RAIFFEISEN BANK INTERNATIONAL

REGULATORY DISCLOSURE REPORT 2014

Disclosure of Raiffeisen Bank International Aktiengesellschaft
pursuant to EU 575/2013 Capital Requirement Regulation (CRR) Part 8

Raiffeisen Bank International

Introduction

With this document, Raiffeisen Bank International Aktiengesellschaft (RBI) fulfils its disclosure requirements under Part 8 of the Capital Requirements Regulation (CRR, EU 575/2013).

Pursuant to Article 11 of the CRR, new regulatory requirements on a subconsolidated basis were imposed on RBI in the reporting year, whereby RBI is subject to the CRR provisions not only as an individual credit institution but also a subgroup. Previously, RBI – as part of the RZB CRR Group – did not constitute an independent credit institution group as defined by the BWG and therefore was not subject to the regulatory provisions for banking groups.

This document is available as downloaded from the RBI homepage (www.rbinternational.com). It is published at the time of the official release of RBI's Annual Reports whereby certain information regarding Article 435 and 450 CRR is available only in July 2015 and will be reported therein.

The information is based on the valid regulations on a consolidated basis for the RBI CRR Group at the time this document has been published.

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Editor

RBI Group Financial Reporting (Editor) supported by RBI Credit Risk Control, RZB Risk Controlling, Asset Based Finance FI, RBI Treasury, RBI Capital Planning and RBI Credit & Limit Control

Supervisory Authorities:

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

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Article 435 CRR Risk Management objectives and policies

Active risk management is a core competency of the CRR Group. In order to effectively identify, measure, and manage risks the Group continues to develop its comprehensive risk management system. Risk management is an integral part of overall bank management. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale, and complexity of the business activities and the resulting risks. The risk report describes the principles and organization of risk management and explains the current risk exposures in all material risk categories.

Risk Management Principles

The Group has a system of risk principles and procedures in place for measuring and monitoring risk, which is aimed at controlling and managing material risks at all banks and specialist companies in the Group. The risk policies and risk management principles are laid out by the Management Board. The principles include the following risk policies:

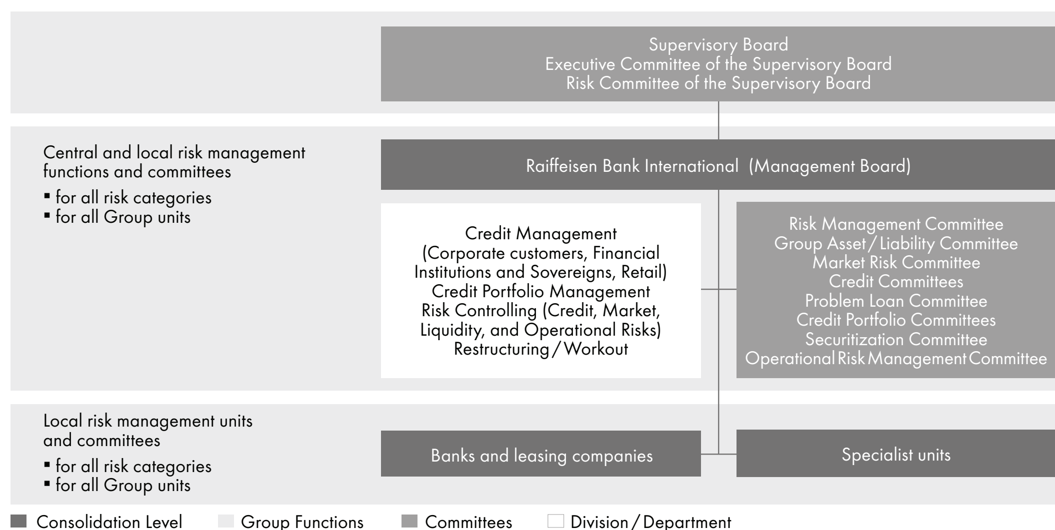
- Integrated risk management: Credit, country, market, liquidity, and operational risks are managed as main risks on a Group-wide basis. For this purpose, these risks are measured, limited, aggregated, and compared to available risk coverage capital.
- Standardized methodologies: Risk measurement and 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.
- Continuous planning: Risk strategies and risk capital are reviewed and approved in the course of the annual budgeting and planning process, whereby special attention is also paid to preventing risk concentrations.
- Independent control: A clear personnel and organizational separation is maintained between business operations and any risk management or risk controlling activities.
- Ex ante and ex post control: Risks are consistently measured within the scope of product selling and in risk-adjusted performance measurement. Thereby it is ensured that business in general is conducted only under risk-return considerations and that there are no incentives for taking high risks.

Individual risk management units of the Group create detailed risk strategies, which set more concrete risk targets and specific standards in compliance with these general principles. The overall Group risk strategy is derived from the Group's business strategy and adds risk relevant aspects to the planned business structure and strategic development. These aspects include e.g. structural limits and capital ratio targets which have to be met in the budgeting process and which frame upcoming business decisions. More specific targets for individual risk categories are set in detailed risk strategies. The credit risk strategy of the group, for instance, sets credit portfolio limits for individual countries and segments and defines the credit approval authority for limit applications.

Organization of risk management

The Management Board of the Group ensures the proper organization and ongoing development of risk management. It decides which procedures are to be employed for identifying, measuring, and monitoring risks, and makes steering decisions according to the created risk reports and analyses. The Management Board is supported in implementing these tasks by independent risk management units and special committees.

Risk management functions are performed on different levels in the Group. RBI AG develops and implements the relevant concepts in coordination with RZB AG as the parent credit institution and in cooperation with the subsidiaries of the Group. The central risk management units are responsible for the adequate and appropriate implementation of the Group's risk management processes. In particular, they establish common Group directives and set business-specific standards, tools, and practices for all Group entities.



In addition, local risk management units are established in the different Group entities. They implement the risk policies for specific risk types and take active steering decisions within the approved risk budgets in order to achieve the targets set in the business policy. For this purpose, they monitor resulting risks using standardized measurement tools and report them to central risk management units via defined interfaces.

The central Risk Controlling division assumes the independent risk controlling function required by banking law. Amongst others, this division is responsible for developing the Group-wide framework for overall bank risk management (integrating all risk types) and preparing independent reports on the risk profile for the Risk Committee of the Supervisory Board, the Management Board and the heads of individual business units. It also measures required risk coverage capital for different Group units and calculates the utilization of the allocated risk capital budgets in the internal capital adequacy framework.

Risk committees

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

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

The Market Risk Committee controls market risks of trading and banking book transactions and establishes corresponding limits and processes. In particular, it relies 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 for controlling.

The Credit Committees are staffed by front office and back office divisions with different participants depending on the customer segment (corporate customers, financial institutions, sovereigns and retail). They decide upon the specific lending criteria for different customer segments and countries. And they approve all credit decisions concerning them according to the credit approval authority (depending on rating and exposure size).

The Credit Portfolio Committees define the credit portfolio strategies for different customer segments. In these committees, representatives from business and risk management divisions together discuss the risks and opportunities of different customer segments (e.g. industries, countries, retail products). Based on the discussion, credit portfolio management then develops lending policies and sets limits steering the future credit portfolio. Due to the underlying statutes, resolutions cannot be made without approval of the members of the risk division.

The Problem Loan Committee is the most important committee in the judgment and decision-making process concerning problem loans. It comprises first-class decision making bodies (members of the Management Board of RBI and RZB) and its chairman is the Chief Risk Officer (CRO) of RBI. Further members with voting rights are those members of the Management Board responsible for the customer divisions, the Chief Financial Officer (CFO) and the relevant division and department managers from risk management and workout.

The Securitization Committee is the decision-making body for limit requests regarding securitization positions within the framework of concrete entitlement for decisions and works out suggestions for modifications to the securitization strategy for the Management Board. In addition, the Securitization Committee is a platform for exchanging information regarding securitization positions and market developments.

The Operational Risk Management Committee comprises representatives of the business divisions (retail, market and corporate customers) and representatives from Compliance, Fraud Management, IKS, Operations, HR, Security and Risk Controlling, under chairmanship of the CRO. This committee is responsible for controlling operational risk of the Group. It derives and sets the operational risk strategy from the risk profile and the business strategy and also makes decisions regarding measures and risk acceptance.

Quality assurance and internal audit

Quality assurance with respect to risk management refers to ensuring the integrity, soundness, and accuracy of processes, models, calculations, and data sources. This should make sure that the Group adheres to all legal requirements and that it can achieve the highest standards in risk management related operations.

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

Two very important functions in assuring independent oversight are performed by the divisions Audit and Compliance. Independent internal auditing is a legal requirement and a central pillar of the internal control system. Audit periodically assesses all business processes and contributes considerably to securing and improving them. It sends its reports directly to the Management Board of the Group which discusses them on a regular basis in its board meetings.

The Compliance Office is responsible for all issues concerning compliance with legal requirements in addition to and as integral part of the internal control system. Therewith, the compliance of existing regulations in daily operations is monitored.

Moreover, an independent and objective audit, free of potential conflicts, is carried out during the audit of the annual financial statements by the auditing companies. Finally, the Group is continuously supervised by the Austrian Financial Markets Authority and by local supervisors in those countries, where the Group is represented by branches or subsidiaries.

Overall bank risk management

Maintaining an adequate level of capital is a core objective of the Group. Capital requirements are monitored regularly based on the actual risk level as measured by internal models, and in choosing appropriate models the materiality of risks is taken into account. This concept of overall bank risk management provides for capital requirements from a regulatory point of view (sustainability and going concern perspective) and from an economic point of view (target rating perspective). Thus it covers the quantitative aspects of the internal capital adequacy assessment process (ICAAP) as legally required. The full ICAAP process of the Group is audited during the supervisory review process for RBI credit institution group (RBI-Kreditinstitutsgruppe) on an annual basis.

Objective	Description of risk	Measurement technique	Confidence level
Target rating perspective	Risk of not being able to satisfy claims of the Group's senior 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 target rating
Going concern perspective	Risk of not meeting the regulatory capital requirement	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 reflecting the owners' willingness to inject additional own funds
Sustainability perspective	Risk of falling short of a sustainable core capital ratio over a full business cycle	Capital and loss projection for the 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 based on economic capital which represents a comparable measure across all types of risks. It is calculated as the sum of unexpected losses stemming from different Group units and different risk categories (credit, participation, market, liquidity, macroeconomic and operational risk as well as risk resulting from other tangible assets). In addition, a general buffer for other risks not explicitly quantified is held.

The objective of calculating economic capital is to determine the amount of capital that would be required for servicing all of the claims of customers and creditors even in the case of such an extremely rare loss event. The Group uses a confidence level of 99.92 per cent for calculating economic capital. This confidence level is derived from the probability of default implied by the target rating. Based on the empirical analysis of rating agencies, the selected confidence level corresponds to a rating of plain A. Compared to the previous year, the confidence level was reduced from 99.95 per cent to 99.92 per cent representing an adaption of the implicit target rating to the general development of ratings in the banking industry over the last years.

The economic capital is compared to internal capital, which mainly denotes equity and subordinated capital of the Group. This capital form serves as a primary provision for risk coverage for servicing claims of senior debtors if the bank should incur losses.

Economic capital is an important instrument in overall bank risk management. 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. In the Group this planning is done 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 also is based on this risk measure. The profitability of business units is set in relation to the amount of economic capital attributed to these units (risk-adjusted return on risk-adjusted capital, RORAC), which yields a comparable performance measure for all business units of the Group. This measure is used in turn as a key figure for overall bank management, for future capital allocations to business units, and influences the compensation of the Group's executive management.

Going-concern perspective

Parallel to the target rating perspective, internal capital adequacy also is assessed with focus on the uninterrupted operation of the Group on a going concern basis. In this perspective, risks again are compared to risk taking capacity – now with a focus on 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 own funds (taking into account various limits on eligible capital). This capital amount is compared to the overall value-at-risk (including expected losses). Quantitative models used in the calculation thereof are mostly comparable to the target rating perspective, (albeit on a lower 95 per cent confidence level). Using this perspective the Group ensures adequate regulatory capitalization (going concern) with the given probability.

Sustainability perspective

The main goal of the sustainability perspective is to ensure that the Group can maintain a sufficiently high core capital ratio at the end of the multi-year planning period also in a severe macroeconomic downturn scenario. This analysis is based on a multi-year macroeconomic stress test where hypothetical market developments in a severe but realistic economic downturn scenario are simulated. The risk parameters considered are amongst others: interest rates, foreign exchange rates and securities prices, as well as changes in default probabilities and rating migrations in the credit portfolio.

The main focus of this integrated stress test is the resulting core capital ratio at the end of the multi-year period. It should not fall below a sustainable level and thus neither requires the bank to substantially increase capital nor to significantly reduce business activities. The current minimum amount of core capital thus is determined by the size of the potential economic downturn. In this downturn scenario the need for allocating loan loss provisions, potential pro-cyclical effects that increase minimum regulatory capital requirements, the impact of foreign exchange fluctuations as well as other valuation and earnings effects are incorporated.

Risk categories

Credit risk

In the Group, credit risk stems mainly from default risks that arise from business with retail and corporate customers, other banks and sovereign borrowers. It is by far the most important risk category in the Group, as also indicated by internal and regulatory capital requirements. Credit risk thus is analyzed and monitored both on an individual loan and customer basis as well as on a portfolio basis in the Group. Credit risk management and lending decisions are based on the respective credit risk policies, credit risk manuals, and the corresponding tools and processes which have been developed for this purpose.

The internal control system for credit risks includes different types of monitoring measures, which are tightly integrated into the workflows to be monitored – from the customer's initial credit application, to the bank's credit approval, and finally to the repayment of the loan.

Limit application process

No lending transaction is performed in the non-retail segments without running through the limit application process beforehand. This process is also consistently applied – besides new lending – to increases in existing limits, roll-overs, overdrafts, and if changes in the risk profile of a borrower occur (e.g., with respect to the financial situation of the borrower, the terms and conditions, or collateral) compared to the time the original lending decision was made. In addition it is used when setting counterparty limits in treasury and investment banking operations, other credit limits, and for equity participations.

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

The whole limit application process is based on defined uniform principles and rules. Account management for multinational customers doing business simultaneously with more than one member of RBI, is supported by the Global Account Management System, for example. This is made possible by Group-wide unique customer identification in non-retail asset classes.

The limit application process in the retail division is stronger automated due to the high number of applications and lower exposure amounts. Limit applications often are assessed and approved in central processing centers based on credit score cards. This process is facilitated by the respective IT systems.

Credit portfolio management

Credit portfolio management in the Group is, amongst others, based on the credit portfolio strategy. This strategy limits the exposure amount in different countries, industries or product types and thus prevents undesired risk concentrations. On top of that, analyzing the long-term potential of different markets is a routine activity. This allows for an early strategic repositioning of future lending activities.

A more detailed credit portfolio analysis is based on individual customer ratings. Ratings are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organization unit. Default probabilities assigned to individual rating grades are estimated for each asset class separately. As a consequence the default probability of the same ordinal rating grade (e.g., corporates good credit standing 4, financial institutions A3, and sovereigns A3) is different between these asset classes.

Rating models in the main non-retail asset classes – corporates, financial institutions, and sovereigns – are uniform in all Group units and rank creditworthiness in 27 grades for corporate customers and 10 grades for financial institutions and sovereigns. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Customer rating, as well as validation is supported by specific software tools (e.g., for business valuation, rating and default database).

The credit portfolio and individual borrowers are subject to constant monitoring. The main purpose of monitoring is to ensure that the borrower meets the terms and conditions of the contract, as well as following the obligor's economic development. Such a review is conducted at least once annually in the non-retail asset classes corporates, financial institutions, and sovereigns. This includes a rating review and the re-evaluation of financial and tangible collateral.

Problem loans (where debtors might run into material financial difficulties or a delayed payment is expected) need special treatment. In non-retail divisions, problem loan committees in individual Group units make decisions on problematic exposures. If the need for intensified treatment and workout is identified, then problem loans are assigned either to a designated specialist or to a restructuring unit (workout department). Employees of the workout units are specially trained and have extensive experience. They typically handle medium-sized to large cases and are assisted by in-house legal departments or by external specialists as well.

Workout units play a decisive role in accounting and analyzing as well as booking provisions for impairment losses (write-offs, value adjustments or provisioning). Their early involvement can help reduce losses resulting from problem loans.

Problem loan management standards in the retail area comprise the whole restructuring and collection process for private individuals and small and medium-sized entities. A restructuring guideline defines the Group's restructuring framework including uniform strategy, organization, methods, monitoring and controlling. In the workout process customers are classified into three categories "early," "late," and "recovery," for which a standardized customer handling process is defined.

Country risk

Country risk includes transfer and convertibility risks as well as political risk. It arises from cross-border transactions and direct investments in foreign countries. The Group is exposed to this risk due to its strong business activities in the Central and Eastern European markets. In these markets political and economic risks to some extent are still seen as comparatively significant.

Active country risk management in the Group is based on the country risk policy which is set by the Management Board. This policy is part of the credit portfolio limit system and sets a strict limitation on cross-border risk exposure to individual countries. Consequently, in day-to-day work, business units have to submit limit applications for the respective countries for all cross-border transactions in addition to the limit applications for a customer. The limit size for individual countries is set by using a model which takes into account the internal rating for the sovereign, the size of the country, and the Group's own capitalization.

Country risk also is reflected via the internal funds transfer pricing system in product pricing and in risk-adjusted performance measurement. Business units therefore can benefit from country risk mitigation by seeking insurance (e.g. from export credit insurance organizations) or guarantors in third countries. The insights gained from the country risk analysis are not only used for limiting the total cross-border exposure, but also for limiting the total credit exposure in each individual country (i.e. including the exposure that is funded by local deposits). Thereby the Group realigns its business activities according to the macro-economic development within different markets and enhances the broad diversification of its credit portfolio.

