Quantitative Disclosure of RZB Credit-Institution Group 2013

Quantitative Disclosure of Raiffeisen Zentralbank Österreich Aktiengesellschaft pursuant to Article 26 Austrian Banking Act (BWG) in accordance with Disclosure regulation (OffV) as of 31/12/2013

Introduction

With this document, Raiffeisen Zentralbank Österreich Aktiengesellschaft (Raiffeisen Zentralbank) fulfils one part of its disclosure requirements pursuant to Article 26 Austrian BWG (Austrian Banking Act) in connection with the Disclosure Regulation (Offenlegungsverordnung, OffV)

This part basically covers the **quantitavie** information that is needed for understanding how the Standardised Approach and the Internal Ratings-based Approach for Credit Risk are implemented.

All other disclosure requirements, particularly those of a **qualitative** nature, are covered in an own document "Qulititative disclosure of RZB Credit Institution Group". This document is available as a bound document and can be viewed at or downloaded from the RZB homepage (www.rzb.at). It is published at the time of the official release of RZB's Annual Reports.

The information is based on the valid regulations for the RZB Credit Institution Group on a consolidated basis at the time of publishing this document. Where not separately stated the information is simultaneously valid for the credit institution group of Raiffeisen-Landesbanken-Holding GmbH (RLBHOLD), Vienna, as requested in Article 26a (2) BWG (Austrian Banking Act). This financial holding is the ultimate parent of RZB.

Raiffeisen-Landesbanken-Holding GmbH, owned indirectly by the eight Austrian Regional Raiffeisen Banks holds via R-Landesbanken Beteiligung GmbH (RLBBET), Vienna.

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Editor

RBI Group Financial Reporting, support by RBI Credit Risk Control, RZB Risk Controlling, RBI Capital Markets Support, RBI Market Risk Management and RBI Credit & Limit Control

Supervisory Authorities

As a credit institution, Raiffeisen Zentralbank Österreich AG is subject to supervision by the Austrian Federal Ministry of Finance, the Austrian National Bank (OeNB) and the Austrian Financial Market Authority (FMA) and must comply with pertinent legal regulations, in particular the Austrian Banking Act (BWG) and the Austrian Securities Supervision Act (Wertpapieraufsichtsgesetz, WAG).

Contents

Definitions

In this document the following definitions have been used:

- Basel II Approach:
  1. Standardised Approach (STA) according to Article 22a BWG
  2. Internal Rating Based Approach (IRB) according to Article 22b BWG:
     a. Equity: PD/LGD Approach according to Article 77 (4) SolvReg; Grandfathering according to Article 103e (11) BWG
     b. Investments in Collective investment undertakings: Simple risk weight approach according to Article 77 (3) SolvReg
     c. Specialised Lending: Supervisory Slotting Approach according to Article 74 (3) SolvReg

- Exposure:

  Exposures are shown gross and defined as in Article 65 SolvReg the effects from CCF are not considered as well as provisions are not deducted from the exposure.

- Exposure classes:

  Exposure classes according to the Standardised Approach as defined in Article 22a (4) N 2 BWG

  1. Claims or contingent claims on central governments and central banks
  2. Claims or contingent claims on regional governments or local authorities
  3. Claims or contingent claims on administrative bodies and non-commercial undertakings
  4. Claims or contingent claims on multilateral development banks
  5. Claims or contingent claims on international organisations
  6. Claims or contingent claims on institutions
  7. Claims or contingent claims on corporates
  8. Retail claims or contingent retail claims
  9. Claims or contingent claims secured on real estate property
  10. Past due items
  11. Items belonging to regulatory high-risk categories
  12. Claims in form of covered bonds
  13. Short-term claims on institutions and corporates
  14. Claims in the form of collective investment undertakings (CIU)
  15. Other items
  16. Securitisation positions

  Exposure classes according to the Basic-IRB Approach as defined in Article 22b (2) N 3 BWG:

  1. Claims or contingent claims on central governments and central banks
  2. Claims or contingent claims on institutions
  3. Claims or contingent claims on corporates
  4. Retail - claims
  5. Equity claims
  6. Securitisation positions

- Credit risk disclosure
  Disclosed information according to Article 7 OffV refers to total credit risk as defined for accounting purposes and according to the IFRS regulation:
  1. Basis of consolidation: Generally the disclosed information is based on a consolidated view of the RZB Credit institution group. For statements based on the consolidated financial statements, the consolidated view is based on the IFRS group.
  2. Exposure definition: Regarding credit risk only those exposures (on balance and off-balance sheet items) have been considered which contain a payment obligation agreed by contract (IAS 39, IFRS 7). Disclosure on the credit risk includes on and off balance sheet items except equity capital positions, investment funds and exposures without counterparty.
  3. Exposure: In general the exposure is shown on a gross basis before deduction of the provisions; for securities the exposure is based on the value referring to the measurement categories (e.g. amortized cost, fair value). The breakdown of the exposure amounts will be made for the following material exposure classes:
     - Sovereigns
     - Financial institutions
     - Corporate customers
     - Retail customers

In contrast to Article 7 all other disclosures regarding credit risk regulated in Article 6, 8, 9, 15, 16 and 17 OffV are shown from a risk perspective and not from an accounting point of view.

Disclosures Regarding the Scope of Application

Article 3 OffV Differences in the consolidated group for accounting and regulatory purposes

The consolidated group is defined by all companies integrated in the consolidated financial statements. Due to different regulations the following two consolidated groups are distinguished:

- Consolidated group for accounting purposes (IFRS – IAS 27)
- Consolidated group for regulatory purposes - Article 30 BWG

Consolidated group for accounting purposes

The International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) are the basis for the definition of the consolidated group. The relevant standards for the consolidation are IAS 27 (in accordance with SIC-12), 28 and IFRS 3.

According to IAS 27 the group consolidates all material subsidiaries, in which Raiffeisen-Landesbanken-Holding GmbH directly or indirectly holds either more than 50 per cent of the voting rights or otherwise has control over the financial and operating policies. On principle, these subsidiaries are firstly integrated on the date when the Group obtains control of the company and are excluded when the group no longer has control of the company. Special purpose vehicles founded for securitisation transactions which are – from an economic point of view – controlled by the Group, are integrated according to SIC 12.

Material interests in associated companies – the Group exerts a significant influence on financial and operating policies of these companies – are valued at equity and reported under investments in associates. Profit or losses occurring in companies valued at equity are shown net in current income from associates. The same rules apply to companies valued at equity (offsetting acquisition costs against proportional fair net asset value) as apply to fully consolidated companies. On principle, IFRS financial statements of associated companies are used. Changes in equity of companies valued at equity are also treated in the consolidated accounts as changes in equity.

Shareholdings in subsidiaries not included in the consolidated financial statements because of their minor significance and shareholdings in companies which have not been valued at equity are shown under financial investments and are measured at amortized cost.

A list of fully consolidated companies and companies not included in the consolidated financial statement due to minor significance may be found on pages 195 – 197 in the "RZB Geschäftsbericht 2011" (in German).

The number of fully consolidated companies and companies valued at equity changed as follows:

	Fully consolidated		Equity method	
Number of units	**2013**	**2012**	**2013**	**2012**
As of 1/1	343	339	14	14
Included for the first time in the financial period	39	20	1	0
Merged in the financial period	(6)	(3)	0	0
Excluded in the financial period	(14)	(13)	(6)	0
As of 31/12	**362**	**343**	**9**	**14**

Of the 362 Group units (2012:343), 173 are headquartered in Austria (2012: 175) and 189 are headquartered abroad (2012: 168). The companies comprise 31 banks, 200 financial institutions, 32 providers of related services, 19 financial holding companies (2012:18) and 80 other companies (2012: 88). Due to the insignificance for the assets, financial situation and earnings, 339 subsidiaries (2012: 325) were omitted from the consolidation. These are recognized at cost as shares in affiliated companies under securities and equity participations. Total assets of unconsolidated companies account for less than 1 per cent of the Group's total assets.

A list of fully consolidated companies, companies valued at equity and other equity participations may be found on page .

Consolidated group according to regulatory requirements

The number of companies of the RZB Credit Institution Group amounts to 374 units as of end of December 2013 (2012:348).

Number of units	Fully consolidated	Proportionally consolidated	Equity method
As of 1/1	348	1	7
Included for the first time in the financial period	42	0	(4)
Merged in the financial period	(5)	0	0
Excluded in the financial period	(11)	0	0
As of 31/12	**374**	**1**	**3**

The basis for the regulatory consolidation is the Austrian Banking Act (BWG).

Different to the consolidated group for accounting purposes, only companies which are specialised on bank and other financial businesses, have to be considered. This means affiliated companies with non bank business do not have to be included in the regulatory consolidated group.

Moreover insurance companies will not be considered in the consolidated group for regulatory purposes. Participations and instruments related to such participations held in insurance undertakings, reinsurance undertakings and insurance holding companies, will be deducted from the own funds.

The range of members of the Credit institution group is regulated in Article 30 BWG. Credit institution group exists when a superordinated institution (credit institution or financial holding company) incorporated in Austria, in relation to one or more lower-order institutions (credit institutions, financial institutions, investment firms or companies providing banking support services) incorporated in Austria or abroad:

- directly or indirectly holds a majority ownership interest,
- holds a majority of the voting rights in the company,
- has the right to appoint or dismiss a majority of the members of the administrative, management or supervisory body;
- has the right to exercise a controlling influence;
- actually exercises a controlling influence;
- on the basis of a contract with one or more members, has the right to make decisions as to how members' voting rights are to be exercised in the appointment or dismissal of the majority of members of the management or supervisory body where necessary in order to attain a majority of all votes; or
- directly or indirectly holds at least 20% of the voting rights or capital in the subordinate institution and this participation is managed by a group undertaking jointly with one or more undertakings which do not belong to the group of credit institutions.

Full consolidation

According to the regulatory consolidated group all affiliated companies of the RZB credit institution group, only companies which fulfil the above mentioned requirements, will be fully consolidated.

According to Article 24 BWG the superordinated company has to fully consolidate the basis of valuation for the credit risk as regulated in Article 22 (2) BWG, the positions in the trading book in accordance with Article 24a BWG, the open foreign exchange positions and gold positions pursuant to Article 24b BWG and the own funds of the group of credit institutions as regulated in Article 23 BWG.

