbH, Vienna (€ 26.8 million) and Baile Handels- und Beteiligungsges.m.b.H., Vienna (€ 21.1 million). In total, losses of € 307.6 million (2014: € 879.0 million) on the valuation of shares in affiliated companies and equity participations are reported.

The company has been a member of the Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna group of companies in accordance with Section 9 of the Corporation Tax Act (KStG) since 2005. In the financial year under review, the existing tax compensation agreement was extended by a supplementary agreement. If RBI AG records a negative result for tax purposes and if these tax losses cannot be utilized within the Group, the group parent does not have to pay any negative tax compensation to RBI AG immediately. A final settlement takes place only/at the latest when the company leaves the tax group. The group parent must still pay a negative tax contribution to RBI AG for usable shares in losses of RBI AG.

On the basis of a tax allocation agreement, loss carry-forwards that are economically attributable to banking operations split off from RZB may be utilized by RBI.

The overall return on assets (net loss or profit after tax divided by total assets as at the reporting date) was 0.3 % (2014: negative).

Other

The company did not conclude any significant transactions with related companies or persons at unfair market conditions.

In the 2015 financial year the company had an average of 2,079 employees (2014: 2,093).

Expenses for severance payments and pensions broke down as follows:

Values in € thousand	Pension expenditure		Severance payments	
	2015	2014	2015	2014
Members of the managing board and senior staff	919	3,070	1,327	1,361
Employees	4,327	6,127	7,882	10,004
Total	5,246	9,197	9,209	11,365

Management Board

The Management Board of Raiffeisen Bank International AG is as follows:

Members of the Management Board	First assignment	End of period
Karl Sevelda, Chairman	22 September 2010 ¹	30 June 2017
Johann Strobl, Deputy Chairman	22 September 2010 ¹	30 June 2017
Klemens Breuer	16 April 2012	31 December 2020
Martin Grill	3 January 2005	30 June 2017
Andreas Gschwenter	1 July 2015	31 June 2018
Peter Lennkh	1 October 2004	31 December 2020
Aris Bogdaneris	1 October 2004	31 March 2015

¹ Effective as of 10 October 2010.

Supervisory Board

Members of the Supervisory Board	First assignment	End of period
Walter Rothensteiner, Chairman	11 May 2001	AGM 2016
Erwin Hameseder, 1st Deputy Chairman	8 July 2010 ¹	AGM 2020
Heinrich Schaller, 2nd Deputy Chairman	20 June 2012	AGM 2017
Martin Schaller, 3rd Deputy Chairman	4 June 2014	AGM 2019
Klaus Buchleitner	26 June 2013	AGM 2020
Michael Höllerer	17 June 2015	AGM 2020
Kurt Geiger	9 June 2009	AGM 2019
Günther Reibersdorfer	20 June 2012	AGM 2017
Johannes Schuster	8 July 2010 ¹	AGM 2020
Bettina Selden	4 June 2014	AGM 2019
Rudolf Kortenhof ²	10 October 2010	Until further notice
Martin Prater ²	10 October 2010	31 January 2016
Peter Anzeletti-Reikl ²	10 October 2010	Until further notice
Suanne Unger ²	18 January 2012	Until further notice
Helge Rechberger ²	10 October 2010	Until further notice

¹ Effective as of 10 October 2010.

² Staff council delegates.

Committees of the Supervisory Board

The committees of the Supervisory Board 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)

Remuneration of the Management Board

The following remuneration was paid to the Management Board:

in € thousand	2015	2014
Fixed remunerations	5,007	5,101
Bonus (performance-based)	1,759	2,798
Share-based remuneration (performance-based)	0	0
Payments to pension funds and reinsurance policies	262	332
Other remunerations	2,638	1,771
Total	9,666	10,002
hereof remuneration of affiliated companies	2,521	1,609

The fixed remunerations shown in the table contain salaries and benefits in kind.

The performance-based components of the Management Board's remuneration generally cover bonus payments and share-based compensation under the Share Incentive Program (SIP). The bonuses reported above are bonuses for 2013 and previous years. In 2015, no share-based remuneration was awarded because the duration of the program was extended to five years in 2011 in accordance with the statutory requirements.

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 chapter recognition and measurement principles).

Other remuneration covers remuneration for functions in the boards of affiliated subsidiaries, payments to pension funds and reinsurances, other insurance policies and grants.

Compared to 2013, the stated amounts of fixed and performance-based remuneration are distorted by one-off effects caused, among other things, by the fixed remuneration of a retired member of the Management Board.

To former members of the Management Board and to their surviving dependants € 207 thousand (2014: € 103 thousand) was paid.

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 2014, no shares were bought back for the share incentive program.

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. Moreover, 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 in the financial year 2015.

Vienna, 2 March 2016

The Management Board



Karl Sevelda



Johann Strobl



Klemens Breuer



Martin Grill



Andreas Gschwenter



Peter Lennkh

Annex 1: Statement of fixed assets

Values in € thousand		Cost of acquisition or conversion					Writing up/depreciation/valuation							Carrying amount		
Item	Description of fixed assets	As at 1/1/2015	Exchange differences	Additions	Disposals	Reclassification	As at 31/12/2015	Cumulative depreciation as of 1/1/2015	Exchange differences	Cumulative depreciation and amortization disposal	Write- ups	Depreciation	Reclassifi- cation	Cumulative depreciation as of 31/12/2015	31/12/2015	31/12/2014
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1.	Treasury bills and other bills eligible for refinancing with central banks	2,718,133		331,108	(572,285)	(120,894)	2,356,062	5,123		3,347	2,103	(20,769)	61	(10,135)	2,345,927	2,723,257
2.	Loans and advances to credit institutions	97,543	1,378	7,326	(56,460)		49,787	(8,289)	(973)	(7)	347			(8,922)	40,865	89,254
3.	Loans and advances to customers	380,822	379		(22,849)		358,352	(2,201)		199				(2,002)	356,350	378,622
4.	Debt securities and other fixed-income securities	729,159	5,423	464,255	(367,043)	120,894	952,688	(48,197)	(1,010)	9,740	414	(1,318)	(61)	(40,432)	912,256	680,962
a)	issued by public bodies	39,542		153,398	(6,459)	(33,083)	153,398	875		(869)	108	(24)	3	93	153,491	40,417
b)	own debt securities	0					0	0						0	0	0
c)	issued by other borrowers	689,617	5,423	310,857	(360,584)	153,977	799,290	(49,072)	(1,010)	10,609	305	(1,293)	(64)	(40,525)	758,765	640,545
5.	Shares and other variable-yield securities	90,000					90,000	0						0	90,000	90,000
6.	Participating interests	27,102		274	(2,449)		24,927	(6,713)		(1)				(6,714)	18,213	20,389
7.	Shares in affiliated undertakings	9,862,699		335,114	(182)		10,197,631	(1,737,962)			4,685	(293,424)		(2,026,701)	8,170,931	8,124,738
8.	Intangible fixed assets	232,600	705	11,414	(14,532)		230,187	(193,119)	(324)	14,489		(10,090)		(189,044)	41,143	39,481
9.	Tangible assets	23,862	681	2,510	(2,130)		24,923	(17,139)	(494)	1,880		(1,885)		(17,638)	7,285	6,724
10.	Other assets	126			(126)		0	0						0	0	126
Total		14,162,046	8,566	1,152,001	(1,038,056)	0	14,284,557	(2,008,497)	(2,801)	29,647	7,549	(327,486)	0	(2,301,588)	11,982,970	12,153,553

Annex 2: Open forward transactions

31/12/2015	Nominal amount by maturity in € thousand				Market value		
	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	hereof trading book	positive	negative
Total	90,807,807	81,469,510	74,087,014	223,840,443	163,591,226	4,975,320	(4,190,266)
a) Interest rate contracts	33,467,254	67,087,996	48,684,393	149,239,643	108,646,050	3,258,083	(2,463,865)
OTC products							
Interest rate swaps	29,096,858	58,453,369	42,778,572	130,328,799	90,222,874	2,973,357	(2,208,371)
Floating Interest rate swaps	0	0	0		0	0	0
Interest rate futures	1,869,944	0	0	1,869,944	1,869,944	997	(1,755)
Interest rate options - buy	975,474	4,347,057	2,944,024	8,266,555	7,859,319	283,665	0
Interest rate options - sell	1,312,004	4,253,372	2,884,481	8,449,857	8,369,425	0	(253,739)
Other similar interest rate contracts	0	0	0	0	0	0	0
Exchange-traded products							
Interest rate futures	212,974	34,198	58,945	306,117	306,117	0	0
Interest rate options	0	0	18,371	18,371	18,371	64	0
b) Foreign exchange rate contracts	56,830,275	13,174,949	2,739,841	72,745,065	53,479,793	1,711,995	(1,722,768)
OTC products							
Cross-currency interest rate swaps	7,699,630	12,185,848	2,739,841	22,625,319	8,079,116	1,193,891	(1,240,304)
Forward foreign exchange contracts	46,448,944	782,149	0	47,231,093	42,520,578	485,973	(451,543)
Currency options - purchased	1,327,153	100,737	0	1,427,890	1,427,890	32,131	0
Currency options - sold	1,345,994	106,215	0	1,452,209	1,452,209	0	(30,921)
Other similar interest rate contracts	0	0	0	0	0	0	0
Exchange-traded products							
Currency contracts (futures)	8,554	0	0	8,554	0	0	0
Currency options	0	0	0	0	0	0	0
c) Securities-related transactions	16,200	214,260	22,662,780	369,352	6,000	3,466	(1,519)
OTC products							
Securities-related forward transactions	0	0	0	0	0	0	0
Equity/Index options - buy	16,200	212,760	116,346	345,306	3,000	3,466	0
Equity/Index options - sell	0	1,500	22,546,434	24,046	3,000	0	(1,519)
Exchange-traded products							
Equity/Index futures	0	0	0	0	0	0	0
Equity/Index options	0	0	0	0	0	0	0
d) Commodity contracts	0	0	0	0	0	0	0
OTC products							
Commodity forward transactions	0	0	0	0	0	0	0
Exchange-traded products							
Commodity futures	0	0	0	0	0	0	0
e) Credit derivative contracts	494,078	992,305	0	1,486,383	1,459,383	1,776	(2,114)
OTC products							
Credit default swaps	494,078	992,305	0	1,486,383	1,459,383	1,776	(2,114)

Open forward transactions

31/12/2014	Nominal amount by maturity in € thousand				Market value		
	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	hereof trading book	positive	negative
Total	90,830,728	79,852,854	47,833,092	218,516,674	165,350,178	6,446,208	(5,685,660)
a) Interest rate contracts	36,351,202	64,766,521	44,005,196	145,122,919	108,793,423	4,562,404	(3,605,242)
OTC products							
Interest rate swaps	25,953,365	57,556,723	39,646,022	123,156,110	90,075,838	4,377,585	(3,424,717)
Floating Interest rate swaps	0	0	0	0	0	0	0
Interest rate futures	5,100,010	1,045,158	0	6,145,168	5,288,548	4,015	(5,287)
Interest rate options - buy	945,905	2,864,063	1,959,025	5,768,993	5,351,197	179,847	0
Interest rate options - sell	1,024,444	3,236,077	2,290,378	6,550,899	6,461,486	0	(173,689)
Other similar interest rate contracts	0	0	0	0	0	0	0
Exchange-traded products							
Interest rate futures	1,022,480	64,500	109,771	1,196,751	1,196,751	705	(1,137)
Interest rate options	2,304,998	0	0	2,304,998	419,603	252	(412)
b) Foreign exchange rate contracts	54,342,416	13,422,056	3,575,282	71,339,754	54,916,364	1,863,500	(2,017,659)
OTC products							
Cross-currency interest rate swaps	6,534,426	12,420,411	3,565,657	22,520,494	9,282,297	784,003	(922,248)
Forward foreign exchange contracts	45,055,626	598,343	9,625	45,663,594	42,498,401	1,042,488	(1,053,683)
Currency options - purchased	1,219,532	201,490	0	1,421,022	1,401,022	37,009	0
Currency options - sold	1,532,832	201,812	0	1,734,644	1,734,644	0	(41,728)
Other similar interest rate contracts	0	0	0	0	0	0	0
Exchange-traded products							
Currency contracts (futures)	0	0	0	0	0	0	0
Currency options	0	0	0	0	0	0	0
c) Securities-related transactions	75,600	128,200	252,614	456,414	50,804	1,834	(44,989)
OTC products							
Securities-related forward transactions	0	0	0	0	0	0	0
Equity/Index options -buy	75,600	112,000	204,810	392,410	3,000	1,834	0
Equity/Index options -sell	0	16,200	47,804	64,004	47,804	0	(44,989)
Exchange-traded products							
Equity/Index futures	0	0	0	0	0	0	0
Equity/Index options	0	0	0	0	0	0	0
d) Commodity contracts	4,091	0	0	4,091	4,091	360	(375)
OTC products							
Commodity forward transactions	4,091	0	0	4,091	4,091	360	(375)
Exchange-traded products							
Commodity futures	0	0	0	0	0	0	0
e) Credit derivative contracts	57,419	1,536,077	0	1,593,496	1,585,496	18,110	(17,395)
OTC products							
Credit default swaps	57,419	1,536,077	0	1,593,496	1,585,496	18,110	(17,395)