Participation risk

The Group's banking book also contains risks arising from listed and unlisted equity participations. They are described separately under this risk heading. Risks stemming from subsidiaries that are strategically and operatively controlled by the Group are not considered in this risk category because these risks are precisely measured and reported under the other risk headings during consolidation. Most of the direct and indirect participations of the Group are fully consolidated in the Group's statement of financial position (e.g. network banks, network leasing companies) and therefore subject to the 'look through' approach. Risks arising from such participations are managed by applying controlling-, measurement-, and monitoring-tools as described for the other risk categories.

Participation risk and counterparty credit risk have similar roots: a deteriorating financial situation on equity participations is mostly reflected in a rating downgrade (or default) of the respective entity. The methodology of the Group used for measuring value-at-risk and internal capital requirements of equity participations nonetheless is comparable to the methodology used to measure price risk arising from positions in stocks. However, in the light of the longer-term strategic nature of equity participations, annual volatilities based on observation periods of several years (instead of daily price changes) are used in the calculation.

More information on this risk category is provided in chapter Article 447 CRR Equity exposures not held in the trading book.

Market risk

Organisation and management of market risks is explained in detail in chapters Article 445 CRR Internal models for limiting market risks and Article 448 CRR Interest rate risk in the 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 within short notice and the opposite need of borrowers for long-term loans. This function constantly results in positive or negative liquidity gaps for different maturities that are managed through transactions with other market participants under normal market conditions.

Liquidity management, i.e. ensuring that the Group maintain its ability to pay at all times, is performed both centrally by the Treasury division in Vienna and on a decentralized basis by local banking subsidiaries. Cash flows are calculated and analyzed by currency on a periodical basis in an internal monitoring system. Based on this data, the Group creates liquidity balances, and analyzes whether the Group conforms to legal regulations on liquidity positions and defined internal liquidity limits. Liquidity analyses also include 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. The Group possesses all instruments for liquidity risk management

required by the credit institutions risk management directive (amongst others a sufficiently large liquidity buffer, stress tests based on different scenarios, and liquidity contingency plans).

Short-term liquidity risk

Internal limits have been established in each Group unit in order to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model. The Group holds sizeable amounts of liquid securities and favors assets eligible in tender transactions in the lending business in order to ensure liquidity in various currencies. In the case of a liquidity shortage in the Group, contingency plans would come into force. Such prioritized action lists for handling short-term liquidity needs (also with regard to the publicity impact) exist for all major Group units.

Funding liquidity risk

Funding liquidity risk is mainly driven by changes in the risk strategy of lenders or by a rating downgrade of a bank that needs external funding. Funding rates and supply rise and fall with credit spreads, which change due to the market- or bank-specific situation.

As a consequence, long-term funding depends on restoring confidence in banks and the increased effort in collecting customer deposits. The Group’s banking activities are refinanced by combining wholesale funding and the retail franchise of deposit-taking network banks and it is the central liquidity balancing agent for the local Group units in Central and Eastern Europe.

In the Group’s funding plans, special attention is paid to a diversified structure of funding to mitigate funding liquidity risk. In the Group, funds are not only raised by RBI AG as the Group’s parent institution, but also individually by different banking subsidiaries. Those efforts are coordinated and optimized through a joint funding plan. Moreover, RBI AG arranges medium-term and long-term funding for its subsidiaries through syndicated loans, bilateral funding agreements with banks, and financing facilities of supranational institutions. These funding sources are based on long-term business relationships.

For managing and limiting liquidity risks, the targets for loan/deposit ratios (the ratio of customer loans to customer deposits) in the individual network banks take into account the planned future business volumes as well as the feasibility for increasing customer deposit in different countries. On the one hand, this initiative reduces external funding requirements. On the other hand, it also reduces the need for internal funding operations and the risk associated with such liquidity transfers.

Operational risk

Operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk. In this risk category internal risk drivers like unauthorized activities, fraud or theft, execution and process errors, or business disruption and system failures are managed. External factors such as damage to physical assets or consciously conducted human fraud are managed and controlled as well.

This risk category is analyzed and managed on the basis of own historical loss data and the results of self-assessments. Another management tool is the incentive system implemented in internal capital allocation. This system rewards high data quality and active risk management. Generally speaking, the Group implements a centralized and also decentralized system for operational risk management. In this process, a central operational risk management function defines all basic principles and minimum requirements, which then are implemented risk type specific in the individual local units.

As with other risk types the principle of firewalling between risk management and risk controlling is also applied to operational risk in the Group. Operational risk controlling units are mainly responsible for the implementation and refinement of methods for operational risk management in different Group units (e.g. performing risk assessments, defining and monitoring key risk indicators, etc.) and for reporting to the central operational risk controlling function. Business line managers are responsible for controlling and mitigating operational risks. They decide on pro-active operational risk steering actions, such as buying insurance, and the use of further risk mitigating instruments.

Risk identification

Identifying and evaluating risky areas that might endanger the Group’s existence if a loss occurs (but where losses are highly unlikely to be realized) and also areas where losses are more likely to happen frequently (but cause only smaller losses) are important tasks for controlling operational risks.

Operational risk assessment is executed in a structured and Group-wide uniform manner according to risk categories such as business processes and event types. Moreover, risk assessment applies to new products as well. All Group units grade the impact of high probability/low impact events and low probability/high impact incidents according to their estimation of the loss potential for the next year and in the next ten years. Low probability/high impact events are quantified by a Group-wide analytical tool with

specific scenarios. Individual Group units furthermore run additional scenarios depending on their individual risk profile and local specifics.

Monitoring

In order to monitor operational risks, key risk indicators (early warning indicators) are used that allow promptly identifying and mitigating operational risks. These are also specifically tailored to individual Group units. A common catalog of key risk indicators, which is defined by the Group head office for internal benchmarking purposes, is mandatory for all Group units.

Loss data is collected in a central database called ORCA (Operational Risk Controlling Application) in a structured manner and on a Group-wide basis according to the event type and the business line. Collecting losses stemming from operational risks is a prerequisite for implementing a statistical loss distribution model and a minimum requirement for implementing the regulatory Standardized Approach. Furthermore, loss data is used to create and validate operational risk scenarios and for exchange with international data pools to further develop advanced operational risk management tools as well as to track further on measures and control efficiency. Since 2010, The Group has been participant in the ORX data pool, whose data are currently used for internal benchmark purposes and analyses. The results of the analyses as well as events resulting from operational risks are reported in a comprehensive manner to the Group Risk Committee on a regular basis.

Quantification and mitigation

The Group currently calculates regulatory capital requirements for operational risks according to Basel III using the Standardized Approach (STA). This approach applies to all Group units of the CRR Group.

Operational risk reduction is initiated by business managers who decide on preventive actions like risk mitigation or risk transfer. Progress and success of these actions is monitored by risk controlling. The former also define contingency plans and nominate responsible persons or departments for initiating the defined actions if losses in fact occur. In addition, several dedicated organizational units provide support to business units for reducing operational risks. An important role is taken on by fraud management which reduces potential fraud related losses through proactive monitoring and preventive actions. The Group also executes an extensive staff training program and has different emergency plans and back-up systems in place.

Declaration by the management body on the adequacy of risk management arrangements

We hereby confirm that the risk management systems established in RBI and set out in the “RZB Group Risk Manual” and in the Group Directive “Risk Strategy RZB Group” are adequate in view of the profile and the strategy of RBI.

RBI Group is an internationally operating universal banking group that focuses its business activities on Austria and the geographical region Central and Eastern Europe. The regional composition of economic capital[1], which is one of the main elements of risk steering in RBI, is shown in the table below. It also points out a balanced distribution of risk between Austria and the sub-regions in CEE.

in € thousand	2014	Share	2013	Share
Central Europe	2,236,243	30.3%	2,959,188	37.6%
Russia	1,841,948	25.0%	1,121,057	14.2%
Southeastern Europe	1,303,650	17.7%	1,652,330	21.0%
Austria	936,088	12.7%	1,276,052	16.2%
CEE Other	906,544	12.3%	659,706	8.4%
Rest of World	151,157	2.0%	199,388	2.5%
Total	**7,375,631**	**100.0%**	**7,867,722**	**100.0%**

[1] For a detailed description of the risk organization and processes in RBI group, including the target-rating perspective (i.e. economic capital), please refer to the Risk Report in the annual report

RBI's main business activities are within corporate banking, retail banking, and managing participations in various industries. Investment banking and other market risk taking activities are limited in scope, with a substantial part of the market risk stemming from equity positions of subsidiaries held in foreign currency. The composition of economic capital according to risk types in the table below shows the prevalence of credit risk in the overall risk profile of the group, as well as a balanced distribution between corporate and retail credit risk.

in € thousand	2014	Share	2013	Share
Credit risk corporate customers	1,810,240	24.5%	2,433,337	30.9%
Credit risk retail customers	1,554,750	21.1%	2,059,768	26.2%
Market risk	1,366,889	18.5%	630,075	8.0%
Operational risk	630,248	8.5%	682,259	8.7%
Credit risk sovereigns	467,630	6.3%	486,628	6.2%
Macroeconomic risk	462,000	6.3%	189,424	2.4%
Other tangible fixed assets	275,492	3.7%	262,565	3.3%
Credit risk financial institutions	194,288	2.6%	267,040	3.4%
Participation risk	129,640	1.8%	184,558	2.3%
Liquidity risk	92,782	1.3%	297,414	3.8%
CVA risk	40,452	0.5%	0	0.0%
Risk buffer	351,221	4.8%	374,653	4.8%
Total	**7,375,631**	**100.0%**	**7,867,722**	**100.0%**

In order to limit the risks taken by the group, the overall economic capital has to be covered, with a sufficiently large cushion, by internal capital. As of year-end 2014 the utilization of available risk capital (the ratio of economic capital to internal capital) was 70.2 per cent, up from 64.3 per cent as of year-end 2013 mainly due to the increase in market risk resulting from the depreciation of the Russian ruble in late 2014 and its diminishing effect on the capital position of the Russian subsidiary for overall internal capital.

Governance Arrangements

Recruitment Policy for the Board of Management and Supervisory Board

The aim is to select members of the Board of Management and the Supervisory Board pursuant to the Fit & Proper Policy in such manner as to ensure a qualified management, control, supervision and consultation which is in compliance with the statutory requirements.

The candidates should be in a position, due to their integrity, motivation, independence, and personality, to fulfill the tasks of a member of the Board of Management or Supervisory Board in RBI and to safeguard the reputation of the company in public.

When selecting members the composition of the relevant management body shall be considered, taking into account the required expertise and professional know-how as well as the aspect of diversity.

Number of directorships

The detailed overview on the number of directorships held by members of the Board of Management and Supervisory Board can be found in Annex 3.

Diversity Strategy when selecting members of the management body

When selecting members of the management body the composition of the relevant body shall be considered, taking into account the required expertise and professional know-how as well as the aspect of diversity.

The Board of Management and the Supervisory Board should consist of persons with management experience, preferably in the field of banking or financial institutions in order to ensure a qualified management, control, supervision and consultation.

As an internationally operating enterprise the RBI group approaches the topic of diversity in all its facets. According to the tradition of Raiffeisen local customs and cultures are respected and supported in order to prevent prejudice and discrimination.

The different cultural identities and mentalities of the staff members, the diversity of their educational background and their professional and private experiences are an essential element of a good internal cooperation and a prerequisite for the success of the business in our core market in Austria and in Central and Eastern Europe.

The diversity and international orientation encourage a creative working atmosphere and an open dialog allowing an exchange of ideas and opinions. It constitutes an essential precondition for creating a dynamic working climate for the benefit of our employees and customers and the basis of our success in the various markets.

The success is mostly due to the personal commitment, the different educational backgrounds, and a variety of professional and private experiences. The implementation of the principle of equal chances for equal performances starts at a recruiting process that applies equal standards without any prejudice or restrictions.

Targets and target quota for the underrepresented gender

Adequate measures for the promotion of women have to be implemented and continuously developed throughout the company. The improvement of the compatibility of family life and work is an important element. Among these measures are flexible working hours, part time arrangements or teleworking, which are already offered by almost all subsidiaries in compliance with the applicable local regulations. Furthermore, country specific measures are taken, such as the kindergarten established at the headquarters in Vienna which offers flexible operating hours.

RBI seeks to achieve within the next five to ten years at least a quota of 35 per cent for the underrepresented female gender in the area of the Board of Management, Supervisory Board and the second management level on an overall basis.

This goal set by the Nomination Committee is envisaged to be reached in such manner that in the standard HR development programs the number of participating women shall be pro rata to the number of women employed in the relevant divisions. Furthermore, when recruiting management staff, including in particular for B-1 and B-2 positions, female candidates shall beyond the normal recruiting process be especially considered, targeted and invited to submit applications.

As far as the Board of Management, Supervisory Board (incl. staff representatives) and the first and second level of management as a whole are concerned, RBI already achieved a quota of 28 per cent as of 31 December 2014.

The Board of Management is aware of the fact that a consistent continuation of current measures and openness towards new initiatives are required in order to increase the number of women in higher qualified positions. The Board encourages women to actively pursue opportunities and to demand such initiatives in practice.

Risk Commitee

RBI has implemented a Risk Committee pursuant to Section 39d of the Austrian Banking Act (BWG). The Risk Committee holds at least one meeting per year. On 3 June 2014 the constitutive meeting of the Risk Committee took place. Since then two meetings have been held.

Information to Management

The consolidated risk development is reported by the risk controlling division to the Board of Management on a quarterly basis. In addition, the Board of Management reports on the risk development at meetings of the Supervisory Board on a quarterly basis, as well as ad hoc if necessary.

The organizational unit risk controlling is in charge of a centralized and independent risk controlling pursuant to Section 39 para. 5 Austrian Banking Act (BWG). The head of risk controlling reports to the CRO, is a member of the Risk Committee, and reports the results to the Risk Committee of the Supervisory Board, to the RBI Board of Management, and to the responsible division heads.

Regarding the risk strategy and major developments within the RBI Group, the Head of the central and independent risk controlling division reports to the Risk Committee of the Supervisory Board. The Risk Committee of the Supervisory Board advises the Board of Management in respect of the current and future risk appetite and risk strategy. It supervises the implementation of this strategy in connection with the steering, supervision, and limitation of risks pursuant to the provisions of the BWG, and regarding capitalization and liquidity.

Article 436 CRR Scope of Application

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 legal/accounting purposes – IFRS 10
- Consolidated group for prudential/regulatory purposes – Article 30 BWG, Article 18 CRR and Article 19 CRR

Consolidated group for accounting purposes

All material subsidiaries in which RBI AG directly or indirectly has control are fully consolidated. The Group has control over an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Structured entities are entities in which the voting or similar rights are not the dominant factor for determining control, e.g. if the voting rights are solely related to administration activities and the relevant activities are governed by contractual agreements.

Similar to subsidiaries, consolidation of structured entities is necessary, if the Group has control over the entity. In the Group, the need to consolidate structured entities is reviewed as part of the securitization transaction process, where the structured entity is either formed by the Group with or without participation of third parties, or, in which the Group with or without participation of third parties enters into contractual relationships with already existing structured entities.

In order to determine when an entity has to be consolidated, a series of control factors have to be checked. These include an examination of

- the purpose and the constitution of the entity,
- the relevant activities and how they are determined,
- if the Group has the ability to determine the relevant activity through its rights,
- if the Group is exposed to risks of or has rights to variable returns
- if the Group has the ability to use its power over the investee in order to affect the amount of variable returns.

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.

	Fully consolidated		Equity method	
Number of units	**2014**	**2013**	**2014**	**2013**
As of 1/1	143	137	1	1
Included for the first time in the financial period	10	13	0	0
Merged in the financial period	0	(1)	0	0
Excluded in the financial period	(18)	(6)	(1)	0
As of 31/12	**135**	**143**	**0**	**1**

Of the 135 Group units (2013:143), 35 are headquartered in Austria (2013: 36) and 100 are headquartered abroad (2013: 107). The companies comprise 20 banks, 66 financial institutions, 25 providers of banking related services, 9 financial holding companies (2013:13) and 15 other companies (2013: 20). Due to the insignificance for the assets, financial situation and earnings, 222 subsidiaries (2013: 251) 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 can be found in Annex 1.

Consolidated group according to regulatory requirements

The number of companies of the RBI CRR Group amounts to 117 units as of end of December 2014 (2013: 207).

Number of units	Fully consolidated	Proportionally consolidated	Equity method
As of 1/1	207	0	1
Included for the first time in the financial period	10	0	0
Merged in the financial period	(1)	0	0
Excluded in the financial period	(99)	0	(1)
Reclassified	0	0	0
As of 31/12	**117**	**0**	**0**

The basis for the regulatory consolidation is the Capital Requirements Regulation (CRR). 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. According to article 19 CRR institutions, financial institutions or an ancillary services undertaking needn't to be included in the consolidation where the total amount of assets and off-balance sheet items of the undertaking concerned is less than the smaller of the following two amounts:

- EUR 10 million
- 1 per cent of the total amount of assets and off-balance sheet items of the parent undertaking or the undertaking that holds the participation.

Moreover competent authorities can permit the exclusion of the following paticipations case by case:

- the undertaking concerned is situated in a third country where there are legal impediments to the transfer of the necessary information
- the undertaking concerned is of negligible interest only with respect to the objectives of monitoring credit institutions
- the consolidation of the financial situation of the undertaking concerned would be inappropriate or misleading as far as the objectives of the supervision of credit institutions are concerned

Fully consolidated subsidiaries

According to the Article 18 CRR RBI needs to carry out a full consolidation of all its subsidiaries that are institutions and financial institutions.