Development	As of 1/1/2013	Allocation	Disposal	Mergers	Reclassified	As of 31/12/2013
Credit institutions domestic	6	7	0	0	0	13
Credit institutions foreign	19	3	0	0	0	22
Credit institutions total	**25**	**10**	**0**	**0**	**0**	**35**
Financial institutions domestic	109	13	(3)	0	0	119
Financial institutions foreign	150	13	(7)	(1)	0	155
Financial institutions total	**259**	**26**	**(10)**	**(1)**	**0**	**274**
Other domestic	21	1	0	0	0	22
Other foreign	43	5	(1)	(4)	0	43
Other total	**64**	**6**	**(1)**	**(4)**	**0**	**65**
Total	**348**	**42**	**(11)**	**(5)**	**0**	**374**

For the regulatory consolidated group Article 24 (3a) BWG is applied. Each unit not exceeding the balance sheet total of € 10 million and not fully consolidated in the RZB Group is not considered. This applies for 56 units of minor importance, thereof 39 financial institutions and 17 companies rendering bank-related ancillary services.

Proportional consolidation

If the superordinate credit institution holds directly or indirectly at least 20 % of the voting rights or capital in the subordinate institution and this participation is managed by a group of undertakings jointly with one or more which do not belong to the group of credit institutions, proportional consolidation according to Article 30 (1) N 7 BWG is applied.

Equity method

According to Article 24 (3) N 2 BWG, participations in credit institutions, financial institutions and companies rendering bank-related ancillary services, as long as they do not belong to the group of credit institutions or are not voluntarily included in proportional consolidation according to Article 24 (4) BWG, are consolidated by using the equity method.

Differences arising from the off-setting of the carrying amount and the proportional net assets are calculated in a separate tool. The equity capital comes from the last audited individual statement or consolidated financial statement available. The carrying amount is adapted monthly and the changes in the carrying amount resulting from capital increases are also considered in the equity capital. The share in the company is the group's share and not the computed effective share of Raiffeisen Zentralbank. The following companies are consolidated at equity:

Units	Share	Company type[1]
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	31.3%	KI
Oesterreichische Kontrollbank AG, Vienna (AT)	8.1%	KI
Card complete Service Bank AG, Vienna (AT)	25.0%	KI

1Companycategory: KI...Credit Institutes; BH...companies whose activities constitute a direct extension of banking activities or a related ancillary activity; FI...Financial Instituts; WP...Bondtrader; SU...Other services

Companies deducted from the own funds

According to Article 23 BWG participations in some companies have to be deducted from the own funds. This regulation is relevant for:

- directly and indirectly held equity shares, subordinated claims, participation capital, supplementary capital or other forms of capital owned by RZB credit institution group in other credit or financial institutions in which Raiffeisen Zentralbank directly or indirectly holds more than 10% of capital;
- participation or instruments related to such participations pursuant to Article 73b VAG (Insurance Supervisory Act) held by a credit institution in insurance undertakings, reinsurance undertakings and insurance holding companies.

Participations in 10 credit institutions, 84 financial institutions and 4 insurance companies are deducted from the own funds.

Impediments for the transfer of funds

In the RZB Credit Institution Group there are currently no known impediments of a substantial, practical or legal nature to the prompt transfer of own funds or the repayment of liabilities among the parent undertaking and its subsidiaries.

In some countries in which RZB Credit Instituion Group is operating, the payment of dividends is subject to certain restrictions. Such restrictions are for example due to the applicable minimum capital requirements or liquidity requirements or due to requirements from local regulators.

Aggregate amount by which actual funds are less than the required minimum in all subsidiaries not included in the consolidation

There are no such capital deficiences for subsidiaries not included in the consolidation but deducted from the own funds.

Own funds

Article 4 OffV Structure of own funds

The own funds of the RLBHOLD credit institution group according to Article 23 respectively Article 24 BWG break down as of 31 December 2013 as follows:

€000	2013	2012
Paid-in capital according to Article 23 (3) BWG	2,973,567	2,507,906
Earned capital	1,468,494	1,319,145
Minority interests	5,535,645	6,522,159
Hybrid tier(1)-capital	441,252	441,252
(-) Intangible fixed assets	(723,717)	(754,752)
Core capital (tier(1)-capital)	**9,695,241**	**10,035,710**
Deductions from the core capital	(407,902)	(67,092)
Eligible core capital (after deductions)	**9,287,339**	**9,917,121**
Additional own funds according to Article 23 (1) N 5 BWG	64,950	35,565
Provision excess of internal rating approach positions	223,593	228,178
Hidden reserve	10,773	0
Long-term subordinated own funds according to Article 23 (8) BWG	3,109,648	3,030,221
Additional own funds (tier(2)-capital)	**3,408,964**	**3,293,964**
Deduction items: participations, securitizations	(407,902)	(67,092)
Eligible additional own funds (after deductions)	**3,001,062**	**3,226,873**
Deduction items: insurances	0	(800,679)
Tier(2)-capital available to be re-designated as tier(3)-capital (tier(3)-capital)	**357,016**	**302,070**
Short term subordinated capital (Tier 3)	357,016	302,070
Total own funds	**12,645,417**	**12,696,882**
Total own funds requirement	**7,129,577**	**6,967,489**
Excess own funds	5,515,840	5,729,393
Excess cover ratio	77.4%	82.2%
Core Tier 1 Ratio	9.9%	10.9%
Core capital ratio (tier(1)), credit risk	12.6%	13.8%
Core capital ratio (tier(1)), including market and operational risk	10.4%	11.4%
Own funds ratio	14.2%	14.6%

Deduction items from Tier 1 and Tier 2-Capital	2013	2012
€000		
(-) Intangible fixed assets	723,717	754,752
(-) Holdings in other credit and financial institutions amounting to more than 10% of their capital	60,908	114,306
(-) Subordinated claims and other items in other credit and financial institutions in which holdings exceed 10% of their capital	1,645	3,157
(-) Excess on limit for holdings, subordinated claims and other items in credit and financial institutions in which holdings are up to 10% of their capital	0	0
(-) Participations hold in insurance undertakings, reinsurance undertakings and insurance holding companies	742,597	0
(-) Other instruments hold in respect of insurance undertakings, reinsurance undertakings and insurance holding companies in which a participation is maintained	0	0
(-) Country specific deduction items from core capital and additional own funds	0	0
(-) Certain securitisation exposures not included in risk-weighted assets	10,654	16,720
(-) IRB Provision shortfall and IRB equity expected loss amounts	0	0
(-) Participations hold in insurance undertakings, reinsurance undertakings and insurance holding companies pursuant to Art. 103e no. 13 ABA	0	800,679
(-) Other instruments hold in respect of insurance undertakings, reinsurance undertakings and insurance holding companies in which a participation is maintained pursuant to Art. 103e no. 13 ABA	0	0
Total	**1,539,521**	**1,689,614**

Summary of the main features of all own funds items

Core capital (Tier -1-capital)

Paid-in capital

Paid-in capital comprises subscribed capital and capital reserves of Raiffeisen Zentralbank. The subscribed capital and disclosed reserves are available till corporation length. This also applies to minority interests in the subordinated company.

Regarding changes in equity in the reporting period please refer to table „Statement of changes in equity" in the consolidated financial statements ("RZB Geschäftsbericht 2013", page 69).

Earned capital

Earned capital includes retained earnings and consolidated profit after deduction of the proposed dividend for the financial year.

Hybrid tier-1-capital

The hybrid capital breaks down as follows:

Issuer €000	Title	Amount	ISIN	Interest rate
RZB Finance (Jersey) II Limited, St. Helier	Perpetual Non-cumulative, Non-voting Fixed/Floating Rate Preferred Securities	44,527	XS0173287862	5.9%
RZB Finance (Jersey) III Limited, St. Helier	Perpetual, Non-cumulative Subordinated Floating Rate Capital Notes	90,475	XS0193631040	CMS 10 + 0.1% capped at 9%
RZB Finance (Jersey) IV Limited, St. Helier	Non-cumulative Subordinated Perpetual Callable Step-up Fixed to Floating Rate Capital Notes	306,250	XS0253262025	5.2%

Additional own funds (Tier -2 -capital)

Additional own funds

The supplementary capital has to fulfil the requirements stated in Article 23 (7) BWG. According to Article 23 (7) BWG, interest on supplementary capital may be paid out insofar as it is covered by a sufficient profit for the year and in case of bankruptcy supplementary capital is repaid only after all other debts outstanding at that time have been settled. The supplementary capital available is totally issued in euro.

Eligible own funds regarding supplementary capital is stated in Article 23 (14) BWG.

Subordinated capital

The subordinated capital has to fulfil the requirements stated in Article 23 (8) BWG. Subordinated capital, documented or undocumented, is subordinated, if – in the event of liquidation or bankruptcy – it ranks after the claims of all other creditors and is not to be repaid until all other debts outstanding at the time have been settled. Subordinated capital must have an original maturity of at least 5 years. The subordinated capital available is issued with only small exeptions in euro. The following table contains subordinated borrowings that exceed 10 per cent of the subordinated capital:

Issuer €000	Title	Amount	ISIN	Interest rate
RBI AG due 18.05.2021	EUR 500,000,000 6.625 per cent. Subordinated Notes due 2021	500,000	XS0619437147	6.6%
RBI AG due 16.10.2023	Subordinated capital fixed to floating rate callable / series 54	500,000	XS0981632804	6.0%

Short-term subordinated capital (Tier-3-capital)

The short-term subordinated capital has to fulfil the requirements stated in Article 23 (8a) BWG. The short- term capital must have an original maturity of at least 2 years. The short-term subordinated capital consists totally of maturing tier-2-capital which is not or partly eligible as additional own funds.

Minimum capital requirements

Article 5 OffV – Minimum capital requirements according to Article 22 (1) BWG

The minimum capital requirements for the RLBHOLD credit institution group according to Article 22 (1) BWG amount to € 7.129.577 (2012:€ 6.967.489) thousand and break down according to risks as follows:

€000	31.12.2013	31.12.2012
Capital requirements for credit risk	**5,898,449**	**5,778,111**
Standardised Approach - Exposure classes according Article 22a (4) N 2 BWG	**2,917,339**	**2,735,870**
Claims or contingent claims on central governments and central banks	147,977	165,068
Loans and advances to regional governments	7,283	7,802
Claims or contingent claims on administrative bodies and non-commercial undertakings	1,975	509
Claims or contingent claims on multilateral development banks	0	92
Claims or contingent claims on international organisations	0	0
Claims or contingent claims on institutions	48,909	35,220
Claims or contingent claims on corporates	1,054,394	1,017,462
Retail claims or contingent retail claims	579,519	613,719
Claims or contingent claims secured on real estate property	517,445	381,168
Past due items	166,566	148,760
Items belonging to regulatory high-risk categories	8,165	10,509
Claims in form of covered bonds	1,863	105
Short-term claims on institutions and corporates	0	0
Claims in form of collective investments undertakings (CIU)	15,144	8,898
Securitisation positions	0	4,129
Other items	368,099	342,429
Internal Rating Based Approach - Exposure classes according Article 22b (2) N 3 BWG	**2,981,110**	**3,042,241**
Claims or contingent claims on central governments and central banks	25,394	32,212
Claims or contingent claims on institutions	252,829	304,136
Claims or contingent claims on corporates	2,337,601	2,462,997
Retail claims or contingent retail claims	343,493	224,947
Equity claims	14,360	9,464
Securitisation positions	7,433	8,485
Capital requirements for market risk	**357,023**	**329,331**
Capital requirements for operational risk	**874,105**	**860,048**
Operational Risk Standardized Approach	821,475	859,339
Operational Risk Basic Indicator Approach	52,630	709
Capital requirements (total)	**7,129,577**	**6,967,489**

The minimum capital requirements for equity exposures in the IRB approach are calculated with the PD/LGD approach according to Article 77 (4) SolvReg.