Annex 3: List of investments

Affiliated companies

Company, registered office (country)	Total nominal value in currency	Direct share of RBI	Equity in € thousand	Result in € thousand ¹	From annual financial statements ²
BAILE Handels- und Beteiligungsgesellschaft m.b.H., A(1030) Wien ²	40,000 EUR	100%	249,223	(19,172)	31/12/2015
BUXUS Handels- und Beteiligungs GmbH, A(1030) Wien	35,000 EUR	100%	18	(4)	31/12/2014
Centralised Raiffeisen International Services & Payments S.R.L., RO(020335) Bucuresti	2,820,000 RON	100%	2,321	1,512	31/12/2014
CP Projekte Muthgasse Entwicklungs GmbH, A(1060) Wien	40,000 EUR	0%	68,665	41,959	30/09/2015
Eastern European Invest Holding GmbH, A(1030) Wien ²	35,000 EUR	100%	72,113	(8)	31/12/2015
Extra Year Investments Limited, VG-Tortola	50,000 USD	100%	0	0	31/12/2010
FARIO Handels- und Beteiligungsgesellschaft m.b.H., A(1030) Wien	40,000 EUR	100%	5,304	(25,178)	31/12/2014
Golden Rainbow International Limited, VG-Tortola ³	1 USD	100%	4,552	91	31/12/2015
Kathrein Privatbank Aktiengesellschaft, A(1010) Wien ²	20,000,000 EUR	0%	25,861	3,531	31/12/2015
KIWANDA Handels- und Beteiligungs GmbH, A(1030) Wien	35,000 EUR	100%	19	(4)	31/12/2014
LOTA Handels- und Beteiligungs-GmbH, A(1030) Wien	35,000 EUR	100%	852	(9)	31/12/2014
NAURU Handels- und Beteiligungs GmbH, A(1030) Wien	35,000 EUR	100%	124	(4)	31/12/2014
P & C Beteiligungs Gesellschaft m.b.H., A(1030) Wien	36,336 EUR	100%	22	(10,009)	31/12/2014
R.L.H. Holding GmbH, A(1030) Wien ²	35,000 EUR	100%	1,476	(8)	31/12/2015
Raiffeisen Investment Advisory GmbH, A(1015) Wien	730,000 EUR	100%	764	(496)	31/12/2014
Raiffeisen Bank Aval JSC, UA(01011) Kyiv ³	6,154,516,258 UAH	68%	305,709	(70,709)	31/12/2015
Raiffeisen Bank Polska S.A., PL(00,549) Warschau ³	2,256,683,400 PLN	100%	1,427,479	17,857	31/12/2015
Raiffeisen Banka d.d., SI(02000) Maribor ³	53,814,985 EUR	97%	58,468	(14,918)	31/12/2015
Raiffeisen RS Beteiligungs GmbH, A(1030) Wien ²	35,000 EUR	100%	5,012,402	382,006	31/12/2015
Rail-Rent-Holding GmbH, A(1030) Wien	40,000 EUR	60%	169	4	31/12/2014

¹ The result (in part from the consolidated financial statements) in € thousand corresponds to the annual profit/loss; equity is reported in accordance with Section 224 (3) lit a UGB including untaxed reserves (lit b).

² For the fully consolidated domestic companies, the equity and annual profit figures are accounted for in accordance with the International Financial Reporting Standards (IFRS).

³ For the fully consolidated foreign companies, the equity and annual profit figures are accounted for in accordance with the International Financial Reporting Standards (IFRS).

Affiliated companies

Company, registered office (country)	Total nominal value in currency	Direct share of RBI	Equity in € thousand	Result in € thousand ¹	From annual financial statements ²
RB International Finance (Hong Kong) Ltd., HK-Hong Kong ³	10,000,000 HKD	100%	6,873	3,996	31/12/2015
RB International Finance (USA) LLC, USA-NY 10036 New York ³	1,510,000 USD	100%	41,907	(1,617)	31/12/2015
RB International Investment Asia Limited, MY-Labuan ³	1 EUR	100%	19,755	(11,135)	31/12/2015
RB International Markets (USA) LLC, USA-New York, NY 100363	8,000,000 USD	100%	9,583	688	31/12/2015
RBI KI Beteiligungs GmbH, A(1030) Wien ²	48,000 EUR	100%	14,107	2	31/12/2015
RBI LEA Beteiligungs GmbH, A(1030)-Wien ²	70,000 EUR	100%	125,047	26,254	31/12/2015
RBI PE Handels- und Beteiligungs GmbH, A(1030) Wien ²	150,000 EUR	100%	21,683	852	31/12/2015
Regional Card Processing Center s.r.o., SK(81106) Bratislava ³	539,465 EUR	100%	4,606	689	31/12/2015
RI Eastern European Finance B.V., NL(1076) AZ Amsterdam	400,000 EUR	100%	11,691	204	31/12/2014
RI Leasing Gesellschaft m.b.H., D(65760) Eschborn	50,000 DEM	25%	1,409	735	31/12/2014
RSC Raiffeisen Service Center GmbH, A(1190) Wien ²	2,000,000 EUR	50%	3,057	204	31/12/2015
RZB Finance (Jersey) III Ltd, JE-St. Helier ³	1,000 EUR	100%	74	(19)	31/12/2015
RZB Finance (Jersey) IV Limited, JE-St. Helier ³	2,000 EUR	100%	152	(6)	31/12/2015
RBI IB Beteiligungs GmbH, A(1030) Wien ²	35,000 EUR	0%	15,599	890	31/12/2015
Stadtpark Hotelreal GmbH, A(1030) Wien	6,543,000 EUR	1%	6,593	1,905	31/12/2014
Ukrainian Processing Center PJSC, UA(04073) Kyiv ³	180,000 UAH	100%	7,917	3,722	31/12/2015
ZHS Office- & Facilitymanagement GmbH, A(1030) Wien	36,336 EUR	1%	135	632	31/12/2015

¹ The result (in part from the consolidated financial statements) in € thousand corresponds to the annual profit/loss; equity is reported in accordance with Section 224 (3) lit a UGB including untaxed reserves (lit b).

² For the fully consolidated domestic companies, the equity and annual profit figures are accounted for in accordance with the International Financial Reporting Standards (IFRS).

³ For the fully consolidated foreign companies, the equity and annual profit figures are accounted for in accordance with the International Financial Reporting Standards (IFRS).

Management report

Development of the banking sector

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

Development of the banking sector in Austria

In Austria, the banking sector put in a sub-par performance in 2015 as measured against the trends in the euro area, with credit growth and profitability both coming in below the comparable levels. This was caused by several complex challenges, including restructuring needs in the not very profitable domestic business, weak real economic growth and the low capitalization levels of major banks in the European context, as well as high tax and regulatory burdens.

In the first half of 2015, the consolidated net income of Austrian banks was € 2.6 billion, € 3.2 billion higher year-on-year. The key drivers for this improvement included, among others, the rise in net interest income, the increase in fee and commission earnings, the marked reduction in depreciation and impairments and the decline in net provisioning for impairment losses. The fact that the losses of Hypo Alpe-Adria-Bank International, which has since been restructured, are no longer included, was another positive factor.

The operations of the Austrian subsidiaries in Central and Eastern Europe (CEE) remain an important area of business activity. In recent years, profits have increasingly been focused on the Czech Republic, Slovakia and on the comparatively more volatile markets of Russia and Turkey. In the economically more stable countries such as the Czech Republic or Slovakia, Austrian banks recorded relatively high profit contributions. Business in Russia, which was originally fast-growing and highly profitable, slowed down and profits declined, due among other factors to a higher provisioning requirement, increased refinancing costs and exchange rate fluctuations. Losses increased in Ukraine, whereas an improvement in net income in Hungary and Romania had a positive impact on total CEE earnings. In the first half of 2015, the aggregated net income of the Austrian subsidiary banks in CEE was € 1.5 billion, 47 per cent higher year-on-year.

In recent years, the capitalization of Austrian banks has improved due to supervisory measures and efforts on the part of the banks. Although the capitalization of Austrian banks is still below the average for comparable European banks, they have a better leverage ratio than comparable European groups. Austrian banks continue to be urged to strengthen their risk-bearing capacity. In Austria, national transposition of the Deposit Guarantee Directive was approved in the National Council and the Federal Council in the form of the Federal Act on Deposit Guarantee Schemes for Banks (Bundesgesetz über die Einlagensicherung bei Kreditinstituten), which entered into force on 15 August 2015. In addition to Austria, the Deposit Guarantee Directive was implemented in ten other member states.

Regulatory environment

Changes in the regulatory environment

In the year under review, RBI AG again focused intensively on current and forthcoming regulatory developments.

Deposit Guarantee Directive

The Directive has been in force since June 2014 and concerns the establishment of national funds which are financed ex-ante by contributions from credit institutions amounting to 0.8 per cent of covered deposits in ten years. For RBG, this amounts to around € 500 million. Although Austrian banks previously had a guarantee system, it did not have a deposit guarantee fund which was financed on an ex-ante basis. At the beginning of July, the plenary sitting of the National Council in Austria approved the reform of the deposit guarantee system. The sectoral structure (one deposit scheme for each trade association) will be retained until 31 December 2018.

From 1 January 2019, a single deposit guarantee scheme will be established, with the exception of IPS (institution protection schemes), whose members cover at least 15 per cent of covered deposits in Austria, which can be recognized as a separate deposit guarantee scheme from 1 January 2019.

Legislative proposal on the European Deposit Insurance Scheme

On 24 November 2015, the European Commission proposed a European Deposit Insurance Scheme (EDIS) to support the banking union, strengthen the protection of depositors, increase financial stability and further weaken the link between banks and sovereigns. The EDIS is part of the European Single Resolution Board (SRB) and covers all national deposit guarantee systems (including IPS). The EDIS would be developed in three stages by 2024. To start with it would involve a reinsurance scheme for the national deposit guarantee systems. After three years, this would then become a coinsurance scheme under which the contribution by the European Deposit Insurance Scheme would grow progressively over time. The final stage planned for 2024 involves a fully comprehensive European Deposit Insurance Scheme.