The following table presents an overview on the scope of prudential consolidation ("RBI CRR Group"):

Development	As of 1/1/2014	Allocation	Disposal	Mergers	Reclassified	As of 31/12/2014
Credit institutions domestic	5	0	(1)	0	0	4
Credit institutions foreign	17	1	(1)	0	(1)	16
Credit institutions total	**22**	**1**	**(2)**	**0**	**(1)**	**20**
Financial institutions domestic	14	3	(2)	0	4	19
Financial institutions foreign	106	2	(61)	(1)	1	47
Financial institutions total	**120**	**5**	**(63)**	**(1)**	**5**	**66**
Other domestic	14	3	(1)	0	(4)	12
Other foreign	51	1	(33)	0	0	19
Other total	**65**	**4**	**(34)**	**0**	**(4)**	**31**
Total	**207**	**10**	**(99)**	**(1)**	**0**	**117**

For the regulatory consolidated group Article 19 CRR is applied. Each unit not exceeding the balance sheet total of € 10 million is not considered. This applies for 87 units of minor importance.

Proportional consolidation

According to article 18 (2) CRR a permission for proportional consolidation can be given from competent authorities by case to case. Currently proportional consolidation is not applied in RBI Group.

Companies deducted from the total capital

According to CRR article 36 (1) f-I direct, indirect and synthetic holdings in common equity tier 1 capital instruments have to be deducted from common equity tier 1 capital. The deduction amount depends on the threshold calculated according to CRR articles 46 and 48. Due to the fact that RBI Group doesn't exceed the threshold no participations are deduted from total capital.

The following participations would have been deducted in case of exceeding the threshold:

- 1 credit institution
- 14 financial institutions
- 2 insurance companies

Impediments for the transfer of funds

In the RBI CRR 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 RBI 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.

As at end of 2014, the Ukrainian National Bank launched foreign currency transfer controls. Besides other restrictions, a foreign investor is not able to carry out dividend payments and other capital transactions. First of all, this restriction is valid til mid of 2015.

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

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

Article 437 CRR Total Capital

Reconciliation of financials in legal and regulatory consolidation

Differences between balance sheet positions in financial statements and regulatory capital calculation are based on the different consolidation scopes. Regarding further information to the used scope of consolidation please refer to Annex I.

Capital

Capital base in € thousand	2014
Shareholders' equity according to the Group's balance sheet	7,811,404
Non-controlling interests	491,444
Minortiy adjustments due to Basel III	(97,896)
Anticipated dividend	0
Deconsolidation of insurance companies	0
Associated companies consolidated according to purchase method	0
Value changes in own financial liabilities	(194,328)
Cash flow hedges	(9,942)
Additional value adjustments	(99,000)
Goodwill	(140,305)
Deferred tax assets	0
Intangible assets	(614,262)
Other adjustments	329,531
Common Equity Tier 1 capital	**7,476,646**
Tier 1 capital contributions	0
Shares deducted from Tier 1 capital	0
Total Tier 1 capital	**7,476,646**
Tier 2 instrument	3,132,008
Net provisions for reported IRB credit exposures	400,349
Shares deducted from Tier 2 capital	0
Other adjustments	(5,632)
Total Tier 2 capital	**3,526,725**
Total capital base	**11,003,370**

Statement of financial position

Assets in € thousand	IFRS Scope 2014	Regulatory Scope 2014
Cash reserve	6,768,685	6,768,648
Loans and advances to banks	15,573,241	15,574,821
Loans and advances to customers	77,925,416	77,837,666
Impairment losses on loans and advances	(6,069,233)	(6,076,974)
Trading assets	7,916,624	7,916,625
Derivatives	1,643,201	1,641,430
Financial investments	14,467,887	14,427,575
Intangible fixed assets	759,252	754,567
Tangible fixed assets	1,407,714	1,415,392
Other assets	1,231,096	1,172,942
Total assets	**121,623,883**	**121,432,691**

Liabilities and Equity in € thousand	IFRS Scope 2014	Regulatory Scope 2014
Deposits from banks	22,408,371	22,391,925
Deposits from customers	66,094,172	65,921,418
Debt securities issued	10,593,069	10,591,596
Provisions for liabilities and charges	968,913	966,381
Trading liabilities	6,877,407	6,877,386
Derivatives	778,205	778,498
Other liabilities	1,416,803	1,417,530
Subordinated capital	4,185,108	4,185,108
Equity	8,301,835	8,302,848
Consolidated equity	8,300,012	8,296,023
Consolidated profit/loss	(492,738)	(484,619)
Non-controlling interests	494,561	491,444
Total equity and liabilities	**121,623,883**	**121,432,691**

Total Capital pursuant to CRR

in € thousand	Reference[1]	31/12/2014 transitional	Phaseout[2]	31/12/2014 fully loaded
Common Equity Tier 1 capital: instruments and reserves (1)				
Capital instruments and the related share premium accounts	26 (1), 27, 28, 29, EBA list 26 (3)	5,882,953	0	5,882,953
Retained earnings	26 (1) (c)	2,417,060	0	2,417,060
Accumulated other comprehensive income (and any other reserves)	26 (1)	0	0	0
Funds for general banking risk	26 (1) (f)	0	0	0
Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	486 (2)	0	0	0
Public sector capital injections grandfathered until 1 january 2018	483 (2)	0	0	0
Minority interests (amount allowed in consolidated CET1)	84, 479, 480	393,548	(142,538)	251,010
Independently reviewed interim profits net of any foreseeable charge or dividend	26 (2)	0	0	0
Common Equity Tier 1 (CET1) capital before regulatory adjustments		**8,693,560**	**(142,538)**	**8,551,022**
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
Additional value adjustments (negative amount)	34, 105	(102,995)	37,848	(65,147)
Intangible assets (net of related tax liability) (negative amount)	36 (1) (b), 37, 472 (4)	(754,567)	0	(754,567)
Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	36 (1) (c), 38, 472 (5)	0	(27,857)	(27,857)
Fair value reserves related to gains or losses on cash flow hedges	33 (a)	(9,942)	0	(9,942)
Negative amounts resulting from the calculation of expected loss amounts	36 (1) (d), 40, 159, 472 (6)	(42,985)	0	(42,985)
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	33 (1) (b) (c)	(194,328)	0	(194,328)
Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	36 (1) (k)	(5,121)	0	(5,121)
hereof: securitization positions (negative amount)	36 (1) (k) (ii), 243 (1) (b) 244 (1) (b), 258	(5,121)	0	(5,121)
Losses for the current financial year (negative amount)	36 (1) (a), 472 (3)	(484,619)	0	(484,619)
Foreseeable tax charges relating to CET1 items (negative amount)	36 (1) (l)	0	0	0
Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment		638,041	(377,643)	260,399
Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)	36 (1) (j)	(260,399)	0	(260,399)
Total regulatory adjustments to Common Equity Tier 1 (CET1)		**(1,216,915)**	**(367,651)**	**(1,584,566)**
Common Equity Tier 1 (CET1) capital		**7,476,646**	**(510,190)**	**6,966,456**
Additional Tier 1 (AT1) capital: instruments		**360,449**		**360,449**
Capital instruments and the related share premium accounts	51, 52	0	0	0
Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	486 (3)	353,002	(353,002)	0
Public sector capital injections grandfathered until 1 january 2018	483 (3)	0	0	0
Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	85, 86, 480	7,447	25,868	33,315
hereof: instruments issued by subsidiaries subject to phase-out	486 (3)	0	0	0
Additional Tier 1 (AT1) capital before regulatory adjustments		**360,449**	**(327,134)**	**33,315**
Additional Tier 1 (AT1) capital: regulatory adjustments				
Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	472, 473(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	(360,449)	360,449	0
Total regulatory adjustments to Additional Tier 1 (AT1) capital		**(360,449)**	**360,449**	**0**
Additional Tier 1 (AT1) capital		**0**	**33,315**	**33,315**
Tier 1 capital (T1 = CET1 + AT1)		**7,476,646**	**(476,875)**	**6,999,771**

1 (B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
2 (C) PHASEOUT AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013

in € thousand	Reference[1]	31/12/2014 transitional	Phaseout[2]	31/12/2014 fully loaded
Tier 2 (T2) capital: instruments and provisions				
Capital instruments and the related share premium accounts	62, 63	3,132,008	0	3,132,008
Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	486 (4)		0	0
Public sector capital injections grandfathered until 1 january 2018	483 (4)	0	0	0
Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	87, 88, 480	11,562	4,054	15,616
hereof: instruments issued by subsidiaries subject to phase-out	486 (4)	0	0	0
Credit risk adjustments	62 (c) & (d)	400,349	0	400,349
Tier 2 (T2) capital before regulatory adjustment		**3,543,919**	**4,054**	**3,547,973**
Tier 2 (T2) capital: regulatory adjustments				
Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)		(17,194)	17,194	0
Total regulatory adjustments to Tier 2 (T2) capital		**(17,194)**	**17,194**	**0**
Tier 2 (T2) capital		**3,526,725**	**21,248**	**3,547,973**
Total capital (TC = T1 + T2)		**11,003,370**	**(455,627)**	**10,547,743**
Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)		68,721,124	0	68,721,124
Total risk-weighted assets		**68,721,124**	**836,215**	**69,557,339**
Capital ratios				
Common Equity Tier 1 (as a percentage of total risk exposure amount	92 (2) (a), 465	10.9%	(0.9)%	10.0%
Tier 1 (as a percentage of total risk exposure amount	92 (2) (b), 465	10.9%	(0.8)%	10.1%
Total capital (as a percentage of total risk exposure amount	92 (2) (c)	16.0%	(0.8)%	15.2%
Amounts below the thresholds for deduction (before risk-weighting)				
Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)	2,626	0	2,626
Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions	36 (1) (i), 45, 48, 470, 472 (11)	18,318	0	18,318
Deferred tax assets arising from temporary difference (amount below 10 % threshold , net of related tax liability where the conditions in Article 38 (3) are met)	36 (1) (c), 38, 48, 470, 472 (5)	284,562	0	284,562
Applicable caps on the inclusion of provisions in Tier 2				
Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	62	0	0	0
Cap on inclusion of credit risk adjustments in T2 under standardised approach	62	291,522	302,497	594,019
Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	62	0	0	0
Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	62	199,322	0	199,322

1 (B) REGULATION (EU) No 575/2013 ARTICLE REFERENCE
2 (C) PHASEOUT AMOUNTS SUBJECT TO PRE-REGULATION (EU) No 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013

Summary of the main features of regulatory capital items

Capital Instruments

For details regarding capital instruments please refer to Annex 2.

Common equity Tier 1 (CET 1) capital

Common equity tier 1 capital (CET 1) includes the elements of tier 1 capital, after applying phasing in rules, which are provided in CRR to adapt to the new requirements in the European Union and deductions from CET 1 after applying the threshold exemptions according to article 48 CRR. Paid-in capital comprises subscribed capital and capital reserves of Raiffeisen Bank International. The subscribed capital and disclosed reserves are available till corporation length. All included intruments are fully eligible under Article 28 CRR. Regarding changes in equity in the reporting period please refer to table „Statement of changes in equity" in the consolidated financial statements ("RBI Annual Report 2014", page 96).

Common equity tier 1 capital after deduction items per year end 2014 amounted to € 7,476,646 thousand. In 2014 common equity tier 1 capital suffered from currency devaluation in Russian rouble and Ukrainian hryvnia, as well as year end result of minus € 484,619 thousand. The capital increase at the beginning of 2014 resulted in paid-in capital growth whereas repayment of the participation capital had a negative impact on regulatory capital. This resulted in a net increase of € 225,410 thousand.

Tier 1 capital

Tier 1 capital comprises CET 1 capital plus additional tier 1 capital (AT 1) less deductions from additional Tier 1 capital, mainly consisting of intangible assets and goodwill.

Due to the fact that the whole additional Tier 1 capital was offset by deduction items at the end of 2014, Tier 1 capital amounted to € 7,476,646 thousand.

Issuer in € thousand	Title	ISIN	Interest rate	Amount
RZB Finance (Jersey) III Limited, St. Helier	Perpetual, Non-cumulative Subordinated Floating Rate Capital Notes	XS0193631040	CMS 10 + 0.1% capped at 9%	80,504
RZB Finance (Jersey) IV Limited, St. Helier	Non-cumulative Subordinated Perpetual Callable Step-up Fixed to Floating Rate Capital Notes	XS0253262025	5.2%	272,498

Tier 2 capital

Total tier 2 capital after deductions amounted to € 3,526,725 thousand, mainly consisting of subordinated capital. Moreover the carrying amount of the general provisions for portfolios which are calculated under the standardized approach, up to 1.25 per cent of the credit risk weighted assets under standardized approach are included. Furthermore any excess between loan loss provisons and the calculated excpected loss for portfolios which are calculated under the IRB approach, up to a maximum of 0.6 per cent of the credit risk weighted assets under IRB approach are considered.

Article 438 CRR Capital Requirements

Maintaining an adequate level of capital is a core objective of the Group. Capital requirements are monitored regularly based on the actual risk level as measured by internal models, and in choosing appropriate models the materiality of risks is taken into account.

in € thousand	2014
Total risk weighted assets	**68,721,124**
hereof: Investment firms under Article 90 paragraph 2 and Article 93 of CRR	0
hereof: Investment firms under Article 91 paragraph 1 and 2 and Article 92 of CRR	0
Risk weighted exposure amounts for credit, counterparty credit and dilution risks and free deliveries	**56,542,073**
Standardised approach (SA)	**23,321,745**
SA exposure classes excluding securitization positions	23,321,745
Central governments or central banks	1,537,985
Regional governments or local authorities	35,037
Public sector entities	8,980
Multilateral Development Banks	0
International Organisations	0
Institutions	325,306
Corporates	7,835,423
Retail	5,756,855
Secured by mortgages on immovable property	3,122,771
Exposures in default	1,208,427
Items associated with particular high risk	1
Covered bonds	0
Claims on institutions and corporates with a short-term credit assessment	0
Collective investments undertakings (CIU)	9,091
Equity	455,418
Other items	3,026,453
Securitization positions SA	0
hereof: resecuritization	0
Internal ratings based Approach (IRB)	**33,220,327**
IRB approaches when neither own estimates of LGD nor Conversion Factors are used	28,174,233
Central governments and central banks	266,180
Institutions	2,496,382
Corporates - SME	6,051,492
Corporates - Specialised Lending	2,979,717
Corporates - Other	16,380,462
IRB approaches when own estimates of LGD and/or Conversion Factors are used	4,686,208
Central governments and central banks	0
Institutions	0
Corporates - SME	0
Corporates - Specialised Lending	0
Corporates - Other	0
Retail - Secured by real estate SME	288,376
Retail - Secured by real estate non-SME	2,347,414
Retail - Qualifying revolving	310,924
Retail - Other SME	494,758
Retail - Other non-SME	1,244,735
Equity IRB	105,410
Securitization positions IRB	254,477
hereof: resecuritization	0
Other non credit-obligation assets	0
Risk exposure amount for contributions to the default fund of a CCP	**0**
Total risk exposure amount for settlement/delivery	**0**
Settlement/delivery risk in the non-Trading book	0
Settlement/delivery risk in the Trading book	0

in € thousand	2014
Total risk exposure amount for position, foreign exchange and commodities risk	**3,172,291**
Risk exposure amount for position, foreign exchange and commodities risks under standardised approaches (SA)	**2,079,080**
Traded debt instruments	1,292,283
Equity	225,089
Foreign Exchange	503,025
Commodities	58,684
Risk exposure amount for Position, foreign exchange and commodities risks under internal models (IM)	**1,093,211**
Total risk exposure amount for operational risk	**8,501,058**
OpR Basic indicator approach (BIA)	0
OpR Standardised (STA) / Alternative Standardised (ASA) approaches	8,501,058
OpR Advanced measurement approaches (AMA)	0
Additional risk exposure amount due to fixed overheads	**0**
Total risk exposure amount for credit valuation adjustments	**505,702**
Advanced method	0
Standardised method	505,702
Based on OEM	0
Total risk exposure amount related to large exposures in the trading book	**0**
Other risk exposure amounts	**0**

Article 439 CRR
Exposure to Counterparty Credit Risk

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 RBI 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.

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, RBI 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.

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.

CRR 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 Baa1. The below denoted amount of maximum additional collateral requirements will become effective in full only if both rating agencies would downgrade RBI's long term credit rating and an adverse market movement would require corresponding collateral.

Rating Grade	S&P	Moody´s	Max. additional collateral requirement in € thousand
1	AAA	Aaa	0
2	AA+	Aa1	0
3	AA	Aa2	0
4	AA-	Aa3	0
5	A+	A1	0
6	A	A2	0
7	A-	A3	44,600
8	BBB+	Baa1	45,800
9	BBB	Baa2	49,500
10	BBB- and below	Baa3 and below	50,700
11	BB+	Ba1	50,700

Quantitative Disclosure

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.