The simple risk weight approach is used for investments in collective investment undertakings (CIU).

The total amount of the minimum capital requirements for equity exposures which are calculated by using the standardised approach as regulated in Article 103e (11) BWG is € 42.671 (2012:€ 66.284) thousand.

Equity claims €000	31.12.2013	31.12.2012
Grandfathering according to Article 103e (11) BWG	**42,671**	**66,284**
Equity exposure according to IRB approach	**14,360**	**9,464**
Simple risk weight approach according to Article 77 (3) SolvReg	329	2,009
PD/LGD approach according to Article 77 (4) SolvReg	14,031	7,455

Article 10 OffV – Minimum capital requirements for other risk types (Market Risk)

The minimum capital requirements for market risk according to Article 22 (1) N 2 and 3 BWG break down as follows:

€000	31.12.2013	31.12.2012
Own funds requirement for market risk (internal model)	73,659	81,004
Specific position risk associated with interest rate instruments	116,257	72,883
General position risk associated with interest rate instruments	46,816	56,801
Specific position risk associated with equity instruments	32,229	34,197
General position risk associated with equity instruments	17,395	19,386
Risk associated with equity index futures	3,953	4,148
Risk associated with shares in investment funds	965	865
Other option-related risks	6,456	5,708
Settlement risk	7	1
Commodities risk	13,890	14,239
Foreign-exchange risk (including the risk arising from gold positions)	45,340	40,067
Specific position risk in securitisation	49	32
Own funds requirement for market risk in kind of risk (total)	**357,016**	**329,331**

Quantitative disclosure for credit risk

Article 8 OffV Credit risk according to the Standardised Approach

The exposure and the exposure after credit risk mitigation (uncollateralised exposure) for each exposure class break down as follows:

The external ratings applied are mapped to the credit quality steps (rating notches) defined in the standardised approach for credit risk in accordance with standard mapping pursuant to Article 21b (6) BWG. A mapping table can be found on page 13 in the document "Qualitative disclosure of RZB credit institution group".

Overview Standardised Approach Exposure Classes

Standardised Approach - Exposure classes according Article 22a (4) N 2 BWG €000	Exposure	Own funds requirement
Claims or contingent claims on central governments and central banks	19,027,265	147,977
Loans and advances to regional governments	222,747	7,283
Claims or contingent claims on administrative bodies and non-commercial undertakings	555,620	1,975
Claims or contingent claims on multilateral development banks	209,026	0
Claims or contingent claims on international organisations	316,402	0
Claims or contingent claims on institutions	3,600,282	48,909
Claims or contingent claims on corporates	18,426,995	1,054,394
Retail claims or contingent retail claims	11,967,514	579,519
Claims or contingent claims secured on real estate property	14,603,509	517,445
Past due items	2,792,129	166,566
Items belonging to regulatory high-risk categories	68,045	8,165
Claims in form of covered bonds	157,003	1,863
Short-term claims on institutions and corporates	0	0
Claims in the form of collective investment undertakings (CIU)	258,166	15,144
Securitisation positions	1,117	0
Other items	16,716,586	368,099
Total	**88,922,405**	**2,917,339**

Claims or contingent claims on regional governments and local authorities

Credit Quality Step €000	Exposure	Unsecured Exposure
1	5,650,854	5,643,823
2	5,227,930	5,227,655
3	3,136,985	3,136,985
4	2,992,358	2,989,845
5	1,976,451	1,976,225
6	0	0
Without external rating	42,687	42,687
Total	**19,027,265**	**19,017,221**

Claims or contingent claims on administrative bodies and non-commercial undertakings

Credit Quality Step €000	Exposure	Unsecured Exposure
1	128,900	128,900
2	8,930	8,930
3	52,307	52,156
4	599	599
5	32,010	32,010
6	0	0
Without external rating	0	0
Total	**222,747**	**222,596**

Claims on public administration

Credit Quality Step €000	Exposure	Unsecured Exposure
1	105,580	104,895
2	1,384	1,384
3	78	78
4	444,017	353,268
5	4,561	4,561
6	0	0
Without external rating	0	0
Total	**555,620**	**464,186**

Claims or contingent claims on multilateral development banks

Credit Quality Step €000	Exposure	Unsecured Exposure
1	209,026	209,026
2	0	0
3	0	0
4	0	0
5	0	0
6	0	0
Without external rating	0	0
Total	**209,026**	**209,026**

Claims or contingent claims on international organisations

Credit Quality Step €000	Exposure	Unsecured Exposure
1	316,402	316,402
2	0	0
3	0	0
4	0	0
5	0	0
6	0	0
Without external rating	0	0
Total	**316,402**	**316,402**

Claims or contingent claims on institutions

Credit Quality Step €000	Exposure	Unsecured Exposure
1	3,217,035	3,197,039
2	65,583	56,826
3	242,809	230,392
4	32,595	32,595
5	39,553	36,567
6	0	0
Without external rating	2.708	2.708
Total	**3,600,282**	**3,556,126**

Credit Quality Step €000	Exposure	Unsecured Exposure
1	64,617	42,714
2	70,162	69,925
3	67,496	64,749
4	91,773	91,770
5	0	0
6	66	66
Without external rating	18,132,881	17.106.307
Total	**18,426,995**	**17,375,532**

Retail claims or contingent retail claims

Credit Quality Step €000	Exposure	Own funds requirement
1		
2		
3		
4		
5		
6		
Without external rating	11,967,514	11,476,022
Total	**11,967,514**	**11,476,022**

Claims or contingent claims secured on real estate property

Credit Quality Step €000	Exposure	Own funds requirement
1		
2	17,147	
3	3,137	835
4	1,356	
5	566	
6		
Without external rating	14,581,303	14,577,458
Total	**14,603,509**	**14,578,293**

Past due items

Credit Quality Step €000	Exposure	Unsecured Exposure
1		
2	363	363
3	4,688	4,688
4	3,217	2,379
5	1	1
6	4,263	4,263
Without external rating	2,779,598	2,162,954
Total	**2,792,129**	**2,174,647**

Items belonging to regulatory high-risk categories

Credit Quality Step €000	Exposure	Unsecured Exposure
1		
2		
3		
4		
5	68,045	68,045
6	0	0
Without external rating		
Total	**68,045**	**68,045**

Claims secured by covered bonds

Credit Quality Step €000	Exposure	Unsecured Exposure
1	138,029	138,029
2		
3	18,974	18,974
4		
5		
6		
Without external rating		
Total	**157,003**	**157,003**

Claims secured by investment funds

Credit Quality Step €000	Exposure	Unsecured Exposure
1		
2		
3		
4		
5		
6		
Without external rating	258,166	258,166
Total	**258,166**	**258,166**

Short Claims

Credit Quality Step €000	Exposure	Unsecured Exposure
1	0	0
2	0	0
3	0	0
4	0	0
5	0	0
6	0	0
Without external rating	0	0
Total	**0**	**0**

Securitisation positions

Credit Quality Step €000	Exposure	Unsecured Exposure
1		
2		
3		
4		
5		
6		
6		
Deducted from the own funds	1,117	1,117
Total	**1,117**	**1,117**

Other Items

Credit Quality Step €000	Exposure	Unsecured Exposure
1	7,073	7,073
2	20,009	20,009
3	0	0
4	0	0
5	89,794	89,794
6		
Without external rating	15,871,102	15,870,809
Deducted from the own funds	728,609	728,609
Total	**16,716,586**	**16,709,220**

Article 16 OffV Credit risk according to the IRB approach

The total exposure for which capital requirements are calculated by using the IRB approach is € 99.351,955 thousand. The exposure for each asset class is shown in the following break down:

Internal Rating Based Approach - Exposure classes according Article 22b (2) N 3 BWG €000	Exposure	Own funds requirement
Claims or contingent claims on central governments and central banks	2,809,225	25,394
Claims or contingent claims on institutions	16,780,235	252,829
Claims or contingent claims on corporates	66,480,439	2,337,601
hereof Specialised lending	6,973,435	353,595
Retail - claims	10,576,973	343,493
hereof secured by real estate	7,238,033	203,033
Equity claims	97,031	14,360
Securitisation positions	1,109,406	7,433
Total	**97,853,309**	**2,981,110**

In the following tables details to the exposure value and the exposure-weighted average risk weight after credit risk mitigation for the exposure classes according to Article 22b (2) N 1 to 5 BWG (central governments and central banks, institutions, corporates, retail and equity exposures) have been disclosed. The exposure values and risk weights are aditionally splitted to the different PD classes, including the grade for defaulted obligors, in order to enable a meaningful differentiation on credit risk.