In addition, a Deposit Insurance Fund (DIF) will be established with a target volume of 0.8 per cent of covered deposits by 2024. From 2024, national deposit guarantee schemes will only exist as administrative units (without funds). Contributions to the DIF will be deducted from the target volumes specified for the national deposit guarantee systems, i.e. as the DIF grows, the target volume which the national deposit guarantee scheme must achieve in the respective year will reduce. Ex-ante contributions to the DIF will be calculated based on risk profile; ex-post contributions may be collected. The member states may choose whether contributions to the DIF can be offset against the contributions to the national deposit guarantee system, i.e. they may decide that the national deposit guarantee scheme must be "over-endowed" by the banks. The Fund will finance payouts and contributions to resolution by providing liquidity assistance and covering losses: During the reinsurance stage, this will be limited to a maximum of 20 per cent of the shortfall after funds have been exhausted in the national deposit guarantee scheme based on the "hypothetical" allocation; for the coinsurance stage it will gradually be increased to between 20 and 80 per cent (no advance exhaustion of funds under the national deposit guarantee scheme required), and it will amount to 100 per cent from the date when full insurance becomes effective. The final adoption and publication of the law is scheduled for no earlier than the fourth quarter of 2016 or the first quarter of 2017; application of the EDIS would then be planned from 2017.

Action plan on building a capital markets union

The EU aims to improve access to funding on the capital markets for all companies, especially small and medium-sized enterprises, and to remove barriers to cross-border investments on the capital markets. The action plan of 30 September 2015 provides for a package of measures through to 2017, including specific legislative proposals relating to securitization and consultations on covered bonds. While the fundamental aim of driving cross-border investments can certainly be welcomed, it cannot provide a realistic alternative to credit financing for small and medium-sized enterprises by banks. Instead, the proposed measures can arguably only be considered as measures to supplement financing by banks.

European resolution mechanism (BRRD and SRM)

The European resolution mechanism is based on two regulations: The Banking Recovery and Resolution Directive (BRRD), which is valid for all EU member states, and the Single Resolution Mechanism (SRM) which applies to all countries in the euro area. The aim is to largely deal with the risk of bank resolutions collectively within the euro area. The BRRD is a directive which regulates the resolution of banks in individual EU member states. From 1 January 2015, all 28 EU states must establish a national resolution fund (BRRD); on 1 January 2016, the national resolution funds of the 18 euro area countries will be transferred to a single EU resolution fund (SRM). The ten remaining member states will retain their national funds after 1 January 2016. In Austria, the BRRD was transposed through the Federal Act on the Recovery and Resolution of Banks (BaSAG). The national resolution authority in Austria is the Financial Market Authority (FMA). The SRM for the euro area builds on the BRRD. It aims to foster confidence in the banking sector within the euro area. Much has already happened in this respect (e.g. equity requirements, central supervision by

the ECB, deposit guarantee, consumer protection provisions). The ability to offset membership of an IPS system for RBG's cooperative banks when calculating the contributions to the resolution fund is to be viewed positively. Transposition of the BRRD into national law brought an end to the previous Bank Intervention and Restructuring Act (BIRG) from 1 January 2015. This was replaced by the entry into force of the Federal Act on the Recovery and Resolution of Banks (BaSAG) on 1 January 2015.

Additional buffer requirements for equity

The Regulation of the Financial Market Authority (FMA) on the setting and recognition of the countercyclical capital buffer rate, on the setting of the systemic risk buffer as well as on the specific description of the calculation basis pursuant to Section 23a (3) 1 of the Austrian Banking Act (BWG) and Section 24 (2) BWG (Capital Buffer Regulation - KP-V; Kapitalpuffer-Verordnung) entered into force in December 2015. In addition to the systemic risk buffer, the Regulation also sets the countercyclical capital buffer. The FMA aims to ensure banks have more equity available and so improve their ability to cope with sudden losses. Part of this strategy is already contained in the SREP ratio, which banks are required to comply with under the Supervisory Review and Evaluation Process (SREP). Now, Austrian banks must increase their capital ratio by up to two per cent by 2018. However, the SREP ratio alone does not include systemic risk. The Capital Buffer Regulation now requires twelve Austrian banks to build up additional capital. The systemic risk buffer is individually set for each individual credit institute and will increase steadily between 2016 and 2019.

Implementation of MiFID II

Under the MiFID II (Markets in Financial Instruments Directive), the EU Commission aims to regulate the market and its increasingly complex and extensive range of financial services and financial instruments on offer. On the one hand it aims to protect investors such as retail clients or institutional investors. On the other hand, it tightens the existing transparency requirements for derivatives trading and the use of trading platforms. In Austria, the Directive is expected to be transposed into national law in the middle of 2016 through an amendment of the Securities Supervision Act (WAG). The MiFID II should be implemented throughout the EU by 1 January 2017. The MiFID II involves two types of key substantive changes: changes relating to investor protection and market/exchange-related changes. The aspects relating to investor protection have the biggest impact for the Raiffeisen banks (independent/non-independent investment advice; documentation and record-keeping requirements/product governance).

Consequently, a nationwide project involving experts from the Raiffeisen regional banks was launched at the beginning of 2014 with a view to ensuring efficient implementation of the requirements under the MiFID II. This means that the necessary requirements in terms of changes/adaptation are being identified and solutions are being developed which at the same time also constitute concepts for strengthening the securities business within the Raiffeisen sector.

Business performance at Raiffeisen Bank International AG

Business development

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

Corporates

The Corporates Segment services Austrian and international corporate customers. In addition to Austria's largest companies, these include Western European corporate customers with business activities in Central and Eastern Europe, large corporate customers from Central and Eastern Europe and internationally active commodities and trading companies.

Within the framework of the transformation program, it was decided to place greater focus on the core market of Central and Eastern Europe and to reduce business volumes in Asia and withdraw from the USA; these objectives are gradually being successfully implemented.

In Austria, the strategic focus was on strengthening group-wide customer service in combination with the targeted use of strategic sales instruments (Group account planning) and sales initiatives in order to maximize earnings potential as far as possible and further expand group-wide cross-selling. A core element here is the successfully established Global Account Management System, which offers RBI AG's numerous international clients advisory services and support coordinated across the entire Group and - in conjunction with specialized product experts - a comprehensive product portfolio across the whole network.

It is particularly encouraging that numerous new customers were again obtained during this year.

Another key focus was on further improving the cost/income ratio by reducing the cost base and optimizing service and support processes.

Despite the continuing very challenging economic and geopolitical environment, the result in terms of income was good. In addition to traditional credit business, the bank's outstanding product expertise meant that structured project and acquisition financing, the export and trade financing business and foreign currency and interest rate hedging products also made a significant contribution to the positive performance.

The positive development in Transaction Banking and in the Asset Based Finance segment should also be highlighted, where income increased significantly as a result of good reputation and strong solutions-oriented expertise. In the Debt Capital Markets area, RBI defended its key position in the issue of bonded loans and maintained its leading role in Austrian senior bond issues.

As a result of the weak economic environment and price developments for major commodities, it was necessary to form higher net provisions for impairment losses for Central and Eastern European clients and for the Asian business; in contrast the development in risk events among Western European and Austrian clients improved significantly.

Financial Institutions & Sovereigns

For Financial Institutions & Sovereigns, the 2015 financial year was shaped by increasing tensions in the Middle East, the slowdown in economic growth in China and the continuing sanctions against Russia. Business development was also affected by the falling oil price and the ECB's continuing extensive provision of liquidity to banks.

As in the previous years, sales activities for Financial Institutions & Sovereigns in 2015 focused on equity and liquidity-preserving banking products. In addition to the payment transfer business, which showed higher than average development, in the second half of the year in particular some attractive capital market transactions were arranged which made a significant contribution to performance. Traditional credit business with financial institutions continued to be shaped by declining volumes and the exclusive focus on

strong customer relationships with high cross-selling potential. The ongoing custody marketing offensive complemented this cross-selling extremely well, while the withdrawal of some competitors from the CEE/CIS region had an additional favorable effect for the bank.

The increasing tensions in some regions of the world and lower raw materials prices were reflected in reduced volumes within trade financing. Accordingly, the uncertainty in the markets led to increased hedging demand for exports and a simultaneous improvement in risk premiums.

The withdrawal of some major competitors from the CEE/CIS markets again underscores the long-term nature of RBI's strategy in these markets, which is also reflected in the gaining of new clients in the segment Financial Institutions & Sovereigns.

Capital Markets

2015 was shaped by turbulence and volatility on the international financial markets. The decoupling of the CHF from the EUR, the Greek crisis, weak economic data from China and uncertainty surrounding the ending of the US zero interest rate policy triggered in some cases substantial market movements. The oil price and EUR interest rates reached record lows. At the start of the year, the currency markets were shaped by the weak EUR, which stabilized over the course of the year. In particular, the PLN, HUF and CZK were able to escape the weak development of emerging market currencies in 2015 and remained largely stable.

Within Institutional Sales, the year was, among other things, characterized by the crisis in confidence among institutional customers in the Austrian financial market, driven by the Heta situation. Investors from Germany in particular have significantly reduced their investments in Austrian securities. However, the broad regional diversification of RBI's sales activities enabled it to generate funding via other customer groups.

In the difficult market environment, Capital Markets Corporate Sales further increased investment volumes through structured money market products and product innovations. In another positive development, increasing volatilities in the currency markets were accompanied by a rise in customer business. Following an initial increase in hedging transactions, a rise in the interest rate level for longer maturities triggered a wait-and-see attitude.

Developments with respect to RBI bonds were positive: Spreads of both senior and subordinated bonds narrowed significantly following a temporary widening at the start of the year.

Despite the significant turbulence and a challenging market environment in 2015, the total comprehensive income generated by Capital Markets exceeded forecasts.

Treasury

For medium to long-term financing, RBI AG used among other instruments the "EUR 25,000,000,000 Debt Issuance Program", which enables bonds to be issued in different currencies and with different structures. The total volume of outstanding bonds under this program may not exceed € 25 billion. At the end of 2015, a total of € 8.4 billion had been utilized.

In 2015, RBI AG again implemented its funding plan primarily with low-volume private placements. Of a total amount of around € 1.7 billion and a weighted maturity of approximately 4 years, around € 0.56 billion was placed in the form of bonds, with the remaining amount in the form of long-term deposits.

In June 2015, RBI entered into secured financing in an amount of € 201.5 million in the form of a term repo.

Branches and representative offices

RBI AG operates a total of six branches – in Frankfurt, London, Singapore, Peking, Xiamen (China) and Hong Kong.

The branch in Labuan (Malaysia) was closed as part of the rescaling of the business in Asia. In addition to the closure of the Xiamen (China) branch, which is in its final phase and is expected to be completed at the beginning of 2016, the Hong Kong branch will also close by the middle of 2016. In addition, risk-weighted assets were reduced as a result of scaling back our activities in Asia; the loan financing portfolio should be almost entirely run down by the end of 2016. Initiatives to optimize the credit risk and to reduce problem loans will remain a priority.

The Frankfurt branch, which evolved from the former representative office in 2013, further expanded its consulting and structuring services for various forms of receivables financing as well as its local sales support activities for the RBI Group in its business with subsidiaries of German corporate customers, in particular in Central and Eastern Europe (CEE). As a result, in the past financial year, RBI was able to win and implement additional receivables financing mandates for customers in RBI's various core markets. In

view of the current economic and political developments, sales support in the corporate customer business has an even higher priority for the RBI Group network and satisfies the increasing demand from German SME corporate customers for contact points in Germany.

The branch office in London was founded in 1989 and provides key support for the placement of the RBI Group's capital market products. Many international investors are based in London. RBI AG's wealth of CEE expertise is of particular interest to these investors. In 2015, additional investor groups were won as clients of RBI AG in the London market. Moreover, the branch has a dedicated corporate desk to support British and Irish corporate customers, notably with regard to their CEE activities.

In a global economic environment with increasing regulatory requirements, the local expertise of representative offices is a key source of information and support for the comprehensive customer service offerings at RBI AG, as well as across the entire network in CEE.

In addition to its branch offices, RBI AG also operates representative offices in Paris, Stockholm, New York, Mumbai, Seoul, Ho Chi Minh City and Zhuhai (China). The representative office in Harbin was closed in 2015.