Article 439 (e) CRR at fair value through profit or loss in € thousand	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	2,160,825	5,354,903	3,571,260	1,783,643	833,419	950,223
Foreign exchange rate contracts	803,600	2,624,252	804,534	1,819,718	206,472	1,613,246
Equity/index contracts	5,072,806	12,035,903	8,507,202	3,528,700	1,173,683	2,355,017
Credit derivatives	(4,116)	72,197	28,402	43,796	12,082	31,714
Commodities	130,342	354	123	231	0	231
Total	**8,163,458**	**20,087,609**	**12,911,521**	**7,176,088**	**2,225,656**	**4,950,432**

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

Article 439 (f) CRR in € thousand	Netted potential credit exposure
Mark-to-market approach	7,176,088

The nominal value of credit derivatives hedges amounts to € 1,593,496 thousand (2013: € 1,547,023). In case of credit derivatives only single credit default swaps and I-traxx are available

Article 439 (g) CRR in € thousand	Nominal value
Single CDS	645,175
I-traxx	168,397

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

Article 439 (h) CRR	Banking book		Trading book	
in € thousand	Purchase contracts	Sales Contracts	Purchase contracts	Sales Contracts
Interest rate contracts	44,784,829	0	118,896,078	3,370,315
Foreign exchange rate contracts	30,864,180	24,834	62,005,375	2,511,451
Equity/index contracts	405,610	0	2,110,130	0
Commodities	0	0	216,773	0
precious metal except gold contracts	0	0	0	0
Credit derivatives	588,756	4,000	224,816	791,548
Total	**76,643,375**	**28,834**	**183,453,172**	**6,673,314**

Article 440
Capital Buffer

A capital buffer is not applicable in 2014.

Article 441
Indicators of systemic Importance

The indicators of systemic importance are not applicable in 2014.

Article 442 CRR
Credit risk adjustments

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

A default and thus non-performing loan (NPL) is according to Article 178 CRR defined as the event where a specific debtor is unlikely to pay its credit obligations to the bank in full, or the debtor is overdue more than 90 days on any material credit obligation. The Group has defined twelve default indicators which are used to identify a default event in the non-retail segment. These include the insolvency or similar proceedings of a customer, if an impairment provision has been allocated or a direct write-off has been carried out, if credit risk management has judged a customer account receivable to be not wholly recoverable, or the workout unit is considering stepping in to help a company restore its financial soundness.

Within the Group a Group-wide default database has been created for collecting and documenting customer defaults. The database tracks defaults and the reasons for defaults, which enables the calculation and validation of own default probabilities.

Provisions for impairment losses are formed on the basis of Group-wide standards according to IFRS accounting principles and cover all identifiable credit risks. In the non-retail segments, problem loan committees from each Group unit decide on allocating individual loan loss provisions. In the retail area, provisioning is performed by retail risk departments in individual Group units. They compute loan loss provisions according to defined calculation schemes on a monthly basis. The provisioning amount is then approved by local accounting departments.

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 RBI 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:

Article 442 (c) CRR **Exposure classes in € thousand**	**31.12.2014**	**31.12.2013**
Sovereigns	21,754,067	19,284,264
Financial institutions	21,414,009	27,369,523
Corporate customers	83,451,031	87,266,489
Retail customers	28,620,434	29,402,323
Total	**155,239,541**	**163,322,599**

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

Article 442 (d) CRR **in € thousand**	**Sovereigns**	**Financial institutions**	**Corporate customers**	**Retail customers**	**Total**
Austria	2,259,457	5,398,460	15,942,648	12,254	23,612,819
Central Europe	9,308,978	484,963	22,453,416	15,716,620	47,963,978
Southeastern Europe	5,207,707	146,356	10,805,205	7,985,585	24,144,854
CEE Other	564,740	372,077	3,792,250	1,413,761	6,142,828
Russia	478,942	1,071,377	11,760,911	3,492,215	16,803,445
Rest of the world	3,934,243	13,940,774	18,696,600	0	36,571,617
Total	**21,754,066**	**21,414,009**	**83,451,031**	**28,620,435**	**155,239,541**

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

Article 442 (e) CRR Industries in € thousand	**Sovereigns**	**Financial institutions**	**Corporate customers**	**hereof SMB**	**Retail customers**	**Total**
Banking and insurance	9,755,685	20,837,293	9,786,037	10,152	22,783	40,401,798
Private households	0	0	11,785	203	25,664,346	26,628,106
Public administration and defence and social insurance institutions	11,998,382	0	80,149	3,361	1,442	12,719,616
Wholesale trade and commission trade (except car trading)	0	0	14,749,652	0	279,404	14,662,082
Real estate activities	0	0	9,611,862	186,101	43,753	9,424,346
Other business activities	0	0	4,389,583	102,696	235,438	4,521,505
Construction	0	0	5,472,656	293,831	169,103	5,508,026
Retail trade except repair of motor vehicles	0	0	3,629,427	310,165	291,678	3,839,075
Electricity, gas, steam and hot water supply	0	0	3,236,002	9,709	5,120	3,158,525
Manufacture of food products and beverages	0	0	2,328,700	109,116	43,553	2,314,294
Manufacture of basic metals	0	0	2,741,771	7,295	6,588	2,678,461
Other manufacturing	0	0	11,823,031	539,525	282,393	11,829,289
Land transport, transport via pipelines	0	0	1,810,237	245,131	204,038	1,975,535
Other transport	0	0	1,802,459	38,546	285,413	2,053,102
Manufacture of machinery and equipment	0	0	1,218,205	48,486	11,990	1,199,475
Mining and quarrying	0	0	1,285,580	0	76	1,252,770
Sale of motor vehicles	0	0	988,129	137,956	136,954	1,104,885
Other industries	0	576,716	8,485,764	1,407,430	936,363	9,968,651
Total	**21,754,066**	**21,414,009**	**83,451,031**	**3,449,702**	**28,620,435**	**155,239,541**

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

Article 442 (f) CRR in € thousand	**Sovereigns**	**Financial institutions**	**Corporate customers**	**Retail customers**	**Total**
Daily due	526,984	1,546,481	9,541,757	2,775,687	14,390,910
Up to 1 year	9,993,448	5,241,335	12,313,675	1,667,548	29,216,006
More than 1 year, up to 5 years	4,908,523	3,948,963	30,604,954	5,849,841	45,312,280
More than 5 years	6,225,650	8,879,404	23,224,676	16,795,108	55,124,838
Without maturity	99,461	1,797,827	7,765,969	1,532,249	11,195,507
Total	**21,754,066**	**21,414,009**	**83,451,031**	**28,620,435**	**155,239,541**

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.

Article 442 (g) CRR in € thousand	**Sovereigns**	**Financial institutions**	**Corporate customers**	**Retail customers**	**Total**
Non-performing loans	229	129,909	6,227,244	2,610,770	8,968,153
Past Due Exposure	12,942	5,095	1,270,057	2,262,838	3,550,932
Individual loan loss provisions	34	111,768	3,680,374	1,865,203	5,657,378
Portfolio-based loan loss provisions	755	2,853	207,919	200,328	411,856
Individual provisions for off balance exposures	0	15,000	49,505	4,297	68,794
Portfolio-based provisions for off balance exposures	20	678	27,263	993	28,954

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

Article 442 (h) CRR	Geographical distribution						
in € thousand	Austria	Central Europe	Southeastern Europe	Russia	CEE Other	Rest of the world	Total
Non-performing loans	2,061,782	2,998,907	1,769,536	496,302	1,267,471	374,154	8,968,153
Past Due Exposure	282,238	1,180,262	1,561,443	152,810	225,620	148,558	3,550,932
Value adjustments and provisions	1,205,821	2,071,463	1,101,797	351,930	1,106,133	329,837	6,166,981

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

Article 442 (i) CRR in € thousand	As of 1/1/2014	Changes in consolidation	Allocation	Release	Usage	Transfers, exchange differences	As of 31/12/2014
On-balance provisions	**5,605,475**	**898**	**2,609,379**	**(820,241)**	**(1,100,624)**	**(225,654)**	**6,069,233**
hereof individual loan loss provisions	5,121,587	(270)	2,351,166	(531,625)	(1,100,585)	(182,896)	5,657,377
hereof portfolio-based provisions	483,888	1,168	258,214	(288,616)	(39)	(42,759)	411,856
Off-balance provisions	**119,182**	**22**	**50,403**	**(55,688)**	**(13,400)**	**(2,772)**	**97,748**
hereof individual loan loss provisions	73,692	0	37,279	(27,532)	(13,400)	(1,246)	68,794
hereof portfolio-based provisions	45,490	22	13,124	(28,156)	0	(1,526)	28,954
Total	**5,724,657**	**920**	**2,659,783**	**(875,929)**	**(1,114,024)**	**(228,426)**	**6,166,981**

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

Articel 442 CRR in € thousand	2014
Direct write-downs	(125,120)
Income received on written-down claims	66,509

Article 443 CRR Unencumbered assets

RBI Group is a universal bank whose primary activity is the traditional lending and borrowing business. The main types of encumbered assets in RBI Group are loans and advances followed by debt securities. By far the largest source of encumbrance comes from collateralized deposits followed by derivative liabilities. RBI Group has over EUR 1 billion of covered bonds outstanding and a small amount of true sale securitizations which also lead to asset encumbrance. Securities lending and repo transactions do not lead to a material level of encumbrance of balance sheet assets. A third of assets received as a result of reverse repos and securities borrowing have been re-pledged. It is not possible to describe the development of encumbered assets over the reporting period due to the lack of comparable data for 2013. The largest volume of unencumbered assets are loans and advances followed by, mostly government, debt securities. Other assets are the third largest group of unencumbered assets and consist mainly of reverse repo and securities lending receivables and derivatives. Intragroup asset encumbrance is not material. Levels of collateralization are in line with market practices.

in € thousand	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets of the reporting institution	12,405,638	0	109,027,052	0
Equity instruments	1,922	45,615	466,278	383,191
Debt securities	1,685,612	1,534,916	16,554,685	12,999,362
Other assets	10,718,105	0	92,006,090	0

in € thousand	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Collateral received by the reporting institution	**3,842,993**	**8,177,859**
Equity instruments	864,904	1,467,975
Debt securities	2,824,033	5,002,860
Other collateral received	154,056	1,707,024
Own debt securities issued other than own covered bonds or ABSs	**0**	**0**

in € thousand	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	**12,146,514**	**16,545,833**

Article 444 CRR Use of ECAIs

ECAI (External Credit Assessment Institution)

RBI Group utilises the external sovereign ratings from **Standard and Poor's, Moody's and Fitch Ratings** for the calculation under the standardised approach. For all other exposure classes, if available, the ratings of Standard and Poor's are applied.

In the case of securities items, external issuer ratings are applied for the equity calculation. If securities items are held to mitigate risk, the issue ratings are applied to determine the haircuts.

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 CRR.

	ECAI Rating		
Rating notch	**Standard & Poor's**	**Moody's**	**Fitch**
1	AAA	Aaa	AAA
1	AA+	Aa	AA+
1	AA	Aa1	AA
1	AA-	Aa2	AA-
1		Aa3	
2	A+	A1	A+
2	A	A2	A
2	A-	A3	A-
3	BBB+	Baa1	BBB+
3	BBB	Baa2	BBB
3	BBB-	Baa3	BBB-
4	BB+	Ba1	BB+
4	BB	Ba2	BB
4	BB-	Ba3	BB-
5	B+	B1	B+
5	B	B2	B
5	B-	B3	B-
6	CCC+	Caa1	CCC+
6	CCC	Caa2	CCC
6	CCC-	Caa3	CCC-
6	CC	Ca	CC
6	C	C	C
6	D		D
7	NR	NR	NR

Exposure break down

The total exposure for which capital requirements are calculated by using the standardized approach amounted to € 77,763,305 thousand. The exposure and the exposure after credit risk mitigation (uncollateralised exposure) for each exposure class break down as follows:

Overview Standardized Approach Exposure Classes

Standardized Approach - Exposure classes according Article 112 CRR in € thousand	Exposure	Own funds requirement
Exposures to central governments and central banks	18,961,787	123,039
Exposures to regional governments or local authorities	61,497	2,803
Exposures to public sector entities	31,496	718
Exposures to multilateral development banks	439,330	0
Claims or contingent claims on international organisations	579,075	0
exposures to on institutions	5,387,854	26,024
Exposures to corporates	12,465,146	626,834
Retail exposures	9,642,466	460,548
Exposures secured by mortgages on immovable property	6,968,605	249,822
Exposures in default	3,448,856	96,674
Exposures associated with particularly high risk	1	0
Exposures in the form of covered bonds	0	0
Exposures to institutions and corporates with a short-term credit assessment	0	0
Exposures in the form of units or shares in collective investment undertakings (CIUs)	9,091	727
Items representing securitization positions	0	0
Equity	380,440	36,433
Other items	19,387,662	242,116
Total	**77,763,305**	**1,865,740**

Exposures to central governments and central banks

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	5,113,987	5,113,924
2	5,017,003	5,016,962
3	3,093,570	3,093,570
4	3,626,818	3,567,405
5	1,699,952	1,697,135
6	331,464	331,464
Without external rating	78,993	78,993
Total	**18,961,787**	**18,899,453**

Exposures to regional governments or local authorities

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	0	0
2	8,529	8,529
3	17,101	16,943
4	4,562	4,559
5	31,303	31,303
6	3	3
Without external rating	0	0
Total	**61,497**	**61,336**

Exposures to public sector entities

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	6,532	6,532
2	18,558	1,941
3	827	827
4	345	345
5	5,160	5,003
6	6	6
Without external rating	68	68
Total	**31,496**	**14,721**

Exposures to multilateral development banks

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	439,330	439,330
2	0	0
3	0	0
4	0	0
5	0	0
6	0	0
Without external rating	0	0
Total	**439,330**	**439,330**

Exposures to international organisations

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	579,075	579,075
2	0	0
3	0	0
4	0	0
5	0	0
6	0	0
Without external rating	0	0
Total	**579,075**	**579,075**

Exposures to institutions

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	578,946	577,179
2	4,205,037	3,691,250
3	412,393	175,725
4	12,654	12,654
5	33,293	29,770
6	3,541	3,541
Without external rating	141,990	141,990
Total	**5,387,854**	**4,632,110**

Exposures to corporates

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	4,606	0
2	16,874	13,923
3	42,292	42,292
4	38,915	38,915
5	24,447	24,447
6	1,254,605	1,247,455
Without external rating	11,083,408	9,745,968
Total	**12,465,146**	**11,112,999**

Retail exposures

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	0	0
2	0	0
3	0	0
4	0	0
5	0	0
6	0	0
Without external rating	9,642,466	9,601,006
Total	**9,642,466**	**9,601,006**

Exposures secured by mortgages on immovable property

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	0	0
2	477	0
3	0	0
4	148	0
5	540	0
6	217,829	0
Without external rating	6,749,611	0
Total	**6,968,605**	**0**

Exposures in default

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	0	0
2	222	0
3	25	25
4	2,074	1,458
5	4	4
6	4,159	4,159
Without external rating	3,442,372	1,632,170
Total	**3,448,856**	**1,637,816**

Exposures associated with particularly high risk

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

Exposures in the form of covered bonds

Credit Quality Step in € thousand	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**

Exposures to institutions and corporates with a short-term credit assessment

Credit Quality Step in € thousand	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**

Exposures in the form of units or shares in collective investment undertakings (CIUs)

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	0	0
2	0	0
3	0	0
4	0	0
5	0	0
6	0	0
Without external rating	9,091	9,091
Total	**9,091**	**9,091**

Items representing securitization positions

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	0	0
2	0	0
3	0	0
4	0	0
5	0	0
6	0	0
6	0	0
Deducted from the own funds	0	0
Total	**0**	**0**

Other Items

Credit Quality Step in € thousand	Exposure	Unsecured exposure
1	0	0
2	0	0
3	0	0
4	31,660	31,660
5	82,955	82,955
6	0	0
Without external rating	18,657,908	18,648,419
Deducted from the own funds	615,140	0
Total	**19,387,662**	**18,763,034**

Article 445 CRR Exposure to market risk

The minimum capital requirements for market risk according to Article 445 CRR break down as follows:

in € thousand	31.12.2014	31.12.2013
Own funds requirement for market risk (internal model)	87,457	73,659
Specific position risk associated with interest rate instruments	62,916	116,257
General position risk associated with interest rate instruments	40,467	46,816
Specific position risk associated with equity instruments	6,620	32,229
General position risk associated with equity instruments	4,515	17,395
Risk associated with equity index futures	1,169	3,953
Risk associated with shares in investment funds	510	965
Other option-related risks	5,193	6,456
Settlement risk	0	7
Commodities risk	4,695	13,890
Foreign-exchange risk (including the risk arising from gold positions)	40,242	45,340
Specific position risk in securitization	0	49
Own funds requirement for market risk in kind of risk (total)	**253,783**	**357,016**

Article 446 CRR Operational Risk

Currently all units of the Group are in Standardised Approach.

Article 447 CRR Exposures in equities not included in the trading book

Differentiation between exposures based on their purpose

RBI 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 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). Indirect participations held by different members of RBI Group are often managed by local units in coordination with the parent company.

Overview of accounting and valuation methods

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

Shareholdings in subsidiaries which are not included in the consolidated financial statements because of their minor importance in giving a fair view of the Group's assets, financial and earnings position as well as shareholdings in companies that are not valued at-equity are shown under financial investments at-cost if no share prices are available and are assigned to the measurement category available-for-sale. Changes in the fair value of available-for-sale categorised units are directly recognized in equity without effecting income statement. However impairments are shown in the income statement.

Quantitative Disclosure

Articel 447 (b)- (c) in € thousand	Counterparty credit risk	Fair value	Market value
Shares	**4,085**	**4,085**	**3,558**
Stock exchange listed positions	3,558	3,558	3,558
Stock exchange unlisted positions	527	527	0
Other interests	**172,589**	**169,112**	**0**
Stock exchange listed positions	3,477	0	0
Stock exchange unlisted positions	169,112	169,112	0
Interest in affiliated companies	**256,999**	**256,999**	**0**
Stock exchange listed positions	0	0	0
Stock exchange unlisted positions	256,999	256,999	0

Articel 447 (d)- (e) in € thousand	Amount
Disclosure Article 447 (d) CRR	**4,921**
Net realised gains (losses) on equity instruments	4,921
Disclosure Article 447 (e) CRR	**(16,300)**
Net gain (losses) on equity instruments	(37,711)
Deferred revaluation gains/losses	21,411
hereof: included in Tier 1 capital	0

Article 448 CRR Exposure to interest rate risk on positions not included in the trading book

Interest rate risk in the banking book arises from differences in maturities and repricing schedules between RBI's assets and liabilities. There are relevant open positions for EUR, USD and CHF as major currencies as well as for local currencies of network banks located in Central and Eastern Europe.