The following table shows the default probabilities used for the calculation of own funds requirements for individual PD grades:

PD classes	PD in %	PD in %
1	0,0000	0.0000
2	0.0000	0.0001
3	0.0001	0.0003
4	0.0003	0.0004
5	0.0004	0.0006
6	0.0006	0.0008
7	0.0008	0.0010
8	0.0010	0.0014
9	0.0014	0.0019
10	0.0019	0.0025
11	0.0025	0.0035
12	0.0035	0.0047
13	0.0047	0.0064
14	0.0064	0.0086
15	0.0086	0.0117
16	0.0117	0.0159
17	0.0159	0.0216
18	0.0216	0.0293
19	0.0293	0.0398
20	0.0398	0.0540
21	0.0540	0.0733
22	0.0733	0.0995
23	0.0995	0.1351
24	0.1351	0.1834
25	0.1834	0.2489
26	0.2489	0.3378
27	0.3378	1.0000

Claims or contingent claims on central governments and central banks

PD classes according Article 16 (1) N 5 OffV €000	Exposure	RW (exposure weighted average) in %
1	24,748	0.0%
2	399,674	6.5%
3	98,173	10.1%
4	0	0.0%
5	0	0.0%
6	1,852,885	12.9%
7	0	0.0%
8	0	0.0%
9	0	0.0%
10	90,571	3.0%
11	0	0.0%
12	0	0.0%
13	0	0.0%
14	0	0.0%
15	246,559	6.2%
16	0	0.0%
17	0	0.0%
18	0	0.0%
19	0	0.0%
20	91,616	3.2%
21	0	0.0%
22	0	0.0%
23	0	0.0%
24	5,000	0.0%
25	0	0.0%
26	0	0.0%
27	0	0.0%
Total	**2,809,225**	**10,6%**

Claims or contingent claims on institutions

PD classes according Article 16 (1) N 5 OffV €000	Exposure	RW (exposure weighted average) in %
1	0	0.0%
2	0	0.0%
3	1	15.3%
4	260,970	10.6%
5	0	0.0%
6	0	0.0%
7	12,495,801	12.6%
8	1,314,843	24.4%
9	10,816	38.3%
10	1,113,919	28.5%
11	0	0.0%
12	51,422	15.0%
13	0	0.0%
14	453,711	48.7%
15	27,643	90.1%
16	94,146	108.4%
17	290,076	36.3%
18	75,306	103.1%
19	189,098	129.5%
20	0	0.0%
21	0	0.0%
22	148,890	43.9%
23	7,792	181.6%
24	0	0.0%
25	88	255.8%
26	0	0.0%
27	245,710	0.0%
Total	**16,780,235**	**18,5%**

Claims or contingent claims on corporates

PD classes according Article 16 (1) N 5 OffV €000	Exposure	RW (exposure weighted average) in %
1	0	0.0%
2	0	0.0%
3	3,578,783	7.6%
4	854,738	11.7%
5	3,747,238	5.6%
6	4,755,938	13.6%
7	2,989,063	19.3%
8	3,199,022	21.2%
9	2,441,461	26.2%
10	2,556,046	29.8%
11	3,151,286	35.7%
12	3,076,959	42.9%
13	3,606,019	46.7%
14	3,291,905	54.3%
15	2,915,153	56.3%
16	2,813,132	59.6%
17	2,751,137	62.1%
18	2,504,070	70.3%
19	1,779,936	78.8%
20	1,560,597	91.9%
21	952,358	86.5%
22	1,109,963	79.3%
23	263,306	129.3%
24	447,156	118.6%
25	546,448	184.8%
26	854,254	133.0%
27	3,537,960	5.6%
Specialized lending RWA	6,973,435	68.3%
Collateralized by Real Estate	223,076	50.0%
Total	**66,480,439**	**43,9%**

Retail - claims

PD classes according Article 16 (1) N 5 OffV €000	Exposure	RW (exposure weighted average) in %
1	1,186,839	5.6%
2	1,200,768	11.8%
3	1,557,922	27.6%
4	895,017	25.4%
5	663,494	33.8%
6	349,710	27.8%
7	239,327	27.6%
8	170,817	27.3%
9	227,218	39.3%
10	746,921	27.5%
Total	**7,238,033**	**253.8%**

Equity claims

PD classes according Article 16 (1) N 5 OffV €000	Exposure	RW (exposure weighted average) in %
1	0	0.0%
2	0	0.0%
3	0	0.0%
4	0	0.0%
5	0	0.0%
6	0	0.0%
7	78,479	96.7%
8	389	87.5%
9	0	0.0%
10	305	149.0%
11	841	170.5%
12	0	0.0%
13	8	217.0%
14	259	235.0%
15	5	264.0%
16	0	0.0%
17	0	0.0%
18	0	0.0%
19	0	0.0%
20	0	0.0%
21	0	0.0%
22	1	460.9%
23	0	0.0%
24	0	0.0%
25	0	0.0%
26	16,704	573.5%
27	40	0.0%
Total	**97,031**	**179,9%**

Article 9 OffV Specialised lending and equity claims according to the IRB approach

The exposures for specialised lending are assigned to each category, as regulated in Article 74 (3) SolvaReg, and presented as follows

Categories	Risk weight	Exposure
Category 1	50 %	3,150,793
Category 2	70 %	2,356,567
Category 3	115 %	695,569
Category 4	250 %	366,691
Non performing loans		403,815
Total		**6,973,435**

According to the IRB approach, the capital requirements for investments in collective investment undertakings (CIU) are calculated by using the simple risk weight approach as regulated in Article 77 (3) SolvReg. All collective investment undertakings receive 370% risk weight.

Risk weight €000	Exposure
190 %	0
290 %	0
370 %	1,110
Total	**1,110**

Article 6 OffV Counterparty credit risk

Article 6 (1) OffV Methodology used to assign internal capital according to Article 39a BWG and credit limits for counterparty credit exposures

If a counterparty in a derivative, repurchase, securities or commodities lending or borrowing transaction defaults, then losses can arise from re-establishing the contract with another counterparty. In RZB this risk is measured by the mark-to-market approach where a predefined add-on is added to the current positive fair value of the contract in order to account for potential future changes. For internal management purposes potential price changes, which can affect the fair value of an instrument, are calculated specifically for different contract types based on historical market price changes.

For derivative contracts, the standard limit approval process applies, where the same risk classification, limitation, and monitoring process is used as for traditional lending. In doing so, the weighted nominal exposure of derivative contracts is added to the customers' total exposure in the limit application and monitoring process as well as in the calculation and allocation of internal capital.

Article 6 (2) OffV Policies for securing collateral and establishing credit reserves

An important strategy for reducing counterparty credit risk is credit risk mitigation techniques like netting agreements and collateralization. In general, RZB strives to establish standardized ISDA master agreements with all counterparties in order to be able to perform close-out netting and credit support annexes (CSA) for full risk coverage for positive fair values on a daily basis.

Master agreements have to be executed for repurchase transactions, securities lending transactions and OTC derivatives transactions. The majority of these agreements are based on widely used industry standards provided by market associations like ISDA or ICMA. Credit risk mitigation techniques are strictly subject to independent legal opinions which state the enforceability of the applicable master agreement.

Article 6 (3) OffV Regulations for correlation risks

Correlation risks between exposure and collaterals of repurchase transactions securities lending transactions and collateralised lending are restricted by comprehensive risk limits. Limits are established to confine correlations of collaterals with the following risks:

- Counterparty risk
- Country risk
- Issuer risk in case of securities collateral

Correspondent limits exist on the counterparty level and on the over-all volume of accepted collaterals.

Correlation risks between derivative transactions and assets received to cover credit exposure are restricted by a restrictive list of eligible collaterals. For this business line, only cash collateral denominated in EUR, USD and GBP as well as AAA-rated government bonds issued by countries of the European Union and the United States of America are accepted. Correlation between these assets and the underlying derivatives exist only in a negligible extent.

Article 6 (5) OffV Rating downgrade

Rating dependent terms and conditions in credit support agreements are avoided as far as possible, so that a possible downgrade would have only minor impact on the amount of collateral.

The relevant rating by Standard & Poors and Moody's is currently A and respectively A1. The below denoted amount of maximum additional collateral requirements will become effective in full only if both rating agencies would downgrade RZB's long term credit rating and an adverse market movement would require corresponding collateral.

S&P €000	Moody´s'	Max. additional collateral requirement
AAA	Aaa	
AA+	Aa1	
AA	Aa2	
AA-	Aa3	
A+	A1	
A	A2	
A-	A3	61,870
BBB+	Baa1	97,870
BBB	Baa2	97,870
BBB- and below	Baa3 and below	98,870

The following table shows the gross positive fair value of derivative contracts. In line with current counterparty credit risk measurement we show the potential future exposure instead of the current credit exposure. In contrast to the current exposure the potential future exposure includes also the potential credit risk arising from market value changes in the underlying position. On the other hand exchange traded derivatives are excluded as their positive fair values are settled daily through margin calls.

§ 6 Z 5 OffV at fair value through profit or loss €000	Actual at fair value through profit or loss	Counterparty credit risk	Netting benefits	Netted potential credit exposure	Collateral held	Net credit exposure
Interest rate contracts	918,107	4,145,883	2,322,816	1,823,067	735,158	1,087,909
Foreign exchange rate contracts	443,146	1,802,922	596,277	1,206,645	134,879	1,071,766
Equity/index contracts	6,789,039	8,729,256	5,655,359	3,073,898	1,454,052	1,619,846
Credit derivatives	(1,895)	63,685	0	63,685	2,715	60,970
Commodities	45,312	35,999	16,694	19,305	75	19,229
Total	**8,193,710**	**14,777,746**	**8,591,146**	**6,186,600**	**2,326,880**	**3,859,720**

The counterparty credit risk will be measured by the mark-to-market approach. The exposure is calculated according to Article 234 SolvReg from the current market value for each transaction plus general add-on in order to capture the potential future credit exposure.

§ 6 Z 6 OffV €000	Netted potential credit exposure
Mark-to-market approach	6,186,600

The nominal value of credit derivatives hedges amounts to € 1,547,023 thousand (2012: € 1,889,292). In case of credit derivatives only single credit default swaps and I-traxx are available

§ 6 Z 7 OffV €000	Nominal value
Single CDS	648,684
I-traxx	147,245

The nominal value of the derivative transactions breaks down into the following product groups:

§6 Z 8 OffV €000	Purchase contracts	Banking book Sales Contracts	Purchase contracts	Trading book Sales Contracts
Interest rate contracts	36,338,056	138,983	110,475,880	3,600,314
Foreign exchange rate contracts	21,640,650	10,000	56,141,391	2,650,154
Equity/index contracts	408,610	0	1,988,799	0
Commodities	0	0	492,646	0
precious metal except gold contracts	0	0	0	0
Credit derivatives	577,300	18,502	218,628	758,565

Article 17 OffV Disclosure applicable to credit risk mitigation

The exposure value covered by eligible credit risk mitigants after the application of volatility adjustments for each asset class is presented in the following table:

§17 Z 6 and 7 OffV €000	Other physical collaterals	Mortgage collaterals	Unfunded Credit Protection	Financial collaterals
Standardized approach - asset classes	**128,349**	**3,314,761**	**338,736**	**940,641**
Claims or contingent claims on central governments and central banks	0	0	0	10,044
Loans and advances to regional governments	0	0	0	376
Claims or contingent claims on administrative bodies and non-commercial undertakings	0	0	683	90,751
Claims or contingent claims on multilateral development banks	0	0	0	0
Claims or contingent claims on international organisations	0	0	0	0
Claims or contingent claims on institutions	0	0	21,427	64,938
Claims or contingent claims on corporates	0	0	306,808	745,863
Retail claims or contingent retail claims	0	0	0	0
Claims or contingent claims secured on real estate property	0	2,863,822	0	0
Past due items	128,349	450,939	9,631	28,563
Items belonging to regulatory high-risk categories	0	0	0	0
Claims in form of covered bonds	0	0	0	0
Short-term claims on institutions and corporates	0	0	0	0
Claims in form of collective investments undertakings (CIU)	0	0	0	0
Other items	0	0	186	107
Securitisation positions	0	0	0	0
IRB-approach – exposure classes	**2,244,366**	**2,150,666**	**4,107,561**	**17,478,693**
Claims or contingent claims on central governments and central banks	0	0	438,146	705,721
Claims or contingent claims on institutions	102,935	3,364	360,881	13,837,286
Claims or contingent claims on corporates	2,141,431	2,147,302	3,308,534	2,935,686
Retail - claims	0	0	0	0
Equity claims	0	0	0	0
Securitisation positions	0	0	0	0

Article 15 OffV Securitisations

RZB as Originator

Up to now the following transactions have been executed with external contractual partners (the indicated amounts represent the transaction volumes at the closing date):

Securitization is the packaging of designated portfolios of loans or leasing claims with an appropriate level of credit enhancement and the redistribution of these portfolios to investors. The objective of RZB's securitization transactions is to ease the strain on the Group's regulatory own funds and to use additional refinancing sources.