Financial Performance Indicators

Statement of Financial Position

Raiffeisen Bank International AG's (RBI AG) total assets decreased € 8.2 billion, or 13.4 per cent, to € 52.5 billion in the 2015 financial year.

On the asset side, the cash reserve increased € 4.7 billion year-on-year to € 5.3 billion as RBI AG invested more short-term liquidity at the ECB/OeNB. Treasury bills declined € 1.3 billion to € 3.4 billion, among other things due to a reclassification of securities to debt securities and other fixed-interest securities in an amount of € 0.2 billion.

Loans and advances to banks declined 33.1 per cent, or € 5.0 billion, to € 10.2 billion in total. The decline was mainly caused by a drop of € 1.9 billion in loans to banks, with one-third of the reduction attributable to domestic financial institutions and two-thirds to foreign banks. In addition, receivables from sales and repurchase agreements declined € 3.0 billion.

Loans and advances to customers fell 23.5 per cent, or € 5.7 billion, to € 18.5 billion. The majority of the decline was caused by a € 3.8 billion reduction in the credit business. Of this, € 0.8 billion was attributable to the branch business in Asia and € 3.0 billion to the loan portfolio in Austria; here, the decline was more or less equally split between domestic and foreign customers. Short-term money market deposits of € 0.9 billion and receivables from the repurchase and securities lending business of € 0.6 billion also contributed to the decline in loans and advances to customers.

Bonds, notes and other fixed-interest securities rose 25.1 per cent, or € 0.4 billion, year-on-year to € 2.1 billion. Of this, € 0.2 billion resulted from a reclassification of securities, which in the previous year were shown under treasury bills, and € 0.1 billion was attributable to the purchase of securities primarily reported under fixed assets. Shares and other variable-yield securities remained unchanged at € 0.1 billion.

Shares in affiliated undertakings remained almost unchanged at € 8.2 billion.

Other assets declined 22.7 per cent, or € 1.3 billion, year-on-year to € 4.5 billion. This large drop was primarily attributable to trading book derivatives, where business declined during the year under review, resulting in a significant reduction in interest rate and currency derivatives.

On the liabilities side, liabilities to credit institutions fell 18.8 per cent to € 17.2 billion due to a considerable € 1.8 billion drop in the giro and clearing business. An additional € 2.2 billion resulted from a decline in term deposits and other short-term money market transactions. Liabilities to credit institutions still represent the largest source of funding for RBI AG at 33 per cent of total assets.

Liabilities to customers remained almost unchanged on the reporting date at € 15.4 billion.

Debt securities issued and additional capital according to CRR dropped 20.7 per cent, or € 2.4 billion, year-on-year to € 9.1 billion. Funds raised through new issues amounted to € 0.5 billion in 2015 (2014: € 1.6 billion). In contrast, debt securities issued fell € 2.9 billion in 2015 as a result of repayments and retirements (2014: € 3.5 billion). Furthermore, short-term money market certificates in the amount of € 0.1 billion (2014: € 0.5 billion) were outstanding as at the reporting date.

The total risk exposure amount at the end of 2015 was € 31.6 billion (2014: € 36.9 billion). Of this amount, credit risk accounted for € 24.8 billion, operational risk for € 3.0 billion, market risk for € 1.4 billion, the CVA risk for € 0.4 billion and the Basel I floor for € 2.0 billion. The total risk exposure amount dropped around € 5.3 billion year-on-year. Common equity tier 1 (CET1) capital amounted to € 6.1 billion at the end of 2015 (2014: € 6.0 billion) while additional capital amounted to € 3.7 billion (2014: € 3.6 billion). All in all, total capital amounted to € 9.8 billion, a year-on-year rise of € 0.2 billion. The sharp reduction in the total risk exposure and the slight rise in total capital resulted in significantly improved ratios. The CET1 ratio and tier 1 ratio amounted to 19.5 per cent (2014: 16.2 per cent) and the total capital ratio to 31.1 per cent (2014: 25.9 per cent). The total capital surplus was € 7.3 billion, a rise of € 0.7 billion.

Earnings performance

In the 2015 financial year, Raiffeisen Bank International AG's (RBI AG) net interest income declined 27.6 per cent, or € 160.2 million, to € 419.7 million. This was largely the result of lower interest income due to the significant drop in the volume of loans and advances to banks and customers and also of the low interest rate level in respect to investments.

Income from securities and participating interests rose € 381.9 million to € 777.1 million mainly because income from shares in affiliated undertakings increased € 376.6 million, due to higher dividend income from affiliated undertakings in 2015.

The balance of commissions payable and commissions receivable declined € 1.4 million to € 193.3 million. The largest share of commission earnings came from the securities business (33.3 per cent, or € 64.3 million), followed by the guarantee business (33.0 per cent, or € 63.8 million).

The net profit on financial operations was € 66.5 million, representing a year-on-year increase of 126.1 per cent. Most of the increase was due to an improved valuation result from a performance guarantee for investment funds (an investment instrument relating to a retail pension product). This contrasted with a net loss mainly from interest-based derivative transactions.

Other operating income fell € 1.2 million to € 187.4 million. This item included income from various services provided to network banks and RZB AG, the parent company, income from reversing other provisions as well as income from reversing provisions for losses on bank book derivatives.

Operating income reached € 1,644.0 million, which represents an 18.5 per cent rise on the previous year.

Total operating expenses dropped 8.2 per cent year-on-year, to € 633.0 million. Staff costs rose from € 268.6 million to € 288.2 million as a result of higher salary expenses. The rise was largely connected with the introduction of a new compensation structure where the weighting of variable remuneration components in compensation packages was reduced. This change in strategy also reflects RBI AG's reduced risk appetite in the compensation structure.

Other administrative expenses declined 6.5 per cent, or € 20.5 million, to € 295.8 million. Other administrative expenses consisted mainly of IT expenses, rent, consulting fees and audit fees. For the first time they also included the annual contribution to the bank resolution fund in an amount of € 23.5 million. This contrasted with one-off costs of € 24.8 million in 2014 associated with the capital increase. Depreciation, amortization and write-downs of tangible assets and intangible assets decreased € 1.6 million to € 12.1 million.

Other operating expenses of RBI AG declined € 54.0 million to € 36.9 million in 2015, mainly because allocations to provisions for losses on bank book derivatives fell to € 8.2 million (2014: € 30.4 million).

After deducting operating expenses from operating income, RBI AG generated an operating result of € 1,011.1 million for the 2015 financial year. This represents a year-on-year increase of 44.8 per cent, or € 312.7 million.

The cost/income ratio was consequently 38.5 per cent (2014: 49.7 per cent).

Net income/expenses from the disposal and valuation of loans and advances and specific securities recorded a net expense of € 435.6 million in 2015 (2014: € 505.9 million). This slightly positive development was due to a rise in net income from the valuation and sale of securities classified as current assets to € 14.4 million (2014: € -14.0 million), and also to an improvement in net income from the valuation of loans and advances and guarantees to € -449.4 million (2014: € -491.0 million). The requirement for loan loss provisions fell slightly and, as in the previous year, was mainly driven by the portfolio in Asia.

Net income/expenses from the disposal and valuation of financial investments changed from a net expense of € 869.8 million in 2014 to a net expense of € 292.0 million in 2015, mainly due to lower write-downs on affiliated companies.

As a result, the profit on ordinary activities for the year under review amounted to € 283.5 million (2014: loss of € 677.3 million).

The extraordinary earnings of € 5.1 million (2014: € 0.0 million) were entirely due to the positive net assets incorporated as a result of the inclusion of Raiffeisen Centrobank AG's investment banking and M&A business.

The return on equity before taxes was 4.58 per cent (2014: negative).

Taxes on profit or loss represented an expense of € 10.2 million in 2015 (2014: € 9.4 million). Expenses for other taxes amounted to € 88.6 million (2014: € 116.9 million) and largely consisted of € 81.5 million for the stability contribution for banks (2014: € 87.9 million). The previous year included company tax of € 27.8 million associated with the capital increase.

The return on equity after taxes was 3.06 per cent (2014: negative).

In 2015 the profit for the year after tax was € 189.8 million (2014: loss of € 803.6 million). Retained earnings remain unchanged year-on-year (2014: unchanged).

After including the loss brought forward of € 801.2 million, the net loss for the year is reduced to € 611.4 million (2014: € 801.2 million).

Recommendation for the appropriation of profits

Due to the net loss for the year, RBI AG will not pay a dividend on shares for the 2015 financial year.

Capital, share, voting, and control rights

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

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

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

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

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

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

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

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

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

Pursuant to § 159 (2) 1 of the AktG, the share capital has been increased contingently by up to € 119,258,123.20 through the issue of up to 39,101,024 common bearer shares (contingent capital). The contingent capital increase will only be undertaken if and when use is made of an irrevocable exchange or subscription right to shares granted by the company to creditors holding convertible bonds issued on the basis of the resolution of the Annual General Meeting held on 26 June 2013 and the Management Board does not decide to allocate own shares. Pursuant to § 174 (2) of the AktG, the Annual General Meeting of 26 June 2013 authorized the Management Board to issue, in one or more tranches, convertible bonds in a total nominal

amount of up to € 2,000,000,000, which grant holders conversion or subscription rights for up to 39,101,024 common bearer shares of the company with a proportional amount of the share capital of up to € 119,258,123.20, within five years from the date of the resolution adopted by the Annual General Meeting, with the approval of the Supervisory Board. Shareholders' subscription rights to the convertible bonds are excluded. No convertible bonds have been issued to date.

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

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

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

- As a subsidiary of RZB, RBI AG is insured under RZB's group-wide D&O insurance. Insurance cover remains in place in the event of a merger with another legal entity of the RZB Group. In the event of a merger with a legal entity outside the RZB Group, RBI AG will no longer be covered under RZB's group-wide insurance from the date of the merger. In such cases, insurance cover only exists for claims for damages arising from breaches of obligations that occurred before the merger, which are reported to the insurance underwriter prior to any termination of RZB's group-wide D&O insurance and thereafter within the agreed notification period of five years.
- The company's SIP provides the following upon change in corporate control: "If a change in corporate control or a merger occurs during the vesting period, and the combination does not exclusively concern subsidiaries, all contingent shares will lapse without replacement at the time of acquiring the shares of RBI AG and the investor's effective power to dispose of them, or at the time of the merger. An indemnification payment will be made for these contingent shares. The indemnity sum calculated will be paid out with the next possible salary payment."
- Furthermore, the syndicate agreement concluded by RBI AG in relation to a subsidiary bank with a joint shareholder will automatically be terminated upon a change of control.
- The brand agreement concluded with RZB AG on the unrestricted use of the name and logo of Raiffeisen Bank International for an indefinite period of time in all jurisdictions in which the brand is registered now or in the future includes a right of cancellation upon a change of control.
- RBI AG is a member of the Professional Association of Raiffeisen Banks. Upon a change in control of RBI AG which results in the attainment of control by a shareholder outside of the Raiffeisen Banking Group Austria, membership of the Professional Association of Raiffeisen Banks and of the Raiffeisen Customer Deposit Guarantee Association Austria may be terminated.
- The company's refinancing agreements and agreements concerning third-party financing for subsidiaries, which are guaranteed by the company, stipulate that the lenders can demand early repayment of financing in the event of a change in control.

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

Non-financial Performance Indicators

Human Resources

As at 31 December 2015, RBI AG had 2,058 employees (full-time equivalents, excluding employees assigned to other group companies), a decline of 2 per cent on 2014 (2,093 employees). The traditionally very high proportion of women among the total workforce continued at 45 per cent. To help achieve the best possible balance between work and family life, RBI AG offers home office and a number of part-time models alongside flexible working time without core working hours. "Daddy's month" has also been introduced within RBI AG, with some fathers already taking advantage of this scheme to spend time with their family following the birth of a child. An increasing number of fathers are also taking several months' leave.

Vacancies were notably filled in critical functions in order to replace losses due to staff turnover. In the year under review the rate of staff turnover was 7.7 per cent (2014: 6.9 per cent).