Interest rate risk in the banking book is actively managed by Treasury in accordance with the interest rate strategy approved by Group Asset Liability Committee (ALCO) and within given market risk limites approved by the Group Market Risk Committee (MACO).

This risk type is hedged by a combination of on- and off-balance sheet transactions. Instruments for hedging include off balance sheet derivatives (interest rate swaps and – to a smaller extend – also interest rate forwards and interest rate options). Hedge accounting according to IAS 39 is applied wherever applicable in order to avoid fluctuations in the profit and loss caused by the re-evaluation of derivatives.

The interest rate risk in the banking book is measured and controlled in a dual approach:

In the economic value based approach all banking book positions are included in RBI's internal market risk model which is also used for measuring market risk in the trading book. All banking book positions are subject to market risk limits (Basis Point Values and Value at Risk) and included in the pillar 2 Economic Capital measurement.

In contrast to the trading book, in the banking book interest rate behavior of certain positions has to be modeled. In this respect the modeling of own funds and of administered rate products (i.e. customer products without contractually agreed interest rate behavior such as current accounts or sight deposits) significantly influences the measured overall interest rate risk position. RBI models these banking book positions with a highly prudent approach. Own funds are modeled as overnight positions without interest rate sensitivity in terms of Basis Point Values and Value at Risk and therefore do not artificially offset long term fixed receiver positions.

The interest rate risk of administered rate products is modeled based on a replicating portfolio meth-odology. The main idea behind this methodology is to define a replicating portfolio of plain vanilla instruments that are available on the market and mimic the historical interest rate behaviour of the administered rate product the best. The structure of the replicating portfolios is used consistently for measuring the interest rate risk (BPV, VaR) of administered rate positions as well as for internal funds transfer pricing.

The theoretical maximum duration of the replicating portfolio according to the applied model is up to 4.9 years for retail products and up to 2.5 years for corporate products. The actual durations for spe-cific administered rate products on RBI's balance sheet vary currently between 1 month and 4.1 years for retail products and between 1 month and 1.2 years for corporate products. Semi annually validations and re-calibrations are performed in order to test whether the currently applied replicating portfolio models are still valid.

The economic value based approach is completed by a future oriented earnings based approach in order to identify the main drivers of the bank's interest sensitive P&L positions. This approach fur-thermore provides information necessary to manage and optimize the risk-return position as well as the structure of the balance sheet from an earnigs based point of view. The evolution of net interest income and valuation results are simulated under various balance sheet (development of volumes, products, maturities, margins etc.) and market scenarios (parallel shift and twists of the yield curve, implied forward scenario, scenario according to market opinion etc.).

The following table shows the change in the present value of RBI's banking book given a one-basis-point interest rate increase for the whole yield curve.

2014 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
ALL	(38)	1	(3)	9	(10)	(7)	(10)	(18)	(2)	0	0	0
BAM	15	3	(2)	(3)	8	3	2	1	2	2	0	0
BGN	31	0	0	(2)	(1)	9	31	(2)	(3)	(1)	0	0
BYR	(33)	0	(1)	(7)	(10)	(8)	(4)	(1)	(1)	(1)	0	0
CAD	7	0	7	0	0	0	0	0	0	0	0	0
CHF	(382)	11	(2)	0	(29)	(11)	(20)	(25)	(73)	(140)	(77)	(17)
CNY	10	(6)	0	16	0	0	0	0	0	0	0	0
CZK	11	(5)	3	29	0	(1)	(17)	0	3	(2)	(1)	0
EUR	(283)	25	(23)	(7)	(35)	(52)	(69)	206	75	(175)	(95)	(133)
GBP	(1)	(1)	1	2	(1)	0	(1)	(1)	0	0	0	0
HRK	(41)	0	(3)	3	(21)	(1)	(10)	(8)	2	(3)	0	0
HUF	(92)	10	(3)	(5)	(10)	(11)	(25)	(10)	(31)	(4)	(2)	(1)
PLN	(38)	(7)	5	(7)	1	(1)	3	(7)	(9)	(11)	(4)	(1)
RON	(18)	(3)	(5)	(14)	(19)	(1)	37	(13)	(1)	2	(1)	0
RSD	(24)	(2)	(3)	(6)	(11)	(2)	0	0	0	0	0	0
RUB	(164)	(9)	(18)	27	(66)	(61)	38	(17)	(37)	(19)	(2)	0
SGD	(4)	(4)	0	0	0	0	0	0	0	0	0	0
UAH	(39)	0	(1)	(2)	(8)	0	(19)	(3)	(4)	(2)	0	0
USD	(100)	56	50	13	(15)	(30)	5	(5)	(49)	19	0	(144)
Others	1	1	(1)	1	0	0	0	0	0	0	0	0

2013 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	> 20 y
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
BGN	(13)	(2)	(1)	5	(1)	(4)	(7)	(1)	(1)	(1)	0	0
BYR	(23)	0	1	(7)	(4)	(5)	(3)	(2)	(2)	(1)	0	0
CAD	(4)	4	(8)	0	0	0	0	0	0	0	0	0
CHF	(131)	(26)	7	23	(10)	(59)	(13)	3	1	(40)	(16)	(1)
CNY	10	(8)	4	12	2	0	0	0	0	0	0	0
CZK	8	5	(9)	26	(8)	2	4	(3)	(2)	(3)	(3)	(1)
EUR	153	(1)	(10)	55	32	(184)	509	(36)	(131)	70	(58)	(93)
HRK	(84)	(4)	1	(4)	(5)	(29)	(17)	(13)	(13)	0	0	0
HUF	(26)	(4)	(9)	(3)	4	11	9	(18)	(14)	(2)	0	0
RON	(72)	(2)	(3)	(9)	(30)	6	(6)	(20)	(6)	(1)	(1)	0
RSD	(20)	(2)	(2)	(3)	(9)	(3)	(1)	0	0	0	0	0
RUB	(163)	(8)	(3)	(15)	(15)	(95)	84	(49)	(41)	(18)	(3)	0
SGD	6	(2)	0	9	(1)	0	0	0	0	0	0	0
UAH	(56)	(2)	3	(2)	(42)	(8)	14	(7)	(8)	(4)	0	0
USD	(7)	32	45	116	1	(73)	(68)	(10)	(52)	3	1	(2)
Others	(1)	11	15	15	(49)	1	9	(2)	(1)	0	0	0

Article 449 CRR
Exposure to securitization positions

The goals which the bank pursues with respect to its securitization activities

As an originator, RBI Group concludes securitization transactions with the aim to reduce regulatory or economic capital as well as to obtain funding. If RBI Group acts as arranger the generation of fee income is the aim. When also investing in securitization exposure, RBI Group seeks to obtain interest income while achieving an attractive risk-/return profile.

The roles of the Bank under a securitization transaction

RBI Group does not invest in resecuritization positions

The approaches used by the Bank to calculated the weighted exposure amount in relation to its securitization activities

In those cases in which a member of the RBI Group invests into tranches of its own portfolios, such member uses the approach which is applied by the originating unit (irrespective of the general approach used by the booking unit). This rule is supported by respective information in the data loads. In cases when a securitzation does not lead to effective risk transfer, the weighted exposure amount in relation to such transaction is not calculated.

Tranches which are not externally rated and which relate to portfolios, with respect to which the originating group unit uses the IRB approach, may be calculated using the Supervisory Formula Approach (SFA). Under this approach, the tranche will be either fully deducted from capital (where X ≤ KIRB) or, if X > KIRB, such tranche will be weighted with a risk weight which is derived by using the SFA-Formula and which amounts to at least 7 per cent.

For all tranches, rated by two recognized ECA (according to EC-Directive 462/2013 of the European Parliament and of the Council of 21 May 2013) Is the ratings based approach is used. In this respect, all such tranches which carry a rating below the legal minimum rating, which are not rated or for which no alternative approach can be used will be deducted from capital.

The monitoring of changes in the credit and market risk of securitization exposures comprises three different layers – the originator (credit & collection policy, reputation, etc.), the underlying portfolio (concentrations, correlations, default and delinquencies etc.) as well as the securitization exposure's structural features (seniority, triggers, waterfall, credit enhancement, etc.). The credit process covers the approval, review and stress testing. During the credit process RBI Group analyses and records a wide range of data relating to the securitization exposures in order to gain a comprehensive and thorough understanding thereof. In particular RBI Group analyses and records the retained net economic interest, the risk characteristics of the individual securitization position and of underlying exposure, reputation and loss experience in earlier securitizations, historical performance and structural features that can materially impact the performance of the securitization position. The limits are approved by relevant risk committees, whereby the Securutuzation Committee is responsible for limit approval and review of securitization positions.

For securitization transactions, the RBI Group applies the respective regulations in accordance with International Financial Reporting Standards (IFRS), in particular SIC 12 together with IAS 27 concerning the possible consolidation of SPVs and IAS 39 for the applicable balance sheet reporting. IAS 39 governs in particular the approach regarding (de-)recognition of assets which are subject to true sale securitizations. In case of synthetic securitizations the instruments involved are financial guarantees or credit derivatives whereby the respective definitions are included in IAS 39. In this respect, received guarantees which represent financial guarantees will not be reported in the balance sheet of the originator whereby transactions which have, in substance, the form of a credit derivative, need to be reported in the IFRS balance sheet with their respective market values.

The following conclusions can be drawn in case of securitization transactions:

- Considering the inclusion of the SPV under the consolidated IFRS balance sheet, all transactions concluded so far have been treated on-balance-sheet (i.e. remaining in the group's consolidated total assets like a quasi funding transaction),no profit from sale of assets under the consolidated financial reports has been reported so far;
- As a further consequence of item a), any group unit which has invested into securitization tranches of portfolios of other group units reports such tranches as intragroup receivables which are subject to consolidation of intercompany positions (i.e. on the liability side, the group reports a lower amount of securitization debt);
- The synthetic securitization transactions which have been entered into so far are reported as financial guarantees for the underlying loan receivables and are reflected in the IFRS financial statements in so far as claim to guarantee provider and no portfolio loan loss provisions are booked for receivables to the extent that such receivables are covered by the received guarantees (i.e. received collateral).

Names of acknowledged Rating Agencies which are used for Securitization Transactions

Moody's Investor Service, Fitch Ratings, DBRS, and Standard & Poor's.

RBI as Originator

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 RBI's securitization transactions is to ease the strain on the Group's regulatory own funds and to use additional refinancing sources.

The following transactions for all, or at least individual tranches executed with external contractual partners are active in 2014. The stated amounts represent the usable volumes and the junior tranche at the closing date:

in € thousand	Seller of claims or secured party	Closing date	End of maturity	Volume	Portfolio	Junior Tranche
Synthetic Transaction ROOF INFRASTRUCTURE 2014	Raiffeisen Bank International AG, Vienna	December 2014	March 2027	1,500,416	Company loans, guarantees, revolving credit facilities	6.1%
True Sale Transaction ROOF Poland Leasing 2014 ltd, Dublin (IE)	Raiffeisen-Leasing Polska S.A., Warsaw (PL)	December 2014	January 2028	222,250	Car leasing contracts	33.0%
True Sale Transactions Raiffeisen Leasing Polska Auto Lease Securitization	Raiffeisen-Leasing Polska S.A., Warsaw (PL)	February 2012	October 2020	141,068	Car leasing contracts	15.0%
Synthetic Transaction ROOF WESTERN EUROPE CLO (2012)(1)	Raiffeisen Bank International AG, Vienna	July 2012	July 2025	996,076	Company loans, securities, guarantees	0.8%
Future Flow Securitization ROOF Russia DPR Finance Company S.A.	AO Raiffeisenbank, Moscow (RU)	June 2012	2017 and 2019	126,894	Right in "diversified payment rights" (DPR)	n.a.
Synthetic Transaction (JEREMIE) ROOF Romania SME 2011(1)	Raiffeisenbank S.A., Bucharest (RO)	December 2010	December 2023	102,500	SME loans	25.0%
Synthetic Transaction (JEREMIE) ROOF Bulgaria SME 2011(1)	Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	December 2010	August 2020	65,000	SME loans	25.0%
Synthetic Transaction (JEREMIE) ROOF Slovakia SME 2013(1)	Tatra banka a.s., Bratislava (SK)	March 2014	June 2025	60,000	SME loans	17.5%
True Sale Transaction ROOF Poland 2008(1)	Raiffeisen-Leasing Polska S.A., Warsaw (PL)	January 2008	May 2014 prematurely terminated	-	Car leasing contracts	1.3%

- A synthetic securitization of loans and advances to corporate customers essentially originated by head office was concluded in December 2014. The Equity tranche was externally placed and comprises a portfolio guarantee amount up to € 88.100 thousand.
- A further new securitization transaction was place by a leasing subsidiary in Poland regarding a portfolio of car leasing contracts with a volume of € 222.250 thousand. The SPV founded for this transaction is fully consolidated because the leasing subsidiary in Poland possesses decision rights which significantly influence the financial assets and liabilities of the SPV. It has the ability to influence the earnings of the silo. According to IFRS 10 effective control exists. The senior tranche of the notes is externally held by the European Investment Bank, the junior notes amounting 33 per cent are held internally by the leasing subsidiary in Poland as originator.

The following securitization programs from previous years mentioned was also active in 2014.

- The securitization for car leasing contracts of the leasing subsidiary in Poland concluded in 2012 where loans and advances were transferred to the special purpose vehicle Compass Variety Funding Limited, Dublin (IE) remains active also in 2014. According to IFRS 10 which has to be obligatorily applied as of 2014, that part of the SPV was consolidated which corresponds to the separated virtual assets and liabilities according to IFRS 10. The first loss piece remaining in the Group amounted to 15 per cent at the beginning of the transaction. Due to the meanwhile made amortizations and repayments, first of all to the not subordinated investors, the loans and advances amounted to € 17,703 thousand as at year-end 2014 (2013: € 88,203 thousand)
- 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. This transaction remains active also in 2014.
- Finally, an external placement of diversified payments rights of AO Raiffeisenbank, Moscow with a carrying amount of the outstanding debt securities issued of € 129,338 thousand (2013: € 125,346 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.
- Within the scope of further synthetic securitizations, RBI 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 € 54,034 thousand (2013: € 48.087 thousand) for the utilized volume of Raiffeisenbank S.A., Bucharest, € 64,845 thousand (2013: € 63,801 thousand) for Raiffeisenbank (Bulgaria) EAD, Sofia, and € 13,483 thousand (2013: € 845 thousand) for Tatra banka a.s., Bratislava.
- A true sale securitization program regarding the retail loans portfolio of AO Raiffeisenbank, Moscow, rolled out in 2013 and amounting to about € 125,000 thousand is still alive. The loans were sold to a special purpose vehicle which is held by the Group, where the senior tranche as well as the first loss piece are held by Group internal investors. Due to amortization of the program and already made repayments, the carrying amount of the outstanding loans and advances of this transaction amounted to € 44,106 thousand at year-end 2014 (2013: € 95,262 thousand).

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:

Artikel 449 (n ii) CRR in € thousand	Outstanding amount Traditional securitizations	 Synthetic securitization	Total outstanding Total
Leasing	0	0	0
Corporate loans	0	2,060,843	2,060,843
Total	**0**	**2,060,843**	**2,060,843**

RBI as Investor

Besides the above-mentioned refinancing and packaging of designated portfolios of loans or leasing claims, RBI also acts as an investor in ABS-structures. Essentially, this is about investments in Structured Credit Products, Asset Based Financing and partly also Diviersified Payment Rights. During the financial year 2014 market value changes led to a negative valuation result of about € 28 thousand (2013: minus € 286 thousand) and to a realized result from sale of € 126 thousand (2013: € 2,180 thousand).

Total exposure to structured products

Article 449 (n) CRR in € thousand	Retained and purchased securitization positions
Asset-backed Securities (ABS) car loans	162,360
Asset-backed Securities (ABS) leasing	75,602
Asset-backed Securities (ABS) other	476,343
CLO (Credit Linked Obligations)	1,857,587
Residential Mortgage Backed Securities (RMBS)	0
Commercial Mortgage Backed Securities (CMBS)	0
Credit Debt Obligation (CDO)	191
Other resecuritizations	0
Total	**2,572,083**

Article 449 (o) CRR in € thousand	Retained and purchased securitization positions
Risk weight ≤ 10%	2,179,851
10% < Riskweighted ≤ 20%	375,800
20% < Riskweighted ≤ 50%	0
50% < Riskweighted ≤ 100%	11,311
100% < Riskweighted ≤ 650%	0
650% < Riskweighted < 1250%	0
Deduction from own funds	5,121
Total	**2,572,083**

Approach in € thousand	Securitizations	Retained and purchased securitization positions	Own funds
IRB	Securitizations	2,571,893	25,289
IRB	Re-Securitizations	190	190
Standard Approach	Securitizations	0	0
Total		**2,572,083**	**25,479**

Article 450 CRR Remuneration policy

In 2014, RBI Group has also engaged itself in following the regulatory developments in the topic of remuneration. A major part of the anticipated change came from the CRD IV/CRR directive. The potential influence of the statutory regulations is continuously being analyzed by RBI in detail. Corresponding internal guidelines have been issued and updated where necessary, regarding remuneration policy and the appropriateness of remuneration.