In the financial year 2013, no new securitization programs with external investors were made. The existing securitization programs from previous years are described briefly as follows:

- The securitization for car leasing contracts of the leasing subsidiary in Poland where loans and advances were transferred to an external special purpose vehicle which is not under Group control in the context of a Compass Asset Backed Commercial Paper (ABCP) program sponsored by WestLB remains active also in 2013. Therefore, additional refinancing sources can be mainly used through the securitization. The first loss piece remaining in the Group amounted to 15 per cent, the loans and advances shown in the financial statements amounted to € 88 million as of year-end 2013.

- A synthetic securitization of loans and advances to corporate customers, securities and guarantees of the Group head office was made in 2012. The tranches were mainly placed to Group internal investors and partly placed to external investors, with the latter amounting to € 47,000 thousand.

- Finally, an external placement of diversified payments rights of ZAO Raiffeisenbank, Moscow, amounting to € 126,894 thousand is worth mentioning. The change in carrying amounts compared to the previous year is due to fluctuating currency exchange rates. The maturity of the tranche 2012-A ends in May 2017, those of 2012-B and 2012-C end in May 2019.

The true sale transactions (Warehousing) ROOF Bulgaria 2008-1 and ROOF Romania 2008-1 concluded in 2008 were entirely placed to Group internal investors in 2012 and closed in 2013.

Regarding the true sale transaction ROOF Poland 2008-1 consisting of car leasing contracts, the total volume of the loans amounts as of 31 December 2013 to € 3,373 thousand (2012: € 27,741 thousand). The change in carrying amounts is due to the maturing of the portfolio (end of 2014) and fluctuating currency exchange rates.

The synthetic securitization ROOF CEE 2006-1 was closed before maturity in August 2013. The non-derecognized loans within the scope of this securitization program amounted to € 63,098 thousand at year-end 2012.

Within the scope of further synthetic securitizations, RZB participated in the so-called JEREMIE programs in Bulgaria and Romania (ROOF Romania and Bulgaria SME 2011-1), as well as in Slovakia since 2013 (ROOF Slovakia SME 2013-1). By contract of the respective network banks with the European Investment Fund (EIF) the granting of loans to small and medium-sized enterprises is to be supported as they can receive guarantees from EIF under the JEREMIE initiative. The current volume of the portfolio under JEREMIE first loss portfolio guarantees amounts to € 115,368 thousand (2012: € 83,049 thousand) for the utilized volume of Raiffeisenbank S.A., Bucharest, € 63,801 thousand (2012: € 19,571 thousand) for Raiffeisenbank (Bulgaria) EAD, Sofia, and € 845 thousand for Tatra banka a.s., Bratislava.

A true sale securitization program regarding the retail loans portfolio of ZAO Raiffeisenbank, Moscow, rolled out in 2013 and amounting to about € 125,000 thousand is worth mentioning. The loans were sold to a special purpose vehicle which is held by the Group, where the senior tranch as well as the first loss piece are held by Group internal investors.

€000	Seller of claims or secured party	Closing date	End of maturity	Volume	Portfolio	Junior Tranche
True sale transaction ROOF Poland 2008(1)	Raiffeisen-Leasing Polska S.A., Warsaw (PL)	January 2008	Jän.00	290,000	Car leasing contracts	1.3%
Sale Transaction Raiffeisen Leasing Polska Auto Lease Securitisation (WestLB sponsored Compass ABCP Programme)	Raiffeisen-Leasing Polska S.A., Warsaw (PL)	Jän.00	Jän.00	141,068	Car leasing contracts	15.0%
Synthetic Transaction ROOF WESTERN EUROPE CLO - 2012-1	Raiffeisen Bank International AG, Wien	Jän.00	Jän.00	996,076	Firmenkredite, Wertpapiere, Garantien	0.8%
Synthetic Transaction (JEREMIE) ROOF Romania SME 2011-1	Raiffeisenbank S.A., Bukarest (RO)	Jän.00	Jän.00	Garantie bis zu € 20,5 Millionen	SME-Forderungen bis zu € 102,5 Millionen	25.0%
Synthetic Transaction (JEREMIE) ROOF Bulgaria SME 2011-1	Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	Jän.00	Jän.00	Garantie bis zu € 13 Millionen	SME-Forderungen bis zu € 65 Millionen	25.0%
Future Flow Securitization ROOF Russia DPR Finance Company S.A.	ZAO Raiffeisenbank, Moscow (RUS)	Jän.00	Jän.00	126,894	Rechte in "Diversified Payment Rights" (DPR)	n/a
Synthetic Transaction (JEREMIE) ROOF Slovakia SME 2013-1	Tatra banka a.s., Bratislava (SK)	Jän.00	Jän.00	Garantie bis zu € 10,5 Millionen	SME-Forderungen bis zu € 60 Millionen	17.5%

Up to now the following transactions for all, or at least individual tranches have been executed with external contractual partners. The indicated amounts represent the volumes at the closing date:

§ 15 Z 14b OffV	Outstanding amount		Total outstanding
€000	Traditional securitisations	Synthetic securitisation	Total
Leasing	4,035	0	4,035
Corporate loans	0	734,136	734,136
Total	**4,035**	**734,136**	**738,172**

Here are no impaired and past due exposures as also no revolving exposures in the outstanding amount of the securitised exposures.

Raiffeisen Zentralbank as Investor

Besides the above-mentioned refinancing and packaging of designated portfolios of loans or leasing claims, RZB also acts as an investor in ABS-structures. Essentially, this is about investments in Structured Credit Products, Asset Based Financing and partly also Diviersified Payment Rights. During the financial year 2013 market value changes led to a negative valuation result of about € 286 thousand (2012: minus € 4 million) and to a realized result from sale of € 2,180 thousand (2012: € 658 thousand).

Total exposure to structured products

§ 15 Z 14b OffV €000	Retained and purchased securitisation positions
Asset-backed Securities (ABS) car loans	104,963
Asset-backed Securities (ABS) leasing	111,122
Asset-backed Securities (ABS) other	255,753
CLO (Credit Linked Obligations)	638,468
Residential Mortgage Backed Securities (RMBS)	49
Commercial Mortgage Backed Securities (CMBS)	0
Credit Debt Obligation (CDO)	169
Other resecuritizations	0
Total	**1,110,523**

§ 15 Z 15a OffV €000	Retained and purchased securitisation positions
Risk weight <= 10%	871,939
10% < Riskweighted <= 20%	225,554
20% < Riskweighted <= 50%	49
50% < Riskweighted <= 100%	2,327
100% < Riskweighted <= 650%	0
650% < Riskweighted < 1250%	0
Deduction from own funds	10,654
Total	**1,110,523**

Approach €000	Securitizations	Retained and purchased securitisation positions	Own funds
IRB	Securitizations	1,109,241	16,805
IRB	Re-Securitizations	165	165
Standard Approach	Securitizations	1,117	1,117
Total		**1,110,523**	**18,087**

Disclosure according to accounting regulations

Article 7 OffV Credit and dilution risk

Definition of the terms „past due" and „non-performing" for accounting purposes

Past due exposures

The definition of default and the assessment of expected recovery value are heavily influenced by the number of days payments are late.

Exposures are past due when the contractually agreed date for payment has been exceeded. Payments are considered past due when the borrower has exceeded the approved credit limit.

Non-performing exposures

Default is defined in RZB as the event where a specific debtor is unlikely to pay its credit obligations to the Group from primary sources, or the debtor is overdue more than 90 days on any material credit obligation. RZB has defined twelve default indicators which are used to identify a default event including the insolvency or similar proceedings of a customer, if an impairment provision has been allocated or a direct write-off has been carried out, if credit risk management has judged a customer account receivable to be not wholly recoverable, or the restructuring unit is considering stepping in to help a company restore its financial soundness.

The credit portfolio and individual borrowers are subject to constant monitoring. The main purposes of monitoring are to ensure that the borrower is meeting the terms and conditions of the contract as well as following the obligor's economic development. A review is conducted at least once annually for corporate customers, financial institutions, and sovereigns. This includes a rating review and the re-evaluation of financial and tangible collaterals.

Within the scope of the Basel-II-project a Group-wide default database has been created for recording and documenting customer defaults. The database tracks recoveries and work-out costs as well, which makes it suitable for calculating and validating PDs and LGDs (the probability of default, PD, and loss given default, LGD, both are parameters in the regulatory Internal Ratings Based approach used for determining required own funds and the Group's internal risk quantification models).

Approaches and methods for determining value adjustments and provisions

Troubled loans (where debtors are expected to run into material financial difficulties or delayed payment) need special handling. In non-retail divisions, problem loan committees of each Group member review problematic exposures. In case of the need for intensified handling and workout, the troubled loans are assigned either to a designated specialist or to a restructuring unit (workout department), both part of the risk or credit risk management divisions. Employees of workout units are specially trained and experienced. They typically handle medium-sized to large cases and are assisted by in-house legal departments and/or by external specialists as well. Work-out units play a decisive role in accounting and analysing as well as booking provisions for impairment losses (write-offs, value adjustments, provisioning). Their early involvement can help reducing losses caused by troubled loans. Cases in which restructuring or liquidation take place, are analyzed in RZB to find out their causes. Lending processes are then adapted as necessary on the basis of these results.