New compensation structure

In accordance with the realignment of the business strategy, the Management Board initiated the introduction of a new compensation structure in 2015 in order to also reflect RBI AG's reduced risk appetite in the compensation structure. In doing so, it was important for RBI AG to retain its good market position as an attractive employer.

In line with the clear trend within the European banking sector, the weighting of variable remuneration components within compensation packages was reduced. The variable component may also be entirely dispensed with for roles which have very little or only an indirect influence on financial results. Depending on local conditions, position-related fixed allowances were introduced in various forms. When determining bonuses for certain business and management roles, greater weight is placed on the financial results of RBI AG and the respective organizational unit and less on functional components in order to encourage teamwork. Overall, the changes make it easier for employees to estimate their income and give them greater security of income. For the company, it creates greater transparency and improves compensation planning.

Talent management and management development

When identifying and developing talent, the focus in 2015 was on the caliber and development of executives at all levels; the methods used for the talent management process ("Spot! - Grow - Lead!") were also further refined. A comprehensive evaluation of executives and their development potential was carried out in almost all organizational units and suitable development measures were defined based on the results. The development of talented non-executives who had been identified in the previous year was also continued and evaluated. The results showed, for example, that a high proportion of newly filled management positions was occupied by individuals from this talent pipeline.

For the first time, separate software was used to document the talent management process in order to facilitate its execution and further improve data quality.

A new targeted training format was introduced in order to further develop existing executives at RBI AG. Under the "Leaders' Breakfast" program, executives became further acquainted with current management issues by means of brief theory inputs combined with an extensive exchange of practical experience as well as discussions and mutual learning. There were 16 such events organized on various topics in 2015, with more than 300 executives from all levels taking part.

Existing successful elements of the management development program, such as the Talent Lab or the Basic Leadership Program, were continued and supplemented with an increased choice of individual tools such as 360° feedback, mentoring and coaching.

Professional development

Despite increased cost pressures, RBI again set great value on ensuring and continually improving the professional skills of its employees. Key areas of emphasis included, for example, risk management, sales and IT. In addition, considerable time was devoted firstly to training measures in order to meet regulatory requirements and ensure the qualification of key personnel ("fit & &")

proper") and secondly to compliance issues. The induction process for new employees of RBI AG was also restructured and combined with other affiliated companies in Vienna.

In some areas, especially the corporate and retail business as well as risk management, successful international learning experiences were organized to facilitate the exchange of expert knowledge; this form of practice-oriented training outside of traditional seminar-based training is becoming increasingly widespread. Rotation and exchange programs for talented individuals and "high potentials" were also expanded, including for example the "International Young Potentials Program" which was successfully implemented for the fifth time in 2015.

In addition, at the start of 2015, new performance management software was rolled out within RBI AG; this software covers target agreement and performance evaluation as well as individual development planning.

Sustainability Management

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

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

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

The adoption of the Green Bond Principles of the International Capital Market Association marked another positive development in 2015. The principles are voluntary guidelines which have been developed for the fast-growing green bonds market and which promote transparency and disclosure.

In 2015, RBI was recognized by the Carbon Disclosure Project in the Carbon Performance Leadership Index for the third time in succession, and is the best rated company in Austria in this context. The first-ever Group-wide report on emissions data was issued. The large reductions in CO₂ were achieved by moving to energy-efficient locations, among other factors.

The extensive measures of recent years meant that in 2015, RBI gained an improved overall ESG performance rating and was again listed in the STOXX Global ESG Leaders Index. This family of indices contains a group of sustainability indices which are determined using a transparent and structured process and where RBI ranks among the "industry leaders" in the fields of "Environment" and "Governance".

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

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

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

Since 2014, RZB (including RBI) has published its sustainability report annually. The report for 2015 will be published in summer 2016.

Corporate Governance

The Corporate Governance Report is available on RBI's website (www.rbinternational.com → Investor Relations → Corporate Governance).

Risk management

Taking and transforming risks form integral components of the banking business. This makes active risk management as much a core competence of overall bank governance as capital planning and management of the bank's profitability. In order to effectively identify, classify and contain risks, RBI AG utilizes comprehensive risk management and controlling.

This function spans the entire organizational structure, including all levels of management, and is implemented through the risk management organization. Risk management is structured to ensure the careful handling and professional management of credit risk, country risk, market risk, liquidity risk, investment risk and operational risk in order to ensure an appropriate risk/reward ratio.

Risks arising from financial instruments (risk report)

Active risk management is a core competency of RBI AG. 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

RBI AG has a system of risk principles and procedures in place for measuring and monitoring risk. It is aimed at controlling and managing the risks at all banks and specialist companies in the Group. The risk policies and risk management principles are determined by the Management Board of RBI AG. The bank's risk principles include the following, among others:

- Integrated risk management: Credit, country, market, liquidity, and operational risks are managed as main 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 segments 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.

Organization of risk management

The Management Board of RBI AG 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 on the basis of the risk reports and analyses. Independent risk management units and special committees support the Management Board in implementing these tasks.

RBI AG's risk management functions are performed on different levels. RBI AG develops and implements the relevant concepts in coordination with Raiffeisen Zentralbank AG as the parent credit institution and in cooperation with the subsidiaries of the Group. The central 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 risk management processes throughout the company. In addition, they implement the risk policy in the respective risk categories and manage RBI AG's activities within the approved risk budget.

The central and independent risk controlling function under the Austrian Banking Act is performed by the Risk Controlling organizational division. It is responsible for developing the company-wide framework for overall bank risk management (integrating all risk types) and preparing independent and neutral reports on the risk profile for the Risk Committee of the Supervisory Board, to the Management Board and the heads of the individual business divisions.

Risk committees

The Risk Management Committee is responsible for ongoing development and implementation of methods and parameters for risk quantification models 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 (e.g. allocation of risk capital) and advises the Management Board on these matters.

The Group Asset/Liability Committee assesses and manages the statement of financial position structure and liquidity risks and defines the methodology for internal funds transfer pricing. In this context, it plays an important role in long-term funding planning and the hedging of structural interest rate and foreign exchange risks.

The Market Risk Committee controls market risks of trading and banking book transactions and establishes corresponding limits and processes. In performing its control function, it relies in particular on profit and loss reports, the amount of risks taken 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 divisions with different participants depending on the customer segment (corporate customers, financial institutions and the public sector). They decide on the specific lending criteria for different customer segments and countries. Under the lending approval process and credit approval authority based on rating and exposure size, they also make the respective credit decisions.

The Problem Loan Committee is the essential committee in the assessment and decision-making process for problem customers. The Problem Loan Committee primarily comprises decision-making bodies (management boards of RBI and RZB) and is chaired by the Chief Risk Officer (CRO) of RBI. Additional voting members include management board members responsible for the customer divisions, the Chief Financial Officer (CFO) and the relevant division and department heads of Risk Management and Workout.

The Securitization Committee is the decision-making committee for limit applications relating to securitization positions within the scope of the specific decision-making authority and for the elaboration of proposals to modify the securitization strategy for the Management Board. The Securitization Committee also serves as a platform for the exchange of information pertaining to securitization positions and market developments.

The Operational Risk Management Committee comprises representatives of the business divisions (retail, market and corporate customers), as well as participants from Compliance, Fraud Management, Internal Control System, Operations, Human Resources, Security and Risk Controlling, and is chaired by the CRO. This committee is responsible for managing operational risk for the purpose of deriving and establishing an operational risk strategy based on the risk profile and business strategy and to make decisions concerning measures and risk acceptance.

The Contingency/Recovery Committee is a decision-making body which is convened by the Management Board. The composition of the committee varies depending on the requirements of the specific situation. The committee's core task is to maintain/restore financial stability as defined by the Federal Act on the Recovery and Resolution of Banks (BaSAG) and/or the Banking Recovery and Resolution Directive (BRRD) in the event of a critical financial situation.

Quality assurance and auditing

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 RBI AG adheres to all legal requirements and that it can achieve the highest standards in its risk management practices.

All these aspects are coordinated by the central division Organization & Processes, which continuously analyzes the internal control system and – if actions are necessary for addressing any deficiencies – is also responsible for tracking their implementation.

Two very important functions in assuring independent auditing 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 RBI AG 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 an integral part of the internal control system. Thereby, 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.

Overall group risk management

Maintaining an adequate level of capital is a core objective of risk management of the company. Capital requirements are monitored regularly on the basis of the risk determined by internal models; the choice of models used reflects the materiality of risks. This overall bank risk management approach takes account of capital requirements from a regulatory point of view (sustainability

and going concern perspective) and from an economic standpoint (target rating perspective). It is therefore in line with the quantitative aspects of the internal capital adequacy assessment process (ICAAP) as legally required. RBI AG's overall ICAAP process is audited during the supervisory review process for the RZB credit institution group (RZBKreditinstitutsgruppe) on an annual basis.

Objective	Description of risk	Measurement technique	Confidence level
Target rating perspective	Risk of not being able to satisfy claims of the Group's senior debt holders	Unexpected losses on an annual basis (economic capital) must not exceed the present value of equity and subordinated liabilities	99.92 per cent as derived from the default probability implied by the target rating
Going concern perspective	Risk of not meeting the capital requirement as defined in the Basel III 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 own funds
Sustainability perspective	Risk of falling short of a sustainable tier 1 capital ratio over a full business cycle	Capital and loss 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 core capital

Target rating perspective

Risks in the target rating perspective are measured on the basis of economic capital, which represents a comparable measure across all types of risks. It is calculated as the sum of unexpected losses stemming from different risk categories (credit, participation, market, liquidity, macroeconomic and operational risk as well as risk resulting from other tangible assets). In addition, a general buffer for other risks that are not explicitly quantified is held.

in € thousand	2015	Percentage	2014	Percentage
Participation risk	1,670,291	62.4%	1,629,812	58.4%
Credit risk corporate customers	419,672	15.7%	533,821	19.1%
Operational risk	134,530	5.0%	132,748	4.8%
Risk buffer	126,017	4.7%	132,852	4.8%
Credit risk financial institutions	102,240	3.8%	108,199	3.9%
Market risk	71,060	2.7%	91,193	3.3%
Macroeconomic risk	60,940	2.3%	48,421	1.7%
Credit risk sovereigns	38,620	1.4%	42,485	1.5%
CVA risk	29,200	1.1%	0	0.0%
Other tangible assets	22,990	0.9%	66,278	2.4%
Liquidity risk	0	0.0%	4,074	0.1%
Total	2,675,559	100.0%	2,789,882	100.0%

The objective of calculating the economic capital is to determine the amount of capital that would be required for servicing all customer and creditor claims also for such a rare loss event. To calculate the economic capital, RBI AG applies a confidence level of 99.92 per cent derived from the default probability implied by the target rating. Economic capital is an important instrument in overall bank risk management and is used in allocating the risk budget. Economic capital limits are allocated to individual business segments during the annual budgeting process and are complemented for day-to-day management by volume, sensitivity, or value-at-risk limits. At RBI AG, this is planned 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 ratio of the profitability of business units to the amount of economic capital attributable to such units is determined (risk-adjusted return on risk-adjusted capital, RORAC) to yield a comparable performance measure for all of the bank's business units. This measure is used in turn as an indicator in overall bank management, related capital allocation and in the compensation of executive management.

Going concern perspective

Parallel to the target rating perspective, internal capital adequacy is also assessed with a focus on the uninterrupted operation of the bank on a going concern basis. The risk is compared to risk-taking capacity – having regard to regulatory capital and minimum 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 are based on methods comparable (albeit with a lower 95 per cent confidence level) to those used in the target rating perspective. Using this approach, the Group ensures adequate regulatory capitalization (going concern) with the given probability.