The RBI Remuneration Committee (REMCO) approves and periodically reviews the general and special remuneration principles of the RBI 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, RBI has adjusted its compensation schemes accordingly since 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 RBI 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 RBI 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 element of our total rewards philosophy and its purpose is to attract, motivate and retain employees. It is based on clear performance criteria, which are of both quantitative and qualitative nature and which are linked to risk-adjusted value creation. Each variable compensation scheme rewards and motivates to behaviors that drive specific company success and build shareholder value. If an employee is granted variable compensation, it is paid for measured performance (Group, company, team, individual).

In RBI Group, 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.

Appropriate ratios are set between the fixed and the variable component of the total remuneration, whereby the following principles apply:

- (i) the variable component does not exceed 100% of the fixed component of the total remuneration for each individual (provided that local units located in EU countries must apply a lower maximum percentage if this is mandatory according to local law);
- (ii) Shareholders or owners or members of an institution may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200% of the fixed component of the total remuneration for each individual (in EU countries the units shall adhere to stricter local rules if any).

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 RBI 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 bank subsidiaries to disburse dividends and to allocate or pay variable remuneration are achieved.
- for RBI Group and RBI AT (measured on RBI Group level):
  - a consolidated profit is reached,
  - the legally required RBI Group CET 1/CET 1 ratio is achieved.
- for bank subsidiaries of RBI Group:
  - a net profit is reached,,
  - the total RWA (Risk Weighted Assets) applicable only for NWBs & RLI

Based on the ECB SREP decision of the 27th of May 2015, bonus payments for the performance year 2014 were prohibited for employees of RBI Group, due to structural and implementation risks and the financial situation of the RZB / RBI Group.

In the year 2014 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 of RBI Group are applied:

- 60 per cent, or 40 per cent in case of significant high bonus amounts, of the annual bonus is paid out on a proportional basis with 50 per cent cash immediately (up-front), and 50 per cent through a Phantom Share Plan, which is paid out after a holding period (retention period) of one year.

- 40 per cent, or 60 per cent in case of significant high bonus amounts, of the annual bonus is deferred over a period of three to 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. Based on stricter local legal provisions in EU countries, exceptions from the group standards for payment of variable compensation to Identified Staff are possible (e.g. Bulgaria, Czech Republic, Croatia).

Share based compensation

In the years 2011-2013, the RBI 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.

Due to the stricter regulatory environment, the launch of new tranches of this share incentive program was cancelled as of the year 2014.

in € thousand	MB Supervisory Function	MB Management function	Investment Banking	Retail Banking	Asset Management	Corporate Function	Independent Control Function	All other	Total
All Staff									
Number of members (Headcount)	272	157							429
Total number of staff in FTE			6.612	29.459	154	8.286	4.042	5.596	54.149
Total net profit in year 2014									-484.619
Total remuneration	3.961	42.895	194.447	347.258	10.863	247.060	99.299	90.982	1.036.765
of which variable remuneration	0	1.692	6.967	40.383	49	6.223	3.000	3.873	62.186
Identified Staff									
Members (Headcount)	272	157							429
Number of identified staff in FTE			501	361	21	187	448	58	1.576
Number of identified staff in senior management positions			139	82	10	116	95	31	473
Total fixed remuneration	**3.964**	**41.203**	**40.346**	**18.148**	**2.218**	**17.049**	**22.854**	**2.885**	**148.666**
Of which: fixed in cash	3.964	41.203	40.346	18.148	2.218	17.049	22.854	2.885	148.666
Of which: fixed in shares and sharelinked instruments	0	0	0	0	0	0	0	0	
Of which: fixed in other types instruments	0	0	0	0	0	0	0	0	
Total variable remuneration	**0**	**1.692**	**1.276**	**1.306**	**35**	**1.336**	**792**	**78**	**6.516**
Of which: variable in cash	0	1.692	1.276	1.306	35	1.336	792	78	6.516
Of which: variable in shares and sharelinked instruments	0	0	0	0	0	0	0	0	0
Of which: variable in other types instruments	0	0	0	0	0	0	0	0	0
Total amount of variable remuneration awarded in 2014 which has been deferred	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Of which: deferred variable in cash in 2014	0	0	0	0	0	0	0	0	0
Of which: deferred variable in shares and share-linked instruments in 2014	0	0	0	0	0	0	0	0	0
Of which: deferred variable in other types of instruments in 2014	0	0	0	0	0	0	0	0	0
Additional information regarding the amount of total variable remuneration									
Article 450 h(iii)CRR – total amount of outstanding deferred variable remuneration awarded in previous periods and not in 2014	0	25.877	6.786	1.308	216	6.774	1.524	390	42.874
Total amount of explicit ex post performance adjustment applied in 2014 for previously awarded remuneration	0	186	37	0	0	0	0	0	223
Number of beneficiaries of guaranteed variable remuneration (new sign-on payments)	0	2	2	1	0	1	1	1	8
Total amount of guaranteed variable remuneration (new sign-on payments	0	78	158	33	0	85	12	68	434
Number of beneficiaries of severance payments	0	4	6	8	0	3	14	0	35
Total amount of severance payments paid in 2014	0	856	694	287	0	1.298	524	0	3.659
Article 450 h(v) – Highest severance payment to a single person	0	0	0	0	0	1.152	0	0	1.152
Number of beneficiaries of contributions to discretionary pension benefits in 2014	0	0	0	0	0	0	0	0	0
Total amount of contributions to discretionary pension benefits in 2014	0	0	0	0	0	0	0	0	0
Total amount of variable remuneration awarded for multiyear periods under programmes which are not revolved annually	0	0	0	0	0	0	0	0	0

Total remuneration in € thousand	Number of identified staff headcount
1,000 to below 1,500	5
1,500 to below 2,000	1
2,000 to below 2,500	1
2,500 to below 3,000	0
3,000 to below 3,500	0
3,500 to below 4,000	0
4,000 to below 4,500	0
4,500 to below 5,000	0
5,000 to below 6,000	0
6,000 to below 7,000	0
7,000 to below 8,000	0
8,000 to below 9,000	0
9,000 to below 10,000	0

Article 451 CRR Leverage

The Leverage is not applicable in 2014.

Article 452 CRR
Use of the IRB Approach to credit risk

1. Approaches or Transition Arrangements Approved by the Competent Authorities

1.1. Approved Approaches

1.1.1. Members of the Credit Institution Group that calculate Risk-weighted Exposure Amounts Using the Internal Ratings Based Approach at the consolidated and solo level

- Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna(A)
- Raiffeisen Bank International AG, Vienna(A)
- RB International Finance (USA) LLC, New York (US)
- Raiffeisenbank a.s., Prague (CZ)
- Raiffeisen Bank Zrt., Budapest (H)
- Tatra banka a.s., Bratislava (SK)
- Raiffeisen Bank S.A. (RO)
- Raiffeisenbank (Bulgaria) EAD, Sofia (BG)

1.1.2. Members of the Credit Institution Group that calculate Risk-weighted Exposure Amounts Using the Internal Ratings Based Approach at the consolidated level

- Raiffeisenbank Austria d.d., Zagreb (HR)
- AO Raiffeisenbank, Moscow (RU)

1.1.3. Members of the Credit Institution Group and Exposure Classes for which Permanent Partial Use has been applied

1.1.3.1. Exposure classes referred to in points (a) and (b) of Article 147(2) CRR], where the number of material counterparties is limited and it would be unduly burdensome for the credit institution to implement a rating system for these counterparties – pursuant to points a) and b) of Article 150(1) CRR.

That includes the following exposures:

- Exposures to local and regional governments and public sector entities established in Austrian territories pursuant to points a) and b) of Article 150(1) CRR

1.1.3.2. Exposures in non-significant business units that are immaterial in terms of perceived risk profile as well as exposure classes that are immaterial in terms of size – pursuant to point c) of Article 150(1) CRR.

That includes the following exposures:

- Exposures to churches and religious communities constituted under legal law and treated as exposures to institutions pursuant to point c) of Article 150(1) CRR.
- Exposures to other administrative bodies and non-commercial organisations in accordance with point c) of Article 150(1) CRR.
- Exposures to private individuals, to a group of private individuals or small and medium enterprises (Micro) that are treated as exposures to corporates pursuant to point c) of Article 150(1) CRR
- Exposures to private individuals or to a group of private individuals subsumed under customer type 36 in accordance with point c) of Article 147 CRR, except for Raiffeisenbank a.s., Prague (CZ).
- Exposures to collective investment undertakings in Raiffeisenbank a.s., Pragueue (CZ) and Tatra Banka a.s., Bratislava (SK) in accordance with point c) of Article 150(1) CRR.
- Retail exposures in Tatra Banka a.s., Bratislava (SK) to:
- private individual customers belonging to the "qualifying revolving retail exposure" class, except from the credit cards and package overdrafts
- private individual customers belonging to the "other" class
- Micro customers (non private individuals)

- Retail exposures in Raiffeisen Bank, S.A. Bucharest (RO):
- Letter of credit/guarantee to Private Individuals
- Car loans to Private Individuals
- Retail exposures in Raiffeisenbank (Bulgaria) EAD, Sofia (BG):
- Employees of the bank
- PI overdrafts granted as limits on current accounts
- Retail contingent liabilities to PI and Micro customers
- Retail exposures covered by the government
- Business credit cards for Micro customers
- Purchased receivables in the form of factoring
- Retail unauthorized overdrafts resulting from non-credit related activities

That includes the following institutions:

- Subsidiaries of Raiffeisen Leasing International Gesellschaft m.b.H., Vienna(A) excluding Raiffeisen Leasing Polska S.A., Warsaw (PL) and Raiffeisen Lizing Zrt., Budapest (H) – For detailed listings, see Annex A.
- Subsidiaries of Raiffeisen-Leasing Gesellschaft m.b.H., Vienna(A)
- Kathrein & Co. Privatgeschäftsbank Aktiengesellschaft, Vienna(A)
- Raiffeisen Centrobank AG, Vienna(A)
- Priorbank JSC, Minsk (BY)
- Raiffeisen Banka d.d., Maribor (SLO)
- Other subsidiaries of RBI Credit Institution Group, which are ancillary services undertakings and immaterial in terms of size or risk profile. – For detailed listings see Annex A.

1.1.3.3. Exposures to central governments, central banks (where it is applicable according with local law) regional and local governments and public sector entities, provided that exposures to central government are assigned a 0 per cent risk-weight under the standardised approach as provided in Article 114(2) or (4) or Article 495(2) CRR, in accordance with Article 150.1 lit d. CRR.. For relevant exposures to EU Member States other than the home Member State for Raiffeisen Zentralbank Österreich AG, Raiffeisen Bank International AG and Raiffeisenbank Austria, d.d., Zagreb (HR).

1.1.3.4. Exposures of a credit institution to a counterparty which is its parent undertaking, its subsidiary, a subsidiary of its parent undertaking or an undertaking linked by a relationship within the meaning of Article 12(1) of Directive 83/349/EC established in the same country within the same banking group pursuant to point e) of Article 150(1) CRR can be assigned a 0 per cent risk-weight under the conditions of Article 113(6) CRR. This will not apply to:

- intra-group exposures to foreign credit institutions within the same banking group or in those countries where this regulation pursuant to point e) of Article 150(1) CRR is not applicable.
- intra-group exposures with Raiffeisen Bank s.a., Prague (CZ) and Raiffeisen Bank S.A., Bucharest (RO).

1.1.3.5. Exposures to institutions pursuant to Article 119 (4) CRR in form of minimum reserves with the European Central Bank or a central bank of an EU Member State and fulfilling the requirements of Article 119(4) CRR.

1.1.3.6. Equity exposures to entities whose credit obligations qualify for a 0 per cent risk-weight under the standardised approach [Part Three, Title II, Chapter 2 CRR], in accordance with point g) of Article 150(1) CRR.

1.1.3.7. State guarantee and state-reinsured guarantees in accordance with point j) of Article 150(1) CRR in Raiffeisen Bank S.A. (RO)

1.2. Approved temporary partial use

1.2.1 Members of the Credit Institution Group for which temporary partial use was applied for

A stepwise implementation of the IRB approach pursuant to Article 148 CRR is applied for all institutions using the IRB approach at a later stage. Until then, the calculation of the minimum capital requirements is carried out according to the standardised approach for credit risk based on Part Three, Title II, Chapter 2 CRR. For following institutions the temporary partial use is used:

- Raiffeisen Bank Polska S.A., Warsaw (PL)
- Raiffeisen Leasing Polska S.A., Warsaw (PL)
- Raiffeisen Bank Sh.a., Tirana (AL)
- Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)
- Raiffeisen Bank Kosovo J.S.C., Prishtina (XK)
- Raiffeisen Banka a.d., Beograd (RB)

- Raiffeisen Bank Aval JSC, Kiev (UA)
- Raiffeisen Lízing Zrt., Budapest (HU)

1.2.2 Asset classes which the temporary partial use was applied for

A stepwise implementation of the IRB approach pursuant to Article 148 CRR is applied for asset classes for which the capital requirements are calculated in the IRB approach at a later stage. With the exception of Tatra banka a.s., Bratislava (SK), Raiffeisen Bank Zrt., Budapest (H), Raiffeisenbank a.s. Pragueue (CZ), Raiffeisen Bank S.A. (RO) and Raiffeisenbank (Bulgaria) EAD, Sofia (BG) which units calculate risk-weighted exposure amounts using the IRB Approach, the calculation of the minimum capital requirements is carried out according to the standardised approach for credit risk based on Part Three, Title II, Chapter 2 CRR . For following asset classes the temporary partial use is used:

- Exposures to Retail customers that are secured by residential real estate
- Qualifying revolving Retail exposures
- Other exposures to Retail customers

2 Structure of the Internal Rating Systems

External ratings are applied directly only for securitization items.

For all other items, an already existing external rating does not replace an internal rating and thus does not cancel the general obligation to create an internal rating. External ratings are not used as a model input factor in any rating model; they are solely used for the purpose of comparing them with internal ratings. When a rating is determined, external ratings and their documentation are viewed solely as additional information.

The comparison of external ratings against internal ratings in mapping tables is a central element particularly in the validation of low-default portfolios.

Below is a summary table on the exposure classes and the rating methods used for each:

	Rating Model								
Exposure Classes	**CORP**	**LCO**	**SMB**	**SLOT**	**INS**	**SOV**	**LRG**	**FIN**	**CIU**
Central banks and central governments						X			
Local and regional governments							X		
Public sector entities and non-commercial organisations	X	X				X	X		
Multilateral development banks								X	
International organisations						X			
Financial institutions								X	
Corporate	X	X	X		X			X	X
Project financing				X					
Private (non retail)	X	X							
Equity exposures	X	X		X	X			X	

CORP: Corporate/Companies, LCO: Large Companies, SMB: Small and medium business, SLOT: Project financing, INS: Insurance companies, SOV: Sovereigns, LRG: Local and regional governments, FIN: Financial institutions, CIU:Collective Investiment Undertakings

2.1 Use of Internal Estimates

Under the IRB Approach, internal risk-parameter estimates are used not only to calculate equity but also to determine standard risk costs and economic capital (Internal Capital Adequacy Assessment Process (ICAAP))

2.2 Control Mechanism for Rating Systems

The non-retail rating models are centrally validated at RBI AG for all members of the RBI Credit Institution Group by a unit which reports to the head of the division "Risk Controlling". Therefore the unit is independent from risk origination units.The rating systems are reviewed using defined validation systems comprising essentially the following methods:

- Assessment of the documentation of the rating models
- Assessment of the assumptions underlying the rating models (model design)
- Assessment of the data used for validation (data quality)
- Assessment of the application of rating results
- Distribution analyses
- Review of the discriminatory power of the final rating
- Assessment of the discriminatory power of the individual rating inputs and rating sub-results
- Comparison of the estimated rate and observed rate of default
- Assessment of the stability of the rating model
- Calculation of the migration matrices and their analysis
- Review of the relationship between internal and external ratings

2.3 Description of the Internal Rating Process

2.3.1 General Information

A client is assigned to a certain rating method based on the exposure class at the time the rating is determined. This mapping between the client's exposure class and the adequate rating model is a fixed part of the rating databases, which document the individual steps in the creation of a rating along with the rating process itself.

In all RBI models, the strict "four-eye principle" (dual control) applies to the determination of the rating. Compliance is documented in the rating databases. All individuals and committees involved in the rating process must be recorded in that database.

Clients classified as equity exposures are subject to the same rating model as clients classified as corporate or institutional exposures depending on client type. Weighted exposure amounts are determined for these items using the PD/LGD method.

2.3.2 Rating Corporates

Scope of Application

Corporate clients are allocated to either Large Corporates, the Corporates or the SMB rating model. The split between the Corporates and the SMB model is based on country specific thresholds for two criteria: "corporate client's sales revenues" and "exposure to bank". The split between Corporate and Large Corporate customers is based on thresholds for "total revenues" and "total assets", both of which have to be exceeded by Large Corporates.

Development and Objective

The corporates rating model was developed by RBI experts using internal data from all units of the Group and state-of-the-art statistical methods as well as expert opinions by rating analysts from RBI Vienna and several RBI units.

Quantitative and qualitative factors are statistically combined to obtain a comprehensive assessment of the client's creditworthiness.

Eventhough the rating model is a statistical model, the rating analyst bears final responsibility for the rating and must critically assess the corporate client's financial data as well as relevant soft facts. Where necessary, the rating expert can adjust the rating to ensure a correct and fair assessment of the corporate client's creditworthiness.

Rating Model

The corporates rating model has essentially two components:

- Quantitative analysis

The model is based on the assessment of the corporate client's financial data. The quantitative variables as well as their weights have been estimated statistically with the aim to maximize discriminatory power over a one year horizon. The quantitative score also takes into account current trends and forecasts of the customer's financial status.