Default and work-out standards in the retail area are defined for the whole restructuring and collection process for private individuals and small enterprises. A restructuring guideline defines the Group's restructuring framework including the strategy, organization, methods, monitoring and controlling. In the collection process customers are classified into three categories "Early", "Late" and "Recovery", for which a standardized customer handling process is defined each.

At each balance sheet date it is assessed whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred, when:

- there is objective evidence of impairment as a result of a loss event that occurred after the initial recognition of the asset until the balance sheet date (a 'loss event'),
- that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets and
- the amount can be reliably estimated.

Credit risk is accounted for by making individual impairment provisions and portfolio-based impairment provisions. The latter comprise impairment provisions for portfolios of loans with identical risk profiles that may be compiled under certain conditions. In the retail segment, provisions are built according to product portfolio and past due days. Individual and portfolio-based impairment provisions are not netted against corresponding receivables but are stated separately in the statement of financial position.

For credit risks related to loans and advances to customers and banks, provisions are made in the amount of expected loss according to homogeneous Group-wide standards. Risk of loss is deemed to exist if the discounted projected repayment amounts and interest payments are below the carrying value of the loans, taking collateral into account. Portfolio-based impairments are calculated according to valuation models that estimate expected future cash flows for the loans in the respective loan portfolio based on loss experience history. This is carried out regularly by considering economic conditions. For retail portfolios without a documented loss history of their own, peer group benchmark figures serve as a comparative base.

The entirety of the provision for impairment losses arising from loans reported in the statement of financial position (individual loan loss provisions and portfolio-based provisions) is shown as a separate item on the assets side, below loans and advances to banks and customers. The provision for impairment losses arising from transactions outside the statement of financial position is recorded under provisions for liabilities and charges.

Quantitative Disclosure according to accounting regulation

The total amount of exposures before deduction of the value adjustments and provisions and without taking into account the effect of credit risk mitigation, break down by exposure classes as follows:

§ 7 (1) Z 3 OffV Exposure classes €000	Exposure 31.12.2013	Exposure 31.12.2012
Sovereigns	22,373,406	24,667,566
Financial institutions	27,300,297	31,238,913
Corporate customers	91,991,664	92,219,116
Retail customers	36,174,626	29,134,328
Total	**177,839,992**	**177,259,923**

The regional breakdown of credit exposure reflects RZB's broad diversification in European markets. The on- and off balance exposures are distributed regionally by domicile of the borrower:

§7 (1) Z 4 OffV €000	Sovereigns	Financial institutions	Corporate customers	Retail customers	Total
Austria	4,824,898	20,917,295	30,391,031	6,823,424	62,956,648
Central Europe	8,998,153	509,850	23,142,549	15,508,873	48,159,425
Southeastern Europe	5,608,514	172,412	11,660,041	7,413,652	24,854,619
CIS Other	944,297	333,574	4,533,905	1,703,893	7,515,668
Russia	1,022,596	1,204,756	13,507,432	4,724,658	20,459,443
Rest of the world	974,948	4,162,409	8,756,705	126	13,894,189
Total	**22,373,406**	**27,300,297**	**91,991,664**	**36,174,626**	**177,839,992**

Within the scope of its risk policy and assessments of creditworthiness, RZB also considers the borrower's industry. The following table covers the customer credit on and off balance exposure of the group:

§7 (1) Z 5 OffV Branches € 000	Exposure 2013	2012
Banking and insurance	44,405,200	57,129,328
Private households	34,044,851	23,136,825
Public administration and defence and social insurance institutions	16,228,821	16,520,201
Wholesale trade and commission trade (except car trading)	12,515,506	12,068,959
Real estate activities	12,524,818	11,015,205
Other business activities	11,872,665	10,677,056
Construction	7,038,070	7,249,431
Retail trade except repair of motor vehicles	5,931,700	6,257,721
Electricity, gas, steam and hot water supply	4,175,289	4,827,639
Manufacture of food products and beverages	4,267,679	3,349,926
Manufacture of basic metals	2,556,694	2,683,831
Other manufacturing	2,439,261	2,380,700
Land transport, transport via pipelines	2,037,154	2,299,661
Other transport	2,123,686	2,028,215
Manufacture of machinery and equipment	1,489,316	1,445,707
Mining and quarrying	1,218,276	1,416,710
Sale of motor vehicles	1,201,126	1,370,643
Other industries	11,769,881	11,402,164
Total	**177,839,991**	**177,259,923**

The table shows a breakdown of all exposures by residual maturity and exposure class:

§7 (1) Z 6 OffV €000	Sovereigns	Financial institutions	Corporate customers	Retail customers	Summe
Up to 1 year	8,506,917	7,802,535	14,180,367	2,890,126	33,379,945
More than 1 year, up to 5 years	5,001,502	8,186,099	35,645,990	9,104,478	57,938,069
More than 5 years	8,864,987	11,311,663	42,165,307	24,180,022	86,521,977
Total	**22,373,406**	**27,300,297**	**91,991,664**	**36,174,626**	**177,839,992**

The following table shows a break down of the non-performing and past due exposures as also of the value adjustments and provisions by asset classes. From the non-performing and past due exposures only on balance exposures have been presented, whereas only past due exposures, which have not been individually impaired, are disclosed.

§7 (1) Z 6 OffV €000	Sovereigns	Financial institutions	Corporate customers	Retail customers	Summe
Non-performing loans	29,122	153,469	6,231,760	3,011,895	9,426,246
Past due items	19,749	55	1,692,407	1,821,743	3,533,954
Individual loan loss provisions	5,118	111,447	3,384,069	1,968,957	5,469,591
Portfolio-based loan loss provisions	1,169	6,697	321,752	190,572	520,191
Individual provisions for off balance exposures	1	15,000	79,101	5,646	99,748
Portfolio-based provisions for off balance exposures	7	1,968	42,429	1,086	45,490

The non-performing and past due exposures as also the value adjustments and provisions are broken down by geographical areas as follows (excluding banks):

§7 (1) Z 8 OffV €000	Austria	Central Europe	Southeastern Europe	Russia	Geographical distribution CIS Other	Rest of the world	Summe
Doubtful/high default risk claims	1,299,866	3,508,780	1,943,234	480,514	1,107,805	932,577	9,272,777
Past due items	794,422	739,970	1,716,110	126,786	150,122	6,545	3,533,955
Value adjustments and provisions	770,907	2,299,342	1,152,882	382,627	801,646	317,254	5,724,657

The following table summarizes the development of loan loss provisions in the fiscal year:

§7 (1) Z 9 OffV €000	As of 1/1/2013	Changes in consolidation group	Allocation	Release	Usage	Transfers, exchange differences	As of 31/12/2013
On-balance provisions	**5,715,229**	**223,326**	**2,269,085**	**(1,062,160)**	**(1,041,466)**	**(144,122)**	**5,989,781**
hereof individual loan loss provisions	4,812,239	241,487	1,954,359	(707,182)	(1,031,900)	216,265	5,469,591
hereof portfolio-based provisions	902,990	(18,161)	314,726	(354,978)	(9,567)	(360,387)	520,190
Off-balance provisions	**153,455**	**(2,484)**	**86,973**	**(79,847)**	**(1,055)**	**(11,805)**	**145,238**
hereof individual loan loss provisions	106,682	(2,484)	70,540	(54,690)	(10,482)	(9,818)	99,748
hereof portfolio-based provisions	46,773	0	16,433	(25,156)	9,428	(1,987)	45,490
Total	**5,868,684**	**220,842**	**2,356,058**	**(1,142,007)**	**(1,042,521)**	**(155,927)**	**6,135,019**

Direct write-downs and recoveries recorded directly in the income statement are disclosed as follows:

§7 (3) OffV €000	2013
Direct write-downs	(141,039)
Income received on written-down claims	77,935

Article 13 OffV Equity exposures not held in the trading book

Differentiation between exposures based on their purpose

Raiffeisen Zentralbank as universal bank holds equity investments in credit or financial institutions as well as in companies whose activities constitute a direct extension of banking activities or a related ancillary activity. Participations of the parent company are managed by the Participations Management & Controlling division. This division is responsible for controlling risks arising from long-term equity investments of the parent company (and for returns generated by these investments as well). Investments in RZB's equity investments are made by the Managing Board of Raiffeisen Zentralbank on the basis of individual due diligence only. Indirect participations held by different members of RZB Group are often managed by local units in coordination with the parent company whereby Raiffeisen Bank International AG plays a major role for activities in Central and Eastern European countries.

Overview of accounting and valuation methods

The consolidated financial statements of Raiffeisen Zentralbank were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

Shareholdings in subsidiaries not included in the consolidated financial statements because of their minor significance and shareholdings in companies that are not valued at equity are shown under financial investments and are measured at amortized cost if no share prices are available. Other shareholdings are recognized in the category financial assets available-for-sale. Changes in value are directly recognized in equity without effecting income statement. Impairments are shown in the income statement.

Quantitative Disclosure according Article 13 OffV

§13 (3) and (4) OffV €000	Counterparty credit risk	Fair value	Market value
Shares	**28,902**	**28,902**	**24,069**
Stock exchange listed positions	24,069	24,069	24,069
Stock exchange unlisted positions	4,833	4,833	0
Other interests	**1,783,282**	**1,865,692**	**907,010**
Stock exchange listed positions	824,600	907,010	907,010
Stock exchange unlisted positions	958,682	958,682	0
Interest in affiliated companies	**466,529**	**466,529**	**0**
Stock exchange listed positions			
Stock exchange unlisted positions	466,529	466,529	

§13 (5) and (6) OffV €000	Amount
Disclosure Article 13 (5) OffV	**58,332**
Net realised gains (losses) on equity instruments	58,332
Disclosure Article 13 (6) OffV	**(189,884)**
Net gain (losses) on equity instruments	63,218
Deferred revaluation gains/losses	(139,826)
hereof: included in Tier 1 capital	
hereof: included in Tier 2 capital	(113,276)

Public disclosure for other risks

Article 11 OffV Internal models for limiting market risks

RZB defines market risk as potential adverse market conditions that cause losses in trading and investment books. Changes of foreign exchange rates, interest rates, credit spreads, prices of shares and commodities as well as relevant market parameters, e.g. implied volatilities, create market risk. Market risk of customer business is transferred to Group Treasury department via transfer pricing. Group Treasury manages structural risks and is responsible for adherence to limits on group level. Business department Capital Markets is responsible for proprietary trading, market making and customer business in money market products as well as capital market operations (Sales).