Sustainability perspective

The sustainability perspective is to ensure that RBI AG can maintain a sufficiently high tier 1 capital ratio at the end of the full multi-year planning period even if the macroeconomic environment deteriorates unexpectedly. The analysis of the sustainability perspective is based on a multi-year macroeconomic stress test which simulates hypothetical market developments in a significant, but realistic economic downturn. The risk parameters 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 on the ensuing tier 1 capital ratio at the end of the multi-year period. The ratio should not fall below a sustainable level and make it necessary for the bank to increase capital substantially or significantly reduce business activity. The current minimum amount of tier 1 capital is thus determined by the extent of the potential economic downturn. The need to allocate loan loss provisions, potential pro-cyclical effects that increase minimum regulatory capital requirements, the impact of foreign exchange fluctuations as well as other valuation and earnings effects are incorporated into this downturn scenario.

This perspective thus also complements traditional risk measurement based on the value-at-risk concept (which is mainly based on historical data). It is therefore able to 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 enables risk concentrations to be analyzed (e.g., individual positions, industries, or regions) and gives insight into profitability, liquidity and solvency under extreme situations. Based on these analyses, RBI AG's risk management actively manages portfolio diversification, for example through limits for total exposure in individual industry segments and countries and through ongoing adjustments to lending standards.

Changes in the regulatory environment

In 2015, RBI AG again focused intensively on current and pending regulatory developments. A key change resulted from the implementation of the Federal Act on the Recovery and Resolution of Banks (BaSAG), which entered into force at the beginning of 2015 and which represents the national transposition of the European Union's 2014 Banking Recovery and Resolution Directive (BRRD) into Austrian law. The first year under the direct supervision of the ECB under the Single Supervisory Mechanism (SSM) was characterized by effective cooperation at all levels.

Credit risk

RBI AG's 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 for RBI AG, which is also indicated by internal and regulatory capital requirements. Credit risk is therefore analyzed and monitored both on an individual loan and customer basis as well as on a portfolio basis. Credit risk management and lending decisions are based on the respective credit risk policies, credit risk manuals, and the 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.

No lending transaction is performed in the non-retail segments before the limit application process has been completed. This process applies not only to new lending, but also to increases in existing limits, roll-overs, overdrafts, and to cases in which the borrower's risk profile is no longer the same as the profile that formed the basis for the original lending decision (e.g., with respect to the financial situation of the borrower, purpose or collateral). In addition, it applies to the setting of counterparty limits in treasury and investment banking operations, other credit limits, and to participations.

Credit decisions are made within the context of a hierarchical competence authority scheme depending on the type and size of a loan. The approval of the business and the credit risk management divisions is always required for individual limit decisions and the regular rating renewals. If the individual decision-making parties disagree, the potential transaction will have to be decided upon by the next higher-ranking credit authority.

Credit portfolio management

RBI AG's credit portfolio is managed, among other things, on the basis of the portfolio strategy. This limits the exposure to different countries, industries and product types to avoid undesired risk concentrations. In addition, the long-term opportunities in the single markets are regularly analyzed. This enables future lending activities to be strategically repositioned at an early stage.

RBI AG's credit portfolio is broadly diversified by region and sector. The geographical breakdown of the loans reflects the broad diversification of the credit business in the European markets. The loans are broken down by region according to the customer's country of risk as follows (countries with credit exposure greater than € 1 billion are shown separately):

in € thousand	2015	Percentage	2014	Percentage
Austria	25,315,357	39.2%	23,120,767	30.9%
Germany	4,901,128	7.6%	5,405,706	7.2%
Great Britain	4,084,524	6.3%	5,605,115	7.5%
Far East	3,758,097	5.8%	5,821,659	7.8%
Russia	3,469,515	5.4%	4,220,607	5.6%
Poland	3,244,628	5.0%	4,464,359	6.0%
USA	2,244,061	3.5%	2,533,122	3.4%
Swiss	1,763,810	2.7%	1,609,600	2.2%
France	1,669,739	2.6%	3,337,232	4.5%
Romania	1,461,470	2.3%	2,401,063	3.2%
Netherlands	1,326,947	2.1%	1,948,301	2.6%
Italy	1,048,840	1.6%	1,173,681	1.6%
Ukraine	775,500	1.2%	1,069,391	1.4%
Spain	748,013	1.2%	1,625,202	2.2%
Others	8,713,666	13.5%	10,478,072	14.0%
Total	64,525,293	100.0%	74,813,875	100.0%

Risk policies and the assessment of credit ratings at RBI AG also take account of the borrowers' industries. Banking and insurance represents the largest industry class. However, this is largely attributable to exposures to members of the Austrian Raiffeisen sector. The public sector is mainly attributable to securities of the Republic of Austria as issuer. The following table sets out the credit exposure broken down according to the customers' industry classification:

in € thousand	2015	Percentage	2014	Percentage
Financial Intermediation	32,385,325	50.2%	37,311,517	49.9%
Real estate, renting and business activities	7,701,390	11.9%	10,895,964	14.6%
Manufacturing	5,754,519	8.9%	6,023,049	8.1%
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	5,586,829	8.7%	7,468,327	10.0%
Public administration and defence, compulsory social security	4,172,574	6.5%	4,989,792	6.7%
Agriculture, hunting and forestry; fishing; mining and quarrying	2,586,269	4.0%	1,432,592	1.9%
Construction	1,521,860	2.4%	1,702,413	2.3%
Electricity, gas and water supply	1,081,098	1.7%	1,068,960	1.4%
Transport, storage and communication	1,019,829	1.6%	1,111,722	1.5%
Education; health and social work; other community, social and personal service activities	600,264	0.9%	605,590	0.8%
Others	2,115,335	3.3%	2,203,948	2.9%
Total	64,525,293	100.0%	74,813,875	100.0%

A more detailed credit portfolio analysis is based on individual customer ratings. Customer ratings are tailor-made and are therefore carried out separately for different asset classes. Internal risk classification models (rating and scoring models), which are validated by a central organization unit, are used. The rating models in the main non-retail segments – corporates, financial institutions and sovereigns – provide for ten main grades. Rating and validation software tools are available (e.g. business valuation, rating and default database).

Collateralization is one of the main strategies and an actively pursued measure for reducing potential credit risks. The value of collateral and the effects of other risk mitigation techniques are determined during the limit application process. The risk mitigation effect taken into account is the value that RBI AG expects to receive when it sells the collateral within a reasonable period. Types of eligible collateral are defined in the Group's collateral list and corresponding valuation guidelines for collateral. The collateral value is calculated according to uniform methods, including standardized calculation formulas based on market values, predefined minimum discounts, and expert assessments.

Credit default and workout process

The credit portfolio and individual borrowers are subject to constant monitoring. The main objectives of monitoring is to ensure that the borrower meets the terms and conditions of the contract and to keep track of the borrower's financial position. Such a review is conducted at least once annually in the non-retail asset classes (corporates, financial institutions, and sovereigns). This includes a rating review and the revaluation 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 make decisions on problematic exposures. If restructuring is necessary, problem loans are assigned either to a designated specialist or to a restructuring unit (workout department). Involving employees of the workout departments at an early stage can help reduce losses from problem loans.

A default and thus non-performing loan (NPL) is internally defined as a case in which a specific debtor is unlikely to pay its credit obligations to the bank in full, or a case in which the debtor is overdue more than 90 days on any material credit obligation. RBI AG has defined twelve indicators to identify a default event in the non-retail segment. These include the following cases, among others: a customer is involved in insolvency or similar proceedings; an impairment provision has been allocated or a direct write-off has been taken; credit risk management has judged that a customer account receivable is not wholly recoverable; the workout unit is considering stepping in to help a customer regain its financial soundness.

As part of the Basel II project, a Group-wide default database has been created to record and document customer defaults. Defaults and default reasons are also recorded in the database, which enables probabilities of default to be calculated and validated. Provisions for impairment losses are formed in accordance with defined guidelines based on IFRS accounting principles and cover all identifiable credit risks. In the non-retail segment, problem loan committees decide on individual loan loss provisions.

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. RBI AG's business activities in the converging Central, Eastern European and Asia markets expose it to this risk. In those markets, political and economic risks to some extent are still considered to be significant.

RBI AG's active country risk management 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 day-to-day work, business units therefore have to submit limit applications for the respective countries for all cross-border transactions in addition to the limit applications for specific customers. A model which takes into account the internal rating for the sovereign, the size of the country, and RBI AG's own capitalization is applied to determine the absolute limit for individual countries.

Country risk is also reflected via the internal funds transfer pricing system in product pricing and in risk-adjusted performance measurement. In this way, the bank offers the business units an incentive to hedge country risks 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 to limit total cross-border exposure, but also to cap total credit exposure in each individual country (i.e. including the exposure that is funded by local deposits). RBI AG thus realigns its business activities to the expected economic development in different markets and enhances the broad diversification of its credit portfolio.

Counterparty credit risk

The default of a counterparty in a derivative, repurchase, securities or commodities lending or borrowing transaction can lead to losses from reestablishing an equivalent contract. At RBI AG, 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. The total amount of the potential expected credit exposures from derivatives transactions determined in this way is set out in the tables of the individual customer segments. 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; the same risk classification, limitation, and monitoring procedures as in traditional lending are used. Credit risk mitigation techniques such as netting agreements and collateralization represent an important strategy for reducing counterparty credit risk. In general, RBI AG strives to conclude standardized ISDA master agreements with all major counterparties for derivative transactions to perform close-out netting and to agree on credit support annexes (CSA) for full risk coverage for positive fair values on a daily basis.

Participation risk

The risks from listed and unlisted participations are also considered to be part of the banking book. They are reported separately under this risk category. Most of RBI AG's direct or indirect participations are fully consolidated in the consolidated financial statements and their risks are therefore captured in detail. Accordingly, the management, measurement and monitoring methods described in the other types of risk are used for the risks arising out of such participations.

The roots of participation risk and default risk are similar: a deterioration in the financial situation of a participation is normally followed by a rating downgrade (or default) of that unit. However, the methodology regarding the value-at-risk calculation and internal risk capital determination for participations is similar to that used for price risks in equity positions. However, in view of the longer-term strategic nature of participations, annual volatility based on multi-year periods (instead of daily changes) is used.

RBI AG's participations are managed by the Participations division. It monitors the risks that arise from long-term participations in equity and is also responsible for the ensuing results. New investments are made only by RBI AG's Management Board on the basis of a separate due diligence.

Market risk

RBI AG defines market risk as the risk of possible losses arising from changes in market prices of trading and banking book positions. Market risk is determined by fluctuations in exchange rates, interest rates, credit spreads, equity and commodity prices, and other relevant market parameters (e.g. implied volatilities).

Market risks in the customer divisions transferred to the Treasury division on the basis of internal contracts with customer divisions. Treasury is responsible for managing structural market risks and complying with the bank's overall limit. The Capital Markets division comprises proprietary trading, market making, and customer business with money market and capital market products.

Organization of market risk managements

RBI AG measures, monitors, and manages all market risks for the bank as a whole.

The Market Risk Committee is responsible for strategic market risk management. It is responsible for managing and controlling all market risks. The bank'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 strategy, business model and risk appetite.

The Market Risk Management department ensures that the business volume and product range comply with the defined and agreed strategy and risk appetite. It is responsible for developing and enhancing risk management processes, manuals, measurement techniques, risk management infrastructure and systems for all market risk categories and secondary credit risks arising from market price changes in derivative transactions. In addition, the department independently measures and reports all 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 successfully completing the *product approval process*. 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

RBI AG uses a comprehensive risk management approach for trading and banking books (total-return approach). Market risks are managed 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, horizon one day
The VaR limit caps the maximum loss which is not exceeded with a confidence level of 99 per cent within one day. It is the main steering instrument in liquid markets and normal market situations.
- Sensitivities (to changes in exchange rates, interest rates, gamma, vega, equity and commodity prices). Sensitivity limits are designed to avoid concentrations in normal market situations and represent the main steering instrument in stress situations or in illiquid markets or those that are difficult to measure.
- Stop loss
This limit strengthens traders' management of their proprietary positions to ensure 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 in the total portfolio for various scenarios for the total portfolio. The risk concentrations revealed by these stress tests are reported to the Market Risk Committee and limits are set to reflect them. Stress test reports for individual portfolios are included in daily market risk reports.