- Qualitative analysis

  The qualitative model uses a set of key questions, which are answered by the analyst. The questions are operationalized to a high extent so as to assure an objective assessment. The qualitative variables and their weights as well as the weights of the answers have been statistically estimated to maximize predictive power over a one year horizon.

The corporate client's rating ultimately emerges from the optimal combination of the quantitative and qualitative assessments and possible warning signals. The Corporates rating model differentiates risk depending on the industry sector and the country of residence of the customer.

Rating Output

The corporates rating model results in a rating grade on a 25 grade scale which is assigned a certain probability of default.

This client rating is an essential factor in the loan decision and significantly influences the terms granted to the customer. The rating subsequently serves as the basis for determining capital adequacy.

Rating Process

The customer relationship manager obtains the financial data and supplementary information required for the rating. He then forwards these documents to the rating expert along with a request that the expert determines a rating. From this point on, the customer relationship manager has no direct influence on the determination of the rating.

The input data are recorded and processed in the corporates rating model solely by the rating expert. The process outcome is the issuance of a rating and thus an assignment of the client to an internal risk class. Ratings created in this manner are then documented in the rating database.

2.3.3 Rating Large Corporates

Scope of application

Corporate clients are allocated to the Large Corporates, the Corporates or the SMB rating model. The split between the Corporates and the SMB model is based on country specific thresholds for two criteria: "corporate client's sales revenues" and "exposure to bank". The split between Corporate and Large Corporate customers is based on thresholds for "total rvenues" and "total assets", both of which have to be exceeded by Large Corporates.

Development and Objective

The Large corporates rating model was developed by RBI experts using external rating and balance sheet data as well as internal data from all units of the Group and state-of-the-art statistical methods as well as expert opinions by rating analysts from RBI Vienna and several RBI units.

Quantitative and qualitative factors are combined to obtain a comprehensive assessment of the client's creditworthiness.

Even though the rating model is a statistical model, the rating analyst bears final responsibility for the rating and must critically assess the corporate client's financial data as well as relevant soft facts. Where necessary, the rating expert can adjust the rating to ensure a correct and fair assessment of the corporate client's creditworthiness.

Rating Model

The Large corporates rating model has essentially two components:

- Quantitative analysis
  The model is based on the assessment of the corporate client's financial data. The quantitative variables as well as their weights have been estimated statistically with the aim to maximize discriminatory power over a one year horizon.

- Qualitative analysis ("soft facts")
  The qualitative model uses a set of key questions, which are answered by the analyst. The questions are operationalized to a high extent so as to assure an objective assessment.

The large corporate client's rating ultimately emerges from the combination of the quantitative and qualitative assessments abut also takes into account recent trends and forecasts and possible warning signals. The Large corporates rating model differentiates risk depending on the industry sector and the country of residence of the customer.

Rating Output

The Large Corporate rating model results in a rating grade on a 25 grade scale, which is assigned a certain probability of default.

This client rating is an essential factor in the loan decision and significantly influences the terms granted to the customer. The rating subsequently serves as the basis for determining capital adequacy.

Rating Process

The customer relationship manager obtains the financial data and supplementary information required for the rating. He then forwards these documents to the rating expert along with a request that the expert determines a rating. From this point on, the customer relationship manager has no direct influence on the determination of the rating.

The input data are recorded and processed in the corporates rating model solely by the rating expert. The process outcome is the issuance of a rating and thus an assignment of the client to an internal risk class. Ratings created in this manner are then documented in the rating database.

2.3.4 Small and Medium Business (SMB) Rating Model

Scope of Application

Corporate clients are allocated to either the corporates or the SMB rating model according to the given country's threshold and based on two criteria: "corporate client's sales revenues" and "exposure to bank".

Development and Objective

The SMB rating model was devised by RBI Credit Management Retail in collaboration with RBI Credit Management Corporates. Quantitative and qualitative parameters are systematically combined to obtain a comprehensive assessment of an SMB client's creditworthiness.

The rating process is designed as an expert model. The rating expert bears final responsibility for the rating and must critically assess the SMB client's financial data as well as relevant soft facts. Where necessary, the rating expert can make adjustments to ensure an accurate assessment of the SMB client's creditworthiness.

Rating Model

The SMB rating model has mainly two components:

- Quantitative analysis ("hard facts")
  This rating model is based on the client's financial data. The quantitative rating is determined from financial ratios selected statistically based on strong predictive power.

- Qualittive analysis ("soft facts")
  The client's qualitative evaluation is based on 31 criteria, which are subdivided into six main individual categories. Following a statistical selection and evaluation, t he definition of the individual factors incorporates also the experiences of experts in SMB banking. The SMB client's rating ultimately emerges from the combination of the quantitative and qualitative assessments, plus an estimate of current trends, existing forecasts and possible warning signals.

- Behavioral analysis
  In the behavioral component, information from SMB clients' current accounts, loans and leasing products are evaluated. Data is delivered automatically and in a monthly frequency for rating evaluation. The SMB client's rating ultimately emerges from the combination of the quantitative, qualitative and behavioral assessments, and allocates the client to the correct rating grade.

Rating Output

The SMB model has a total of 12 rating notches for non-defaulted clients. This client rating is an essential factor in the loan decision and significantly influences the terms granted to the customer.

Rating Process

The rating is determined by experienced SMB relationship managers and small-business credit-risk staff with in-depth knowledge of this segment. The SMB relationship manager is only allowed to propose a rating, which is subsequently reviewed by an SMB credit analyst in the risk department and thoroughly researched again. As a final step, the rating is confirmed by the risk department of the network unit (NWU) in keeping with the "four-eye principle" (dual control). Ratings created in this manner are then documented in the rating database.

2.3.5 Sovereign Risk Rating (Country Rating)

Scope of application

The country rating is applied as:

- A counterparty rating for the central bank and central governments and administrative entities directly answerable to the sovereign.
- A country rating to estimate the country risk when country limits are set up for cross-border transactions.
- A country ceiling for the estimation of transfer risks.

If applied as a counterparty rating, the rating is used for local and foreign currency exposures.

Development and Objective

The RZB country rating model was first introduced in December 1999 as a result of the Asia crisis in 1997/98. The model underwent a revision in 2002 to comply with the Basel II requirements. With the RZB country rating model, RZB Group can evaluate the country risk of any country based on publicly accessible data on the economic and political situation prevailing in that country.

The total score is mapped to a rating class, which corresponds to a given probability of default. The model correlates highly with external ratings.

Within the RZB Group, the rating is determined centrally by a specialized department at RBI AG and made available to all entities of the RZB Group. The RZB country rating is the only rating allowed to be used for applications for sovereign counterparties and country risks.

Rating Model

The rating model distinguishes between industrialised countries and developing countries. This distinction is made because foreign debt, debt servicing and external liquidity are all extremely important factors for estimating the country risk of development countries yet of only subordinate importance for the evaluation of industrialised countries.

The country rating model for industrialised countries is modeled on the Maastricht criteria.

The rating model for developing countries has 15 quantitative and 12 qualitative indicators. The indicators chosen deliver sound explanations for changes in a country's economic and external positions.

Rating Process

The country ratings are created centrally by RBI AG in a specialised analysis department that works independently of any front office department. In a final step, the rating is created and archived in an internal rating database and then made available to all Group entities from there. The country rating from this rating database is also automatically used as a country ceiling in other rating models.

The quantitative analysis is carried out using publicly available data from reliable sources such as the IMF, the World Bank, national statistics offices, IIF (Institute of International Finance) and EIU (Economist Intelligence Unit). The qualitative analysis is carried out by country analysts based on information from the press, specialised risk reports and discussions with on-site managers.

A rating is done for all countries for which RBI Group entities have a country limit and thus not only in the case of counterparty exposures with a sovereign or central bank. That means the number of countries is greater than the number of active exposures to sovereigns or central banks.

The client departments initiate country ratings when new country limits are to be set or applications are submitted for new sovereign counterparties.

Ratings are usually determined at least twice a year and reviewed constantly by analysts to take into account any possible negative trends.

In all RBI models, the strict "four-eyes" principle (dual control) applies to the determination of the rating. Compliance is documented in the rating databases.

2.3.6 Banks and Financial Institutions

Scope of Application

The RBI rating model for banks and bank-like institutions is applied when the creditworthiness of FI counterparties is assessed within the RBI Banking Group. The rating is a central element in the decision on whether or not to grant credit.

Development and Objective

RZB devised the model in the mid-1990s and has further developed it since. The model was most recently adapted in 2001. That model version has been used ever since then. The model is applied uniformly for all banks and bank-like institutions worldwide.

Peer group comparison is a central element of the model, i.e. banks in the same economic region and with similar business models are compared with each other. The model is an expert model.

The resulting internal ratings correlate highly with the corresponding external ratings.

Rating Model

The rating model for banks is subdivided into the following sections: the quantitative section, the qualitative section, risk estimation and evaluation of the quality of the information.

The following parameters are reviewed in the quantitative section:

- Profitability (based on various profitability ratios, an assessment of the income structure and the income trend)
- Capitalisation (based on capital and capital trend, capital structure, capital adequacy ratio (Tier 1 ratio))
- Funding structure and liquidity (based on the funding structure and trend and on liquidity ratios)
- Credit quality (on assets and credit structure, their growth, the level of non-performing loans and their cover)

The qualitative section assesses the company's environment and background information based, for example, on the following parameters:

- Owners and their creditworthiness
- Probability of internal and external support
- Bank sector risk in general
- Position of the bank within its banking sector
- Evaluation of the strategy and the management

To estimate risk, the risk of the activities of the financial institution are assessed based on activity type, the balance sheet and income structure for the activities, and the dependence of the activities on the economic and social environment.

The bank rating is limited by a country ceiling defined by the RBI internal country rating.

Rating Output

The model has ten notches (nine non-default notch and one default notch).

Parallel to scoring, the analyst writes an analysis text containing the essential background details, basic information and qualitative assessments of the counterparty.

Rating Process

The ratings for banks and bank-like institutions are created centrally by RBI AG in a specialised analysis department that works completely independently of any front office department. In a final step, the rating is created and archived in an internal rating database and made available to all Group entities from there.

The first rating is done when a relationship is established with a new client. Every active client is rated once a year and/or after circumstances that lead to a rating change become known.

Neither the analyst nor any other authority in the Group has the power to overrule the final rating.

2.3.7. Insurance Companies

Scope of Application

The RBI rating model for insurance companies and undertakings similar to them is applied within the entire RBI Banking Group to assess the creditworthiness of said companies and undertakings and is a central element in the decision on whether or not to grant credit.

Development and Objective

The model was developed in-house in 2002 based on the experience gained in the banking model already in use since the mid-1990s. The model is applied uniformly worldwide to all insurance companies and undertakings similar to them.

The quantitative section of the model is based on a benchmark system and qualifies as an expert model.

Rating Model

The rating model for insurance companies is divided into the following sections: the quantitative section, the qualitative section and risk assessment. The ratios applied to life and to non-life insurance differ, as do the weightings. The following parameters are reviewed in the quantitative section:

- Income
- Premium structure
- Capitalisation and solvency
- Actuarial provisions
- Liquidity

The qualitative section assesses the company's environment and background information based, for example, on the following parameters:

- Owners and their creditworthiness
- Probability of internal and external support
- Changes in the legal environment
- General economic risk in the local market and in the local insurance market
- The position of the insurance company within the insurance sector

To estimate risk, the risk of the activities conducted by the insurance carrier is assessed based on activity type, the balance sheet and income structure for the activities, and the dependence of the activities on the economic and social environment.

Rating Output

The model has ten notches (nine non-default notches and one default notch). Parallel to scoring, the analyst produces an analysis text containing the essential background details, basic information and qualitative assessments of the client.

Rating Process

The rating for insurance companies is done centrally by RBI AG in a specialised analysis department that works completely independently of any front office department.

The rating is created and archived in an internal rating database and made available to all Group entities from there.

The first rating is done when a relationship is established with a new client. Every active client is rated once a year and/or after circumstances that lead to a rating change become known. Neither the analyst nor any other authority in the Group has the power to overrule the final rating.

2.3.8 Collective Investment Undertakings/Investment Funds CIUs

Scope of Application

The RZB rating model for CIUs is applied when the creditworthiness of Fund counterparties is assessed within the RZB Banking Group. The rating is a central element in the decision on whether or not to grant a credit.

Development and Objective

RZB devised the CIU rating model in 2006. The model is applied uniformly for funds worldwide, taking especially into consideration the special regulations for funds regulated via EU directive (UCITS funds).

The CIU rating developed in RZB is a credit risk rating, not an investment rating. The objective of the rating is to estimate the credit risk of counterparties which are organized in the legal or organizational structure of a Collective Investment Unit.

Rating Model

The model has two components: quantitative scoring and qualitative scoring. In quantitative scoring, the scores are automatically calculated for the individual indicators based on benchmarks. The analysts assign qualitative scores manually with the aid of a scoring manual.

The quantitative indicators are calculated from the statements of accounts and – if available – statistical databases. These indicators assess the earning power, budgetary flexibility and indebtedness of an LRG based on a variety of key figures (ratios).The qualitative indicators allow soft facts to be taken into account in the rating, facts not contained in the statements of accounts, e.g. overall economic environment, political factors, infrastructure, etc.

The rating outcome is limited by a country ceiling defined by the RBI internal country rating.

Rating Output

The model has ten notches (nine non-default notch and one default notch).Parallel to scoring, the analyst writes an analysis text containing the essential background details, basic information and qualitative assessments of the counterparty.

Rating Process

The ratings for CIUs are created centrally by RBI AG in a specialized analysis department that works completely independently of any front office department. In a final step, the rating is created and archived in an internal rating database and made available to all Group entities from there.

The first rating is done when a relationship is established with a new client. Every active client is rated once a year and/or after circumstances that lead to a rating change become known.

Neither the analyst nor any other authority in the Group has the power to overrule the final rating.

2.3.9 Local and Regional Governments (LRG)

Scope of Application

The RBI rating model for local and regional governments (LRG) is used to assess the creditworthiness of LRGs and administrative entities associated with them. The rating is a central element in the decision on whether or not to grant credit.

Development and Objective

The LRG rating model was developed in 2003 and 2004 by RZB in consultation with the RBI subsidiary banks and has been in use ever since. In cooperation with the RBI subsidiary banks, national adaptations of the model were developed where necessary, for example, due to different accounting regulations or legal conditions in Eastern European countries. The model is designed as an expert model.

Rating Model

The model has two components: quantitative scoring and qualitative scoring. In quantitative scoring, the scores are automatically calculated for the individual indicators based on benchmarks. The analysts assign qualitative scores manually with the aid of a scoring manual.

The quantitative indicators are calculated from the statements of accounts and – if available – statistical databases. These indicators assess the earning power, budgetary flexibility and indebtedness of an LRG based on a variety of key figures (ratios).

The qualitative indicators allow soft facts to be taken into account in the rating, facts not contained in the statements of accounts, e.g. overall economic environment, political factors, infrastructure, etc.

The rating outcome is limited by a country ceiling defined by the RBI internal country rating.

Rating Output

The outcome of quantitative and qualitative scoring is mapped to ten rating notches, the last notch being used for default.

Rating Process

An analyst from the RBI Group entity that has the business relationship with the client rates the LRG in a decentralised process. The rating is created and archived in the internal rating database and made available to all Group entities from there.

The first rating is done when a relationship is established with a new client. Every active client is rated once a year and/or after circumstances that lead to a rating change become known.

Neither the analyst nor any other authority in the Group has the power to overrule the final rating.

2.3.10. Rating Specialised Lending

Scope of Application

The term "specialised lending" as used in the EU Directive refers to structured financing and is a segment in the "Corporates" client class. This segment is differentiated from corporates in the narrower sense using the criteria defined in the EU Directive:

- Financing of assets
- Control over and access to the cash flow generated by the asset
- Control over and access to the asset itself

Takeover financing therefore does not fall under the specialised lending subsegment according to the above definition; it is classified under corporates in the narrower sense.

The model developed by RBI covers the following subcategories:

- Real estate finance
- Object finance (movable assets such as airplanes, ships, etc.)
- Project finance in the narrower sense (immovable assets such as industrial plants, power stations, etc.)

Development and Objective

The rating model for specialised lending was developed in-house by RBI experts and incorporates market experience from all markets of the RBI Group.

The model applies what is referred to as the "slotting criteria" approach. That means the projects are classified in five risk classes specified under law. These risk classes do not substantively denote probabilities of default but rather a combination of economic performance (PD) and the situation of the bank as regards collateral (LGD).

Rating Model

In accordance with the EU Directive, the specialised lending rating model consists of two components: the economic performance of the project and the situation of the bank as regards collateral.

Economic performance is measured by hard facts and soft facts, which are combined into a single economic score ("grade"):

- Hard facts grade:
  The model is based on an assessment of the economic performance of the project over the maximum acceptable loan term in relation to debt service. The maximum acceptable loan term is geared to the risk policy practised by the bank. The assessment revolves around the "average cover ratio for debt service" over this term, which is valuated using certain benchmarks.
- Qualitative analysis ("soft facts grade")
  Essential parameters of project success are evaluated in the qualitative analysis, e.g.:
- Management and sponsor (experience specifically related to the project, reference projects)
- Basic project conditions (location, technical equipment)
- Structure of the financing (amortising loan or bullet loan, residual value).

Collateral valuation is the second component of the rating and is done largely according to market criteria.

Rating Output

The economic score and collateral evaluation are combined to allocate the project to the individual risk classes (in this case: slots) according to Solvency Regulation Article 74 (3).

Rating Process

The product advisor/customer relationship manager proposes a rating. The "four-eye principle" (dual control) applies, so the risk manager with rating responsibility is entitled to confirm the rating suggested by the advisor or to suggest another one. The rating tool shows both suggestions: the product advisor's and the risk manager's.