RZB measures, monitors and manages all market risks on group level. It uses an internal model for calculating own funds requirements for the trading book according to SolvReg for risk categories "General position risk associated with interest rate instruments" and "Foreign-exchange risk (including the risk arising from gold positions)" for Raiffeisen Bank International AG. For other portfolios and risk types the standardized approach is used. More details on the own funds requirement are shown on page 13.

Organization of Market Risk Management

RZB measures, monitors, and manages all market risks on Group level.

The Market Risk Committee is responsible for strategic market risk management issues. It is responsible for managing and controlling all market risks in the Group. The Group's overall limit is set by the Management Board on the basis of the risk-taking capacity and income budget. This limit is apportioned to sub-limits in coordination with business divisions according to the strategy, business model and risk appetite.

The Market Risk Management department ensures that the business volume and product range comply with the defined and enacted strategy of the Group. It is responsible for implementing and enhancing risk management processes, risk management infrastructure and systems, manuals and measurement techniques for all market risk categories and secondary credit risks arising from market price changes in derivative transactions. Furthermore this department independently measures and reports market risks on a daily basis.

All products in which open positions can be held are listed in the product catalog. New products are added to this list only after completing the product approval process successfully. Product applications are investigated thoroughly for any risks. They are approved only if the new products can be implemented in the bank's front- and back-office (and risk management) systems respectively.

Limit system

RZB uses a comprehensive risk management approach for both the trading and banking book (total-return approach). Market risks are managed therefore consistently in all trading and banking books. The following values are measured and limited on a daily basis in the market risk management system:

- Value-At-Risk (confidence level 99 per cent, risk horizon one day)

Value-at-risk (VaR) is the main steering instrument in liquid markets and normal market situations. VaR is measured based on a hybrid simulation approach, where 5,000 scenarios are calculated. The approach combines the advantages of a historical simulation and a Monte-Carlo simulation and derives market parameters from 500 days historical data. Distribution assumptions include modern features like volatility declustering, random time change, and extreme event containers. This helps in reproducing fat-tailed and asymmetric distributions accurately. The Austrian Financial Market Authority has approved this model such that it can be used for calculating own funds requirements for market risks. Value-at-risk results are not only used for limiting risk but also in the internal capital allocation.

- Sensitivities (to changes in exchange rates, interest rates, gamma, vega, equity and commodity prices)

Sensitivity limits shall ensure that concentrations are avoided in normal market situations and are the main steering instrument under extreme market situations and in illiquid markets or in markets that are structurally difficult to measure.

- Stop Loss

This limit strengthens the discipline of traders such that they do not allow losses to accumulate on their own proprietary positions but strictly limit them instead.

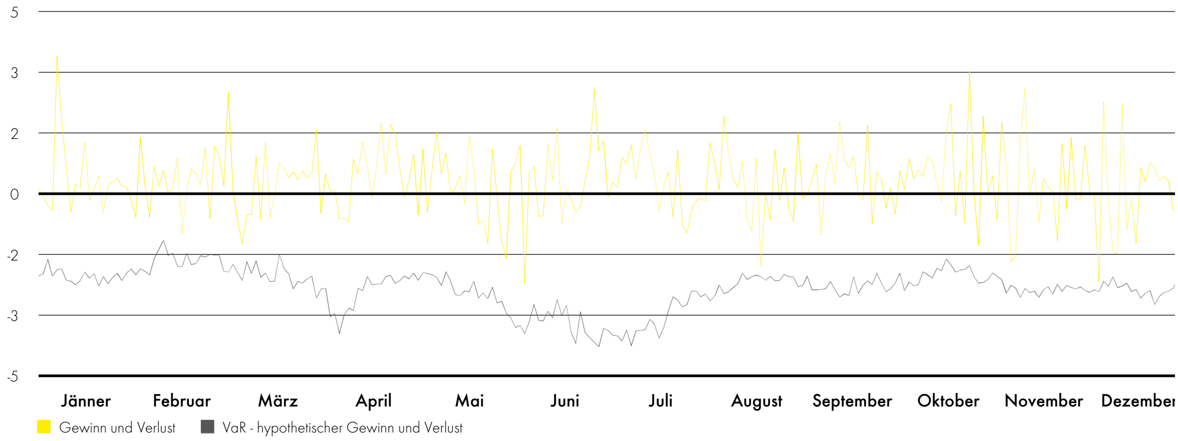
A comprehensive stress testing concept complements this multi-level limit system. It simulates potential present value changes of defined scenarios for the total portfolio. The results on market risk concentrations shown by these stress tests are reported to the Market Risk Committee and taken into account when setting limits. Stress test reports for individual portfolios are included in daily market risk reporting.

Backtesting in the trading book

The risk measurement approaches employed are verified – besides analyzing returns qualitatively – on an ongoing basis through backtesting and statistical validation techniques. If model weaknesses are identified, then they are improved accordingly. In the reporting period, there was no backtesting violation for RBI's trading book as shown in the backtesting chart. This chart compares VaR and theoretical profits and losses on a daily basis. VaR denotes the maximum loss that will not be exceeded with 99 per cent confidence level on the next day. It is compared to the theoretical profits and losses, which shows the hypothetical returns that the bank would have realized due to the actual changes in market parameters on the next day. It is possible to see that the model correctly reproduces market volatility regimes and quickly reacts to changed market conditions. Additionally, since 2012 stressed-VAR results have been limited. The material model change to integrate the vega risk in the internal model was approved by FMA in April 2013.

Value-at-Risk und hypothetische Marktwertveränderungen für das Handelsbuch

in € Millionen



Valuation rules according to Articles 198 to 202 Solvency Regulation

Valuation at market prices

The valuation of Raiffeisen Bank International's positions (for Vienna, excl. Branches) is done independently from trading departments on a daily basis. Price sources used are predefined data provided by external market contributors (e.g. Reuters, Bloomberg, MarkIT). The valuation is done in the respective front office system. The exact process is different for different systems, but always based on the following principle: At the end of the business day the prices are retrieved from the different contributors. Control mechanisms contain e.g. several reports that allow checking update date/time respectively lack of liquidity of price source, detecting unusual jumps and missing data, etc. If data is incorrect already predefined alternative price sources will be used to double check. Manual corrections are subject to four-eye-principle. Checked data is uploaded to the front office systems respectively authorized in the front office system and subsequently used for valuation of the positions in the system.

Independent valuation

The daily valuation is not done by the trading departments, but by an independent department in the Risk Controlling division. In the course of the daily price verifications, adequacy of prices used is checked. If independent price sources are unavailable model prices will be used. Market Risk Management is defining the standards for model prices.

Valuation adjustments / reserves

In case model prices are used, RZB experts have to check whether valuation adjustments are necessary. The positions, for which valuation adjustments have to be made, are presented on a monthly basis to the Market Risk Committee.

Valuation at model prices

The valuation of illiquid bonds is done by means of proxy credit spreads. Criteria for the selection of proxies are country, industry, rating and maturity. Price sources used for proxies are market data contributors like MarkIT, Bloomberg etc. The valuation of the bonds itself is done by means of the internal model pricing functions. Depending on the adequacy of the proxy, the spread retrieved from these systems will be either used directly as input parameter or as minimum value to price the bond with. For each bond the average price is then calculated.

Systems and control mechanism

The valuation process is done in the front office systems. For each front office system a written documentation of the daily pricing routine exists and comprises

- Positions (Portfolios; deal books)
- Products
- Prices to be checked
- Price sources (used and alternatives; with ranking of usage)
- Description of checks to be performed
- Actions to be taken in case of incorrect/outdated data
- Workflow of end-of-day processes

The department responsible for the valuation is part of Risk Controlling, a division reporting to the CRO. Valuation results are reported weekly to the Management Board as part of the as part of the profit and loss overview from the Market Risk Committee.

Article 14 OffV Interest rate risk in the banking book

Interest rate risk in the banking book arises from different maturities and repricing schedules of RZB's assets and the corresponding liabilities (i.e. deposits and refinancing on debt and capital markets). This risk in particular is due to different interest rate sensitivities, rate adjustments, and other optionality of expected cash flows. Interest rate risk in the banking book is material for euro and US-dollar as major currencies as well as for local currencies of network banks located in Central and Eastern Europe.

This risk is mainly hedged by a combination of on- and off-balance sheet transactions where the Group uses in particular interest rate swaps and – to a smaller extend – also interest rate forwards and interest rate options. Balance sheet management is a core task of the central Global Treasury department and of individual network banks, which receive assistance from asset liability management committees. They base their decisions on various interest income analyses and simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is not only measured in a value-at-risk framework but also managed by traditional tools for nominal and interest rate gap analyses. Since 2002, interest-rate risk has been the subject of quarterly reporting within the scope of the interest-rate risk statistics submitted to the supervisory authorities. This reports also show the change in the present value of the banking book as a percentage of own funds in line with the requirements of Basel II. Maturity assumptions needed in this analysis are defined as specified by regulatory authorities or based on internal statistics and empirical values. In 2012, the changes in present value of banking book positions after an interest rate shock of two hundred basis points were always lower than the regulatory reporting threshold of 20 per cent of eligible own funds in RZB.

The following table shows the change in the present value of RZB's banking book given a one-basis-point interest rate increase for the whole yield curve in thousands of euros. Interest rate risk in the banking book decreased significantly due to the reduction of long term EUR investments. The increase in USD assets stems from a very conservative presentation of USD loans in Eastern Europe that was mainly caused by changes of reporting methodology. The improvement of reporting is still ongoing.