Value-at-risk (VaR)

VaR is measured based on a hybrid approach in which 5,000 scenarios are simulated. The approach combines the advantages of a historical simulation and a Monte Carlo simulation. The market parameters used are based on 500-day historical time series. Distribution assumptions include modern features like volatility declustering, random time change, and extreme event containers in order to accurately reproduce fat-tailed and asymmetrical distributions. The Austrian Financial Market Authority has approved this model as an internal model for calculating total capital requirements for market risks. Value-at-risk results are used for economic capital allocation as well as risk limitation purposes.

Structural interest rate risks and spread risks from bond books maintained as a liquidity buffer dominate RBI AG's VaR.

Trading book VaR 99% 1d in € thousand	VaR as of 31/12/2015	Average VaR	Maximum VaR	Minimum VaR
Currency risk	1,919	2,970	24,002	619
Interest rate risk	725	646	3,424	180
Credit spread risk	3,150	1,885	3,262	888
Vega risk	812	1,605	11,382	349
Total	3,685	5,810	25,355	2,525

Trading book VaR 99% 1d in € thousand	VaR as of 31/12/2014	Average VaR	Maximum VaR	Minimum VaR
Currency risk	1,819	1,278	3,563	563
Interest rate risk	598	808	2,150	329
Credit spread risk	1,309	1,398	3,394	727
Vega risk	628	465	1,671	228
Total	3,515	2,891	5,589	1,885

Banking book VaR 99% 1d in € thousand	VaR as of 31/12/2015	Average VaR	Maximum VaR	Minimum VaR
Interest rate risk	1,573	2,391	10,130	882
Credit spread risk ¹	4,637	10,285	24,098	2,706
Vega risk	522	1,384	8,729	399
Total	4,112	11,983	28,360	3,167

¹ As at 31 December 2015, an enhanced credit spread modeling methodology was implemented to take account of negative interest.

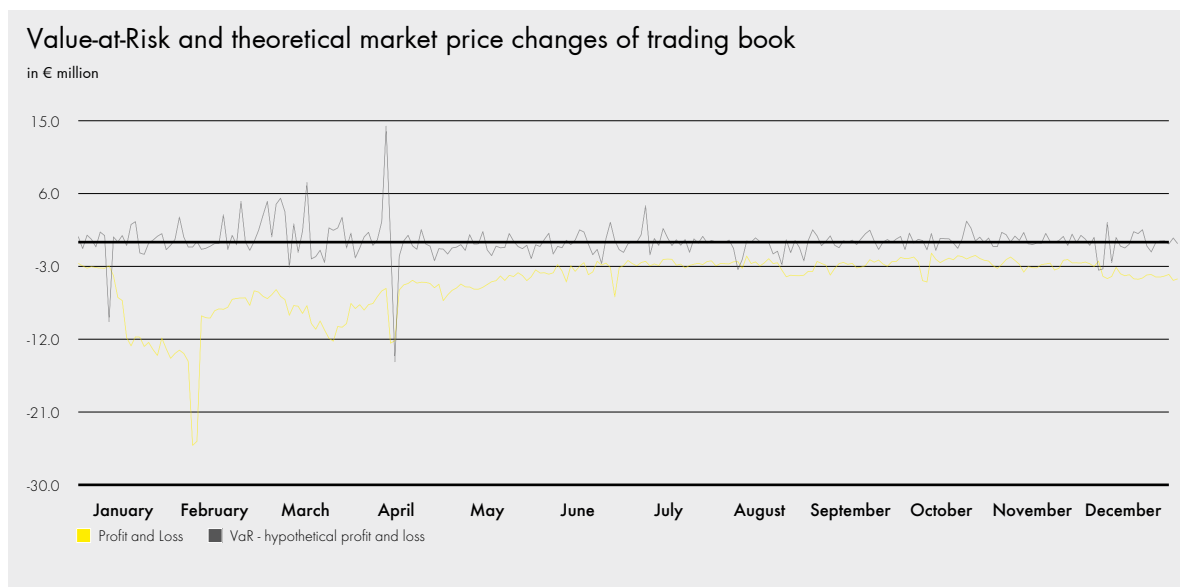
Banking book VaR 99% 1d in € thousand	VaR as of 31/12/2014	Average VaR	Maximum VaR	Minimum VaR
Interest rate risk	1,888	2,386	4,855	940
Credit spread risk	2,965	2,306	7,766	1,434
Vega risk	940	601	1,028	350
Total	4,836	4,377	9,214	2,542

Total VaR 99% 1d in € thousand	VaR as of 31/12/2015	Average VaR	Maximum VaR	Minimum VaR
Currency risk	1,919	2,969	24,002	619
Interest rate risk	1,136	2,325	9,265	751
Credit spread risk ¹	5,162	11,508	25,607	3,831
Vega risk	837	1,321	6,400	530
Total	5,954	13,335	27,189	4,941

¹ As at 31 December 2015, an enhanced credit spread modeling methodology was implemented to take account of negative interest.

Total VaR 99% 1d in € thousand	VaR as of 31/12/2014	Average VaR	Maximum VaR	Minimum VaR
Currency risk	1,819	1,279	3,563	563
Interest rate risk	1,998	2,017	4,374	794
Credit spread risk	4,520	3,399	8,180	2,052
Vega risk	952	754	1,344	216
Total	6,029	5,578	11,443	3,163

Besides qualitative analysis of profitability, backtesting and statistical validation techniques are regularly used to monitor the risk measurement methods employed. If model weaknesses are identified, the methods are adjusted. The following chart compares VaR with the hypothetical profits and losses for RBI AG's regulatory trading book on a daily basis. VaR denotes the maximum loss that will not be exceeded with a 99 per cent confidence level within a day. The respective hypothetical profit or loss represents that which would have been realized due to changes in the actual market movements on the next day. Last year there were 4 backtesting exceptions caused by strong movements on the FX market, i.e. the sharp depreciation of the EUR against the CHF in the middle of January 2015 of approximately 20%, the depreciation of the CNY due to the turbulence on the Chinese stock market and the high volatility of the RUB.



Interest rate risk in the trading book

The following table shows the largest present value changes in RBI AG's trading book given a one-basis-point interest rate increase across the whole yield curve (significant currencies shown separately). The trading book strategy remains largely un-

changed; however, there was a change in the risk profile of the EUR category as of the 31 December 2015 reporting date compared to 31 December 2014. The exposures arose mainly from assets, whereas in 2014 they involved mainly liabilities. The remaining relevant risk factors changed little during the reporting period.

2015 in € thousand	Total	< 3 m	> 3 to 12 months	> 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 y	>20y
CHF	1	4	(2)	3	(3)	(3)	1	(4)	3	(1)	1	0
CNH	0	0	0	0	0	0	0	0	0	0	0	0
CNY	12	2	0	10	0	0	0	0	0	0	0	0
CZK	7	(2)	3	6	(5)	0	(3)	5	5	0	0	0
EUR	(121)	(12)	(11)	(1)	(52)	(7)	69	(26)	(94)	2	27	(15)
GBP	7	0	0	0	1	0	0	0	5	0	0	0
HUF	7	(1)	2	4	3	(2)	1	0	1	0	0	0
PLN	8	(3)	8	1	(1)	2	1	0	0	0	0	0
USD	36	2	3	(24)	9	(5)	(4)	44	4	(23)	4	25

2014 in € thousand	Total	< 3 m	> 3 to 12 months	> 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 y	>20y
CHF	7	(3)	6	(2)	(1)	2	(3)	4	1	1	1	0
CNH	3	0	0	2	1	0	0	0	0	0	0	1
CNY	(1)	(1)	0	0	0	0	0	0	0	0	0	0
CZK	3	1	2	0	(4)	(2)	5	1	0	0	0	0
EUR	70	(3)	42	(28)	60	30	(59)	(29)	43	(6)	6	0
GBP	1	1	0	0	0	0	0	0	0	0	0	15
HUF	(4)	1	(5)	3	(2)	(1)	2	(1)	0	0	0	0
PLN	6	(3)	9	(5)	(1)	2	0	3	(1)	0	0	0

Interest rate risk in the banking book

As a result of different maturities and repricing schedules of assets and the corresponding liabilities (i.e. deposits and refinancing on debt and capital markets), RBI AG is subject to interest rate risk. 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 exists in the euro and US dollar as major currencies.

This risk is mainly hedged by a combination of transactions on and off the statement of financial position, in particular interest rate swaps and – to a lesser extent – interest rate forwards and interest rate options are also used. Management of the statement of financial position is a core task of the Treasury division, which is supported by the Group Asset/Liability Committee. The latter uses scenarios and interest income 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 measured not only in a value-at-risk framework, but is also managed by the traditional tools of nominal and interest rate gap analyses. The following table shows the change in the present value of RBI AG's banking book given a one-basis-point interest rate increase. The main currencies are shown separately. A change in the risk profile of the EUR category can be observed; as at 31 December 2015, the overall interest rate risk arose primarily due to liabilities, whereas on 31 December 2014, the overall interest rate risk in EUR mainly reflected assets. The remaining relevant risk factors changed little during the reporting period.

2015 in € thousand	Total	< 3 m	> 3 to 12 months	> 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 y	>20y
CAD	0	0	0	0	0	0	0	0	0	0	0	0
CHF	(16)	(2)	(1)	(2)	0	2	6	14	(7)	(26)	0	0
CNY	2	(4)	1	5	0	0	0	0	0	0	0	0
CZK	17	3	0	1	2	7	6	2	(4)	0	0	0
EUR	260	(32)	23	128	2	(1)	(11)	223	36	(55)	22	(75)
GBP	(5)	0	(1)	0	0	0	(1)	(1)	(2)	0	0	0
PLN	18	0	(2)	(2)	2	6	15	0	0	0	0	0
SGD	(7)	1	0	(8)	0	0	0	0	0	0	0	0
USD	(45)	13	9	3	(19)	30	0	(8)	(14)	(32)	(19)	(9)

2014 in € thousand	Total	< 3 m	> 3 to 12 months	> 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 y	>20y
CAD	(7)	0	(7)	0	0	0	0	0	0	0	0	0
CHF	17	3	(10)	7	(11)	2	(3)	(5)	7	25	1	0
CNY	(10)	6	0	(16)	0	0	0	0	0	0	0	0
CZK	(21)	1	0	0	(3)	(2)	(15)	0	0	0	0	0
EUR	(163)	(25)	(9)	(24)	105	41	(41)	(133)	(160)	(33)	1	116
GBP	2	1	0	(1)	0	0	1	1	1	0	0	0
PLN	(17)	1	0	0	(1)	(4)	(12)	0	(1)	0	0	0
SGD	4	4	0	0	0	0	0	0	0	0	0	0
USD	141	(34)	(13)	0	17	2	5	(10)	17	12	2	142

Credit spread risk

The market risk management framework uses time-dependent bond and CDS-spread curves as risk factors to measure credit spread risks. It covers all capital market instruments in the trading and banking book.

Liquidity risk

Banks perform maturity transformation as an important role for international financial markets. The need for maturity transformation arises from the needs of depositors to access their funds at short notice and the divergent 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.

The *Treasury* division is responsible for liquidity management, i.e. ensuring that the bank maintains its ability to pay at all times. Cash flows are calculated and analyzed by currency on a daily basis in an internal monitoring system. Based on this information, the bank creates liquidity balances, and analyzes to determine whether the legal regulations on sufficient liquidity and defined internal liquidity limits are complied with. Further analyses include in particular simulations on defined market or name specific liquidity crises in scenario-based cash flow forecasts. All these analyses are discussed in the Group Asset/Liability Committee. RBI AG possesses all credit institution risk management instruments required by the liquidity risk management directive, such as a sufficiently large liquidity buffer, stress tests based on different scenarios, and liquidity contingency plans.