Article 14 (3) OffV Change of present value 2013	Total	>3m	3(6)m	6(12)m	1(2)y	2(3)y	3(5)y	5(7)y	7(10)y	10(15)y	15(20)y	>20y
ALL	(14)	1	(1)	9	(12)	(1)	(7)	(1)	(2)	0	0	0
BAM	16	(2)	0	2	8	2	2	0	2	2	0	0
BYR	(23)	0	1	(7)	(4)	(5)	(3)	(2)	(2)	(1)	0	0
CHF	(131)	(26)	7	23	(10)	(59)	(13)	3	1	(40)	(16)	(1)
CZK	8	5	(9)	26	(8)	2	4	(3)	(2)	(3)	(3)	(1)
EUR	628	(8)	(6)	64	50	(173)	645	151	(14)	70	(58)	(93)
HRK	(83)	(3)	1	(4)	(5)	(29)	(17)	(13)	(13)	0	0	0
RON	(72)	(2)	(3)	(9)	(30)	6	(6)	(20)	(6)	(1)	(1)	0
RSD	(20)	(2)	(3)	(3)	(9)	(2)	(1)	0	0	0	0	0
RUB	(163)	(8)	(3)	(15)	(16)	(95)	84	(48)	(41)	(18)	(3)	0
UAH	(56)	(2)	3	(2)	(42)	(8)	14	(7)	(8)	(4)	0	0
USD	(7)	32	44	116	1	(73)	(68)	(10)	(52)	3	2	(2)
Others	(1)	11	15	15	(49)	1	9	(2)	(1)	0	0	0

Article 14 (3) OffV Change of present value 2012	Total	>3m	3(6)m	6(12)m	1(2)y	2(3)y	3(5)y	5(7)y	7(10)y	10(15)y	15(20)y	>20y
ALL	(24)	0	(5)	4	(18)	(1)	0	0	(1)	(3)	(1)	0
BAM	14	(2)	0	1	5	6	2	0	1	2	0	0
BYR	(20)	0	(1)	(6)	(4)	1	(4)	(2)	(2)	(1)	0	0
CHF	(266)	28	(8)	(7)	(1)	0	(28)	(19)	(46)	(101)	(82)	(2)
CZK	(24)	10	(20)	32	(8)	(3)	(14)	(2)	(3)	(6)	(6)	(3)
EUR	241	57	20	184	187	67	79	(50)	149	(223)	(79)	(149)
HRK	(37)	(1)	0	1	(4)	0	(23)	0	(8)	(2)	0	0
RON	(73)	(5)	5	0	(29)	(13)	(9)	(20)	(3)	0	0	0
RSD	(23)	(1)	(3)	(5)	(10)	(2)	(1)	0	0	0	0	0
RUB	(159)	(18)	(10)	(4)	(38)	(19)	40	(5)	(37)	(51)	(15)	0
UAH	(73)	2	2	9	(55)	(19)	(4)	(3)	(3)	(1)	0	0
USD	(225)	12	22	67	(31)	(16)	(72)	(46)	(98)	(51)	(10)	(3)
Others	(16)	(11)	25	43	(11)	(1)	(18)	(10)	(12)	(12)	(8)	0

Article 12 OffV Operational risk

RZB currently calculates regulatory capital requirements for operational risks according to Basel II using the standardized approach. For one group unit the operational risk is calculated according the basis indicator approach.

Article 15a OffV Remuneration

In 2013, RZB has also engaged itself in following the regulatory developments in the topic of remuneration. A major part of the anticipated change came from the EU CRD III capital requirement guideline and the more far-reaching CRD IV/CRR directive. The potential influence of the statutory regulations is continuously being analysed by RZB in detail. Corresponding internal guidelines have been issued and updated where necessary, regarding remuneration policy and the appropriateness of remuneration.

The RZB/RBI Remuneration Committee (REMCO) approves and periodically reviews the general and special remuneration principles of the RZB Group and is responsible for overseeing their implementation. On local level the compensation policies are subject to approval by the respective local Supervisory Boards/REMCO. The relevant documents are jointly prepared by the affected units' HR, Legal, Risk and Compliance departments.

Changes in the area of compensation

Changes in the Austrian Banking Act (§39b BWG), which were based on an EC Directive (Capital Requirements Directive III, CRD III), have demanded mandatory requirements for variable compensation systems of banks since 2011. The objective is to motivate employees to act in a manner that is more strongly focused on sustainability and long-term outlook. In order to be compliant with the regulatory requirements, RZB has adjusted its compensation schemes accordingly in 2011 and developed special regulations for members of management, risk buyers, employees in control functions, and employees who belong to the same compensation group as management and risk buyers and whose work has a significant impact on the risk profile (so-called risk personnel or identified staff).

By using specific criteria – e.g. business model, assets, economic capital, etc. – all companies belonging to RZB Group have been assessed, and special compensation guidelines applicable to the identified staff category have been designed. Group Directives applicable to all affected subsidiaries of RZB Group have been implemented as basis for local remuneration policies and practices, including general remuneration framework applicable to all employees as well as special remuneration principles for variable compensation (e.g. deferral period, payment in instruments, retention period, etc.) applicable to the identified staff category only.

Variable Remuneration - special regulations

Variable compensation is an important element of our total rewards philosophy and its purpose is to attract, motivate and retain employees. It is based on clear performance criteria, which must have both quantitative and qualitative nature and which are linked to risk-adjusted value creation.

Each variable compensation scheme rewards and motivates to behaviours that drive specific company success and build shareholder value.

The compensation philosophy actively reinforces the NWU´s strategy to achieve its objectives and if an employee is granted any variable compensation, it is paid for measured performance (at Group, NWU, team and individual level).

Performance means results and behaviours – "WHAT" and "HOW" – according to the RZB Group performance management system. All variable compensation schemes therefore are linked to performance management or a comparable target setting system.

In RZB, the variable compensation is based on bonus pools on the bank or profit center level. Every variable pay system has fixed minimum and maximum levels and thus defines maximum pay-out values.

The bonus pool funding in general is linked to risk-adjusted measures, sustainable profit targets and capital costs for each entity. Each year the Management Board in its full discretion defines the parameters for the bonus pool calculation / funding (e.g. net profit after tax, RORAC, CIR, Total OPEX, etc.) and the weighting of each, the exact parameter targets for each entity, as well as the exact funding formula.

All variable compensation, including any deferred portion is allocated, paid or vests only if the following criteria are met (Step-In-Criteria):

- This is sustainable according to the financial situation of the RZB Group and the financial situation of the institution as a whole, justified according to the performance of the institution, the business unit and the individual concerned.

- The minimum requirements as applicable under local law for the NWU to disburse dividends and to allocate or pay variable remuneration are achieved.

- for RZB and NWU which are not part of RBI Group
  - a net profit is reached,
  - the legally required RZB Group CET 1 ratio is achieved,
  - NWU has achieved the minimum economic and regulatory capital base required in accordance with applicable law.
- for RBI Group and RBI AT (measured on RBI Group level):
  - a consolidated profit is reached,
  - the legally required RBI Group CT1/CET 1 ratio is achieved,
- For NWUs of RBI Group:
  - a net profit is reached,
  - the total RWA (Risk Weighted Assets)(applicable only for NWBs & RLI).

In the year2013 the following general and specific principles for the allocation, for the claim and for the payment of variable remuneration (including the payment of the deferred variable compensation parts) for the identified staff category including of RZB Group, Board Members are applied:

- 60 per cent of the annual bonus is paid out on a proportional basis with 50 per cent cash immediately (up-front), and 50 per cent through the RBI Phantom Share Plan, which is paid out after a holding period (retention period) of one year.
- 40 per cent of the annual bonus is deferred over a period of three (in Austria: five) years. Payment is made on a proportional basis, 50 per cent cash and 50 per cent based on the phantom share plan.

The obligation of payment in instruments, as of art.11 of the annex to Section 39b of the Austrian Banking Act, under which a proportion of at least 50 per cent of variable compensation for Identified Staff should take the form of shares or equivalent non-cash payment instruments, is covered in the RBI Group by Phantom Share Plan. Proportionally 50 per cent of the "up-front" and "deferred" bonus section is divided by the average closing price of RBI's shares on the Vienna Stock Exchange for that year, serving as the basis for calculating the bonus. Thereby, a certain amount of phantom shares is determined. This amount is fixed for the entire duration of the deferral period. After the expiration of the respective retention period, the amount of specified phantom shares is multiplied by RBI's share price for the previous fiscal year.

These rules are valid unless any applicable local laws require a different procedure.

As a general principle, the Phantom Share Plan used for payment of variable compensation to Identified Staff - to fulfil the legal requirements of payment in financial instruments - is only applicable to the RBI Group but not to RZB AT and RZB Group subsidiaries where such instruments are not available.

Moreover based on local stricter legal provisions in EU countries, exceptions from the group standards for payment of variable compensation to Identified Staff are possible (eg. Bulgaria, Czech Republic, Croatia).

Share based compensation

The Management Board with approval by the Supervisory Board of RBI AG has approved the share incentive program (SIP) which offers performance based allotments of shares to eligible employees at home and abroad for a given period. Eligible employees are current board members and selected executives of RBI AG, as well as executives of its affiliated bank subsidiaries and other affiliated companies.

The number of ordinary shares of RBI AG, which will ultimately be transferred, depends on the achievement of two performance criteria: the targeted return on equity (ROE) and the performance of the share of the RBI AG compared to the total shareholder return of the shares of companies in EURO STOXX Banks index after a five-year holding period. Furthermore, an employment contract must exist with RBI. Participation in the SIP is voluntary.

Expenses related to the share incentive program in accordance with IFRS 2 (share-based payment) are charged to equity.

For the overview of compensation of the Management Board of RBI AG and RZB AG, please refer to the Annual Report 2013 of each respective company.

€000	Investment Banking	Retail Banking	Asset Management	All other	Total
Total number of Staff	**5,372**	**28,724**	**698**	**24,577**	**59,372**
Total Net profit					422,107
Total remuneration	329,596	402,503	33,861	743,941	1,509,899
of which: total variable remuneration	55,108	61,638	5,993	92,856	215,595
Identified staff					
Number of identified staff	300	104	21	479	904
of which: Number of identified staff in senior management positions					523
of which: Number of identified staff in control functions					115
Total remuneration of identified staff	**54,922**	**15,355**	**2,941**	**99,148**	**172,366**
Total fixed remuneration of identified staff (including benefits, allowances etc.)	36,557	10,686	1,971	66,857	116,071
Total variable remuneration of identified staff	18,365	4,669	970	32,290	56,295
of which: total variable remuneration in cash	9,785	2,039	622	14,126	26,572
of which: total variable remuneration in equity	8,580	2,630	349	18,165	29,723
of which: total variable remuneration in other instruments	0	0	0	0	0
Total amount of variable remuneration deferred	7,708	2,261	279	16,184	26,431
of which: total deferred variable remuneration in cash	2,882	612	139	4,402	8,036
of which: total deferred variable remuneration in equity	4,826	1,649	139	11,781	18,396
of which: total deferred variable remuneration in other instruments	0	0	0	0	0
Amount of explicit ex post peformance adjustments	0	138	0	259	397
Guaranteed variable remuneration					
Number of recipients of guaranteed variable remuneration	6	2	1	4	13
Total amount of guaranteed variable remuneration paid	228	298	10	320	856
Severance payments					
Number of recipients of severance payments	9	4	0	6	19
Total amount of severance payments paid	1,149	492	0	351	1,991
Discretionary pension benefits					
Number of recipients of discretionary pension benefits	0	0	0	0	0
Total amount of discretionary pension benefits paid	0	0	0	0	0