Short-term liquidity risk

The following table shows excess liquidity and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis, taking into account items on and transactions off the statement of financial position. Based on expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates on the prolongation of defined assets, the so-called sediment of customer deposits, and the liquidity counterbalancing capacity (in particular, assets that are eligible for refinancing at central banks and that can be used as collateral in repo transactions).

in € thousand	2015			2014		
	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	7,401,175	4,598,123	5,554,595	5,352,683	4,322,961	5,455,437
Liquidity ratio	130%	110%	107%	123%	111%	107%

Internal limits are used to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model. The bank 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, contingency plans would come into force.

Liquidity coverage ratio

The LCR (liquidity coverage ratio) promotes the short-term resilience of the liquidity risk profile of banks by ensuring that banks have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash to meet their liquidity needs for at least a 30 calendar day liquidity stress scenario.

in € thousand	31/12/2015
Average liquid assets	10,387,050
Additions	3,314,059
Outflows	10,567,789
Net outflows	7,253,731
LCR	143%

At the end of the year, RBI AG's LCR was higher than during the course of 2015. This was due to funding activities being brought forward in the fourth quarter of 2015 in preparation for wholesale funding repayments in the first half of 2016, and to the short-term investment of at-call Zuno Bank deposits. Consequently, a reduction in the LCR is expected during 2016.

Funding liquidity risk

Funding liquidity risk is driven mainly by changes in the risk appetite of lenders or by a rating downgrade of a bank that needs external funding. Funding rates and supplies rise and fall with credit spreads, which are subject to market- and bank-specific fluctuations.

As a consequence, long-term funding depends on the general restoration of confidence in banks and greater efforts to collect customer deposits. RBI AG obtains funding through money and capital market transactions. It also acts as the central liquidity balancing agent for the local Group companies in Central and Eastern Europe.

RBI AG's funding plan focuses on achieving a balanced funding structure to manage funding liquidity risk. Funds are raised not only by RBI AG as the Group's parent institution, but also by many banking subsidiaries. These efforts are coordinated and optimized through a joint 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 of supranational institutions. These funding sources are based on long-term business relationships.

Operational risk

Operational risk is defined as the risk of 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 fraudulent intentions are also managed and controlled.

These risks are analyzed and managed on the basis of RBI's own historical loss data and the results of self-assessments. Another management tool is an incentive system in internal capital allocation, under which poor data quality results in capital charges.

As with other risk types, the principle of firewalling between risk management and risk controlling also applies to operational risk at RBI AG. Operational risk controlling units are responsible for the implementation and refinement of the operational risk management system (e.g. risk assessments, definition and monitoring of key risk indicators). Business line managers are responsible for controlling and mitigating operational risks. They decide on the use of control instruments such as insurance and further risk mitigation procedures.

Risk identification

Identifying and evaluating risks that endanger the bank as a going concern (but risks that occur with a very low degree of probability) and other areas in which losses occur more frequently (but cause only smaller losses) represent key tasks in the management of operational risk.

Operational risk is assessed in a structured form according to categories such as business processes and event types by risk assessments. Moreover, all new products are subject to a risk assessment. The impact of high probability/low impact events and low probability/high impact events is measured over a one- and ten-year horizon. Low probability/high impact events are quantified on the basis of standardized scenarios. In addition, additional scenarios tailored to the risk profile and local specifics are run.

Monitoring

In order to monitor operational risks, early warning indicators are used for prompt identification and mitigation of losses. Operating losses are recorded in a central database named ORCA (Operational Risk Controlling Application) broken down by business line and type of event. Such a collection of loss data makes it possible to implement statistical loss distribution models and is considered a minimum requirement for applying the regulatory Standardized Approach. Furthermore, such loss data (as well as documentation of the losses that are ultimately not incurred) serves as a basis for identifying risk and exchanging information with international databases to develop advanced measurement methods and track measures and control efficiency. Since 2010, the RBI Group has participated in the ORX data consortium, whose data is currently used for internal benchmark purposes and analyses.

The Risk Management Committee receives regular and comprehensive results of the analyses as well as events arising from operational risks.

Risk measurement and mitigation

RBI AG currently calculates regulatory capital requirements for operational risks according to Basel II using the Standardized Approach (STA). To mitigate operational risk, the business division heads take preventive action to reduce and transfer risk. The progress and success of these actions is monitored by risk controlling. The business division heads also draw up contingency plans and nominate persons or departments to take the required measures if losses do in fact occur. In addition, several dedicated organizational units provide support to business divisions to reduce operational risks. An important role is taken on by fraud management which reduces potential financial crime-related losses through proactive monitoring and preventive action. RBI AG also organizes regular extensive staff training programs and has a range of contingency plans and back-up systems in place.

Internal control and risk management system with regard to the accounting process

Introduction

The establishment and definition of a suitable internal control and risk management system with regard to the accounting process is extremely significant for Raiffeisen Bank International AG (RBI AG). The annual financial statements of RBI AG are prepared in the Financial Accounting and Treasury Accounting departments, which fall within the CFO's area of responsibility. The foreign branches deliver audited financial statements to head office and they themselves are responsible for preparing the financial statements.

The annual financial statements are prepared on the basis of the relevant Austrian laws, above all the Austrian Banking Act (BWG) and the Austrian Commercial Code (UGB), which deal with the preparation of annual financial statements.

On 1 January 2015 RBI AG replaced the general ledger functionality based on the GEBOS core banking application with SAP. GEBOS is still used for the sub-ledger function credit and deposit processing (GIRO) and a partial coexistence function for the SAP general ledger. Further sub-ledgers exist in addition to GEBOS, including in particular

- Wall Street Systems and Murex (Treasury transactions)
- GEOS und GEOS Nostro (securities settlement and nostro securities management)
- Payments
- Banktrade (guarantees and letters of credit)
- UBIX (stock traded securities derivatives)
- ARTS/SE4 (Repo and lending business)
- SAP sub-ledgers (accounts receivable/accounts payable/fixed asset accounting)

The accounting process can be described as follows:

- **Day-to-day accounting**
Day-to-day accounting records are mainly posted to the respective sub-ledgers (sub-systems). This posting data is transferred to the general ledger (SAP) in aggregated form on a daily basis, using automated interfaces. In addition, individual postings are recorded directly in the SAP general ledger.
The general ledger in SAP has multi-GAAP functionality, which means two equivalent parallel general ledgers - one in accordance with UGB/BWG reporting standards and also a parallel ledger in accordance with IFRS. An operational chart of accounts exists for the two general ledgers; depending on the respective content, all postings are effected either simultaneously in both general ledgers or in only one of the two ledgers. The parallelism of the entries and the parallel existence of the two general ledgers remove the need for reconciliations from UGB/BWG to IFRS.
- **Individual financial statements for RBI head office in accordance with UGB/BWG and IFRS**
The SAP trial balance in accordance with UGB/BWG and/or IFRS results from the posting data of the respective sub-systems which is delivered via automated interfaces. In addition, a number of supplementary ledger-specific closing entries are made directly in SAP. These are independent of the respective sub-systems. The sum of all these entries gives the statement of financial position and the income statement pursuant to UGB/BWG or IFRS.
- **Individual financial statements of RBI AG**
In a final step, the financial statements of RBI AG in accordance with UGB/BWG are produced. These include RBI head office and also the branches. Both the branch data audited by an external auditor and also the closing data of RBI head office are largely effected by automated transfer from SAP or in some cases by direct inputting into the IBM consolidation system Cognos Controller. The data are consolidated in this system and the overall individual financial statements of RBI AG are produced based on this.

Control environment

In general, all group-internal instructions can be retrieved from RZB Group Directive Database. With regard to accounting, mention should be made above all of the Group Accounts Manual, which contains a description of the following points in particular:

- General accounting rules

- Measurement methods
- Required (quantitative) information in the notes
- Accounting rules for special transactions (e.g. leasing, ABS, tax issues, etc.)

Further guidelines relate solely to RBI AG or only deal with functions within departments. The Corporate Directive Accounting Guidelines for example apply to the accounting system. These deal with the instruction process for the settlement of purchase invoices, cost refunds and the management of clearing accounts.

Risk assessment

The assessment of the risk of incorrect financial reporting is based on various criteria. Valuations of complex financial instruments may lead to an increase risk of error. In addition, asset and liability items have to be valued for the preparation of the annual financial statements; in particular the assessment of the impairment of receivables, securities and participations, which are based on estimates of future developments, gives rise to a risk.

Control measures

The main control measures encompass a wide range of reconciliation processes. Besides the four eyes principle, automation-aided controls and monitoring instruments dependent on risk levels are used. The reconciliation between general ledgers and sub-ledgers or the reconciliation between financial accounting and balance sheet risk management can be cited as examples. Particular emphasis is placed on effective deputizing arrangements to ensure that deadlines are not missed due to the absence of one person.

The Audit Committee of the Supervisory Board considers and approves the annual financial statements and the management report. They are published in the Wiener Zeitung and finally filed with the commercial register.

Information and communication

Information on the accounting treatment of the respective products is regularly exchanged with the specialist departments. For example, regular monthly meetings take place with the Capital Markets and Treasury departments. Among other things, the meetings consider the accounting treatment of complex products. Regular department events ensure that employees receive ongoing training on changes to accounting rules under UGB, BWG and IFRS.

As part of the reporting process, the Management Board receives monthly and quarterly reports analyzing the results of RBI AG. The Supervisory Board is also regularly informed about the results at its meetings. This ensures that the internal control system is monitored.

External reports are for the most part prepared only for the consolidated results of RBI AG. The reporting cycle is quarterly: besides the consolidated financial statements, a semi-annual financial report and interim quarterly reports for the group are published. In addition, reports have to be regularly provided to the banking supervisory authority.

Monitoring

The Management Board and the mid-office departments are responsible for ongoing company-wide monitoring. The quality of ongoing monitoring is secured by the work of the internal audit department. It reports regularly to the Management Board and the Audit Committee in the Supervisory Board.

Financial statements that are to be published are subjected to a final assessment by senior staff at the main Accounting & Reporting department and the responsible member of the Management Board (CFO) before being passed on to the Audit Committee.

Outlook

Economic prospects

Central Europe

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

Southeastern Europe

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

Eastern Europe

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

Austria

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

CEE banking sector

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

Outlook for RBI AG

Work is continuing on implementation of the decision, taken at the beginning of 2015, to substantially reduce RBI AG's risk-weighted assets (total RWVA) by the end of 2017 by reducing and downsizing business activities in Asia. The downsizing should be partially offset by growth in other areas of business.

For 2016 we expect operating income to exceed the figure for the 2015 financial year (€ 1,644 million). Due to the current low interest rate environment, we expect reduced net interest income and therefore plan to expand fee- and commission-driven business and to generate higher income in this area.

We will continue the cost-cutting measures we have commenced and expect a slight reduction in general administrative expenses compared to the level of 2015 (€ 584 million).

In addition, we expect net provisioning for impairment losses in 2016 to remain significantly below the 2015 figure (€ 449 million).

Events after the reporting date

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

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

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

New bank levy impacts earnings situation in Poland

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

Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of

**Raiffeisen Bank International AG,
Vienna, Austria**

for the fiscal year from 1 January 2015 to 31 December 2015. These financial statements comprise the balance sheet as of 31 December 2015, the income statement for the fiscal year 2015, and the notes.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal requirements of the banking law 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

Report on Other Legal Requirements (Management Report)

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the 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 is consistent with the 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 financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, am 2. March 2016

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Wilhelm Kovsca

Wirtschaftsprüfer

(Austrian Chartered Accountants)

Statement of the board of Management pursuant to Art. 82 (4) Austrian Stock Exchange Act

We confirm to the best of our knowledge that the financial statement give a true and fair view of the assets, liabilities, financial positions and profit or loss of the company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Vienna, 2 March 2016
The Managing Board



Karl Sevelda

Chief Executive Officer responsible for Compliance¹, 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 Gröll

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

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