If the product advisor and risk manager suggested different ratings and fail to reach agreement on the rating, the rating suggested by the risk manager applies. However, the product advisor can initiate an "escalation process", which can culminate in an overruling of the rating by the CRO.

2.4. Comparison of the Estimates of the Credit Institution and the Actual Results

The quality of the process and results of PD estimation is checked during validation by comparing the historically estimated PDs with the observed default rates per rating grade. The correlated binomial test (taking into account asset correlation) is applied to determine the significance of any deviations. The result of this quantitative test is then subject to a qualitative causal analysis.

2.5. Definitions Methods and Data for the Estimation and Validation of Probability of Default (PD)

The probabilities of default to be estimated for each rating notch indicate the probability with which clients assigned to a given rating notch will default over the following 12 months.

The probabilities of default (PDs) are estimated internally for the following non-retail rating models: Corporates, Large Corporates, SMB, sovereign, financial institutions, insurance companies, local and regional governments and Collective Investment Undertakings (CIU).

The "slotting criteria" approach was selected for the specialised lending segment and covers the economic situation and collateral situation of the bank. The specialised lending rating model results in an assignment of the client to one of the five risk classes under supervisory law in Article 74 (3) Solvency Regulation (four non-default categories and one default category).

The probabilities of default refer to a period of 12 months and contain an adequate margin of conservatism.

The estimation of the 12-month PD is based on the RBI definition of default, which is a bank specific implementation of the Basel II definition of default. The following factual elements of a default apply:

- Initiation of insolvency proceedings
- Write-off of an exposure (partial or complete)

- Call of an exposure (partial or complete)
- Distressed restructuring of the loan
- Waiving of interest payments (partial or complete)
- Sale of an exposure with loss
- Material obligation being overdue for more than 90 days
- Revocation of banking license (applicable to financial institutions only)
- Payment moratorium (applicable to sovereigns only)
- Expected economic loss

The output of the statistical rating models (corporate, large corporate and SMB) is an individual PD, on a scale of 0 to 1, allocated to each customer. These PDs are recalibrated to long-term average default rates. A margin of conservatism is added to get the final parameters. Based in that PD, customers are allocated to a grade on a rating scale. For each rating grade, there is a lower and upper PD limit defined. In the consecutive processes (for example for RWA-calculation or margins) one representative PD per rating grade is used.

The low-default portfolios for Sovereign, FI and Insurance have such a small number of defaults that the default data from Moody´s Credit Risk Calculator were applied, beginning with the time series in January 1983 and scaled to a portfolio default rate representative of RZB Group's default experience yet still conservative.

For the low-default portfolio LRG, the one-year PD is estimated using a weighted combination of the internally estimated sovereign-PD and the probabilities of default calculated according to the Pluto & Tasche method, which is also scaled to a conservative portfolio default rate.

For the Low-Default Portfolio CIU the Estimation of the one-year default probability is based on credit-risk related external ratings and on internal analysis of the leverage-related probability of uncovered debt.

With all low-default portfolios, direct collateral haircuts in accordance with §47 (4) and §47 (6) may also be applied, where appropriate, to the final PD estimation as an additional conservative haircut depending on the method of estimation involved.

2.6. Description of Major Deviations from the Definition of Default

The definition of default corresponds to the definition of default set forth in §22b para 5 item 2 BWG, so that no information has to be given as per § 16 (2) line 3 as regards deviations and as regards affected segments.

3. Quantitative Disclosure

The total exposure for which capital requirements are calculated by using the IRB approach amounts to € 99,275,373 thousand. The exposure for each asset class is shown in the following break down:

Internal Rating Based Approach - Exposure classes according Article 147 CRR **in € thousand**	**Exposure**	**Own funds requirement**
Exposures to central governments and central banks	1,730,402	21,294
exposures to on institutions	9,379,232	199,711
Exposures to corporates	64,802,908	2,032,934
hereof Specialised lending	6,984,204	238,377
Retail exposures	12,753,667	374,897
hereof secured by real estate	8,432,336	210,863
Equity exposures	37,081	8,433
Items representing securitization positions	2,572,083	20,358
Other non credit-obligation asset	0	0
Total	**91,275,373**	**2,657,626**

In the following tables details to the exposure value and the exposure-weighted average risk weight after credit risk 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. Retail is based on scoring method with ten grad scale

PD classes	Internal Grade	PD in %	PD in %
1	1A + 1B	0,000	0,000
2	1C	0,000	0,000
3	2A	0,000	0,000
4	2B	0,000	0,000
5	2C	0,000	0,001
6	3A	0,001	0,001
7	3B	0,001	0,001
8	3C	0,001	0,001
9	4A	0,001	0,002
10	4B	0,002	0,003
11	4C	0,003	0,003
12	5A	0,003	0,005
13	5B	0,005	0,006
14	5C	0,006	0,009
15	6A	0,009	0,012
16	6B	0,012	0,016
17	6C	0,016	0,022
18	7A	0,022	0,029
19	7B	0,029	0,040
20	7C	0,040	0,054
21	8A	0,054	0,073
22	8B	0,073	0,100
23	8C	0,100	0,135
24	9A	0,135	0,183
25	9B	0,183	0,249
26	9C	0,249	0,338
27	Default	0,338	1,000

Exposure or contingent exposure to central governments and central banks

PD classes according Article 452 CRR in € thousand	Exposure	RW (exposure weighted average) in %
1	66,698	43.9%
2	398,635	6.5%
3	175,391	10.1%
4	0	0.0%
5	606,318	17.1%
6	0	0.0%
7	0	0.0%
8	0	0.0%
9	109,333	24.3%
10	0	0.0%
11	0	0.0%
12	0	0.0%
13	0	0.0%
14	0	0.0%
15	232,063	19.5%
16	0	0.0%
17	0	0.0%
18	0	0.0%
19	136,965	3.3%
20	0	0.0%
21	0	0.0%
22	0	0.0%
23	5,000	0.0%
24	0	0.0%
25	0	0.0%
26	0	0.0%
27	0	0.0%
Total	**1,730,402**	**14.6%**

Exposure or contingent exposure to central governments and central banks by geographical view

Geographical break according Article 452 (j) CRR in € thousand	Exposure	PD (exposure weighted average) in %
Austria	399,720	1.9%
Bulgaria	60,898	0.2%
China	169,625	0.0%
Czech Republic	46,849	0.2%
Croatia	44,867	0.0%
Hungary	39,752	0.9%
Romania	151	0.0%
Russian Federation	555,597	0.0%
Singapore	398,635	0.0%
Slovakia	5,762	0.0%
United States	8,547	0.0%
Total	**1,730,402**	**0.5%**

Exposure to institutions

PD classes according Article 452 CRR in € thousand	Exposure	RW (exposure weighted average) in %
1	0	0.0%
2	0	0.0%
3	112,297	0.5%
4	156,929	10.1%
5	10,951	19.8%
6	15,289	24.4%
7	5,606,159	20.3%
8	1,037,859	27.8%
9	108	3.3%
10	1,148,883	29.5%
11	37,308	25.3%
12	0	0.0%
13	13,806	75.3%
14	392,783	41.3%
15	104,011	98.8%
16	428	0.5%
17	313,840	37.8%
18	98,122	114.1%
19	120	106.8%
20	0	0.0%
21	29,764	181.3%
22	105,953	44.5%
23	297	156.9%
24	0	0.0%
25	33	250.1%
26	0	0.0%
27	194,290	0.0%
Total	**9,379,232**	**25.6%**

Exposure to institutions by geographical view

Geographical break according Article 452 (j) CRR in € thousand	Exposure	PD (exposure weighted average) in %
Austria	6,596,967	3.3%
Bulgaria	97,253	0.5%
China	145,931	0.1%
Czech Republic	215,661	0.9%
Germany	673	0.1%
United Kingdom	966	0.0%
Hong Kong	1,273	0.1%
Croatia	199,933	0.7%
Hungary	189,412	0.7%
Malaysia	90	0.1%
Romania	542,353	0.7%
Russian Federation	807,579	0.3%
Singapore	295,346	0.1%
Slovakia	277,910	0.1%
United States	7,887	0.1%
Total	**9,379,232**	**2.4%**

Exposure or contingent exposure to corporates

PD classes according Article 452 CRR in € thousand	Exposure	RW (exposure weighted average) in %
1	0	0.0%
2	0	0.0%
3	3,942,829	7.0%
4	1,501,008	8.4%
5	4,050,281	6.5%
6	4,054,521	13.6%
7	2,641,347	18.3%
8	2,720,348	22.4%
9	1,758,887	19.4%
10	3,255,661	28.5%
11	2,592,187	30.8%
12	2,977,875	42.3%
13	4,374,840	44.0%
14	3,634,415	51.4%
15	3,007,675	46.9%
16	2,493,401	56.2%
17	2,044,119	62.7%
18	2,310,737	65.3%
19	1,813,396	74.7%
20	1,144,757	76.2%
21	533,968	88.7%
22	911,952	59.9%
23	213,882	102.8%
24	181,860	118.7%
25	625,185	118.3%
26	370,341	59.1%
27	4,485,372	14.5%
Specialized lending RWA	6,984,204	71.9%
Collateralized by Real Estate	177,860	49.4%
Total	**64,802,908**	**39.2%**

Exposure or contingent exposure to corporates by geographical view

At below shown table, categories for Specialized lending RWA and Collateralized by Real Estate are not shown by geographical view.

Geographical break according Article 452 (j) CRR in € thousand	Exposure	PD (exposure weighted average) in %
Austria	27,801,969	7.4%
Bulgaria	1,635,802	14.1%
China	769,416	25.0%
Czech Republic	4,203,982	5.8%
United Kingdom	14	28.5%
Hong Kong	47,580	3.6%
Croatia	1,877,131	18.7%
Hungary	3,496,727	22.4%
Malaysia	416,962	70.9%
Romania	1,655,825	10.9%
Russian Federation	7,748,452	4.4%
Singapore	1,356,448	7.6%
Slovakia	4,777,533	6.3%
United States	1,853,002	2.6%
Total	**57,640,844**	**8.9%**

Retail exposure

PD classes according Article 452 CRR in € thousand	Exposure	RW (exposure weighted average) in %
1 (1C)	4,854,748	13.6%
2 (A - C)	2,513,490	35.7%
3 (A - C)	1,275,086	80.8%
4 (A - C)	1,408,996	66.7%
5 (A - C)	675,889	131.4%
6 (A - C)	627,250	112.9%
7 (A - C)	344,099	208.9%
8 (A - C)	139,989	478.0%
9 (A - C)	184,047	329.0%
10 (Default)	730,071	50.5%
Total	**12,753,667**	**150.8%**

Retail exposure by geographical view

Geographical break according Article 452 (j) CRR in € thousand	Exposure	PD (exposure weighted average) in %
Bulgaria	1,221,776	44.4%
Czech Republic	3,610,207	33.5%
Hungary	1,544,068	58.7%
Romania	2,680,651	44.1%
Slovakia	3,696,965	22.8%
Total	**12,753,667**	**203.6%**

Equity exposure

PD classes according Article 452 CRR in € thousand	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	23,447	123.4%
8	442	90.1%
9	0	0.0%
10	14	146.5%
11	841	170.5%
12	16	193.2%
13	8	217.3%
14	385	229.6%
15	2	264.1%
16	9	285.9%
17	0	0.0%
18	0	0.0%
19	2,430	348.0%
20	0	0.0%
21	3	305.1%
22	1	454.2%
23	0	0.0%
24	9,445	532.4%
25	0	0.0%
26	0	860.2%
27	39	0.0%
Total	**37,081**	**244.1%**

Equity exposure by geographical view

PD classes according Article 452 CRR in € thousand	Exposure	PD (exposure weighted average) in %
Austria	3,411	3.0%
Bulgaria	0	0.0%
Czech Republic	23,191	0.1%
Croatia	858	3.1%
Hungary	9,510	15.5%
Romania	0	0.0%
Russian Federation	0	0.0%
Slovakia	111	0.4%
Total	**37,081**	**4.4%**

Article 453 CRR
Use of credit risk mitigation techniques

1 Management and Recognition of Credit Risk Mitigation

The following document outlines the policies and processes for collateral valuation and management Group according to CRR. Besides the collateral mentioned herein, other collateral is also recognised on a single case basis as eligible if the minimum requirements of the CRR are fulfilled. Furthermore other types of collateral than mentioned herein are recognised for internal risk calculations.

For specialised lending, where the risk weight is calculated according to Article 158 para 6 CRR (Project Rating), the value of the collateral from the project itself is already included in the classification of the project within the risk categories of Article 158 para 6 CRR.

Collateral is only used for credit risk mitigation purposes, if the following conditions are fulfilled:

- the collateral is legally enforceable under the applicable jurisdiction
- sustainable market value of the collateral
- possibility of realisation and willingness to realise
- there is no significant correlation between the quality of the secured exposure and the value of the collateral, i.e. the collateral value is not linked to the creditworthiness of the borrower

In case the currency of the collateral – that is the currency of the proceeds of the realisation – is not identical with the currency of the exposure (currency mismatch), a volatility adjustment according to CRR is automatically calculated.

In case the maturity of the collateral is shorter than the maturity of the collateralised exposure (maturity mismatch), the credit protection is not recognised for credit risk mitigation purposes if the original maturity of the protection is less than one year or the residual maturity of the collateral is less than three months. In case the protection provider has an option to terminate the protection, the maturity of the protection shall be the time to the earliest date at which the collateral contract may be terminated. The calculation of maturity mismatches is done automatically according to the criteria of Article 239 CRR.

After a check of the legal validity of the collateral provided, it is entered into a special system for collateral management. The collateral valuation is done by staff members who are independent from the credit decision process.

Regular evaluations make sure, that the revaluation of the collateral is done at least once a year. Minimum revaluation frequency for financial collateral is 6 months. If required (e.g. change of market situation) a revaluation is done more often. Regarding financial collateral a revaluation at current market prices is done automatically on a daily basis. A longer revaluation interval leads to higher discounts.

2 Financial Collateral

Financial collateral is used for credit risk mitigation purposes, if the minimum requirements according to CRR are fulfilled.

2.1 Type of Collateral and Valuation

2.1.1 Cash on Deposit

As cash on deposit all kinds of accounts (fixed deposit, saving accounts, etc.) as well as savings books and cash assimilated instruments, like certificates of deposit, are taken into account.

Cash deposit held by the lending credit institution

The market value is the pledged amount in the relevant currency of the cash deposit. The revaluation is done automatically by the collateral management system. No haircut is applied for this collateral type. Any maturity or currency mismatch of the protection is considered automatically when linked to the secured exposure.

Cash deposit held by a third party bank

The market value is the pledged amount in the relevant currency of the cash deposit. Up to this pledged amount the probability of default (PD) of the borrower is replaced by the PD of the third party bank. Any maturity or currency mismatch of the protection is considered automatically when linked to the secured exposure.

2.1.2 Netting

On balance sheet netting agreements

In case of reciprocal balances with a counterparty (e.g. credit balances on some accounts and debit balances on others) and if a netting agreement is in place, the credit balance is used for credit risk mitigation purposes and therefore is linked to the exposure in calculations, if the minimum requirements according to CRR are fulfilled.

Master netting agreements covering repurchase transactions, securities or commodities lending or borrowing transactions and other capital market driven transactions

Transactions according to Article 196 CRR – especially repo and securities lending transactions – are managed in a department especially responsible for this kind of transactions using a special electronic data processing-system. In order to recognize transactions for netting, only standard contracts fulfilling the minimum requirements according to CRR are used. Collateral provided within the scope of such transactions and borrowed securities or commodities have to fulfil the criteria of CRR.

2.1.3 Gold

The market value is the current market price of gold. The revaluation is done once a month using the haircut determined in CRR. Any maturity mismatch of the protection is considered automatically when linked to the secured exposure.

2.1.4 Debt Securities

For the purpose of credit risk mitigation debt securities of the following issuers are taken into account:

- Central governments or central banks, which have been rated by a recognised rating agency or export credit agency, if the rating is equal or better than credit quality step 4 of the Standardised Approach
- Institutions, which have been rated by a recognised rating agency if the rating is equal or better than credit quality step 3 of the Standardised Approach
- Other issuers, which have been rated by a recognised rating agency if the rating is equal or better than credit quality step 3 of the Standardised Approach
- Debt securities rated with a short term rating by a recognised rating agency if the rating is equal or better than credit quality step 3 for short term claims of the Standardised Approach

- Debt securities issued by institutions which are not rated by an recognised rating agency, if the criteria according to CRR are fulfilled

The market value is the current market price on the stock exchange, which is updated automatically in the collateral management system. The haircut according to CRR is applied automatically. Any maturity or currency mismatch of the protection is considered automatically when linked to the secured exposure.

2.1.5 Equities and Convertible Bonds

Equities and convertible bonds listed on a recognised stock exchange are taken into account for credit risk mitigation purposes.

The market value of equities and convertible bonds is the current market price on the stock exchange. A revaluation is done automatically. The volatility adjustment for equities and convertible bonds listed on a recognised stock exchange is not based on external ratings. According to CRR the eligibility and the haircut depend on the fact being listed on a recognised exchange and being included in a main index. Any maturity or currency mismatch of the protection is considered automatically when linked to the secured exposure.

2.1.6 Investment funds

Units in collective investment undertakings are recognised as eligible collateral if they have a daily public price quote and the collective investment undertaking is limited to investments in eligible instruments according to CRR.

If the single positions/investments of the collective investment undertaking are known (through at least monthly delivery of the single positions), the weighted haircut of the single position haircuts (the positions in which the collective investment undertaking is actually invested) is taken. If the single eligible positions/investments of the collective investment undertaking are unknown, the haircut equals the highest haircut of the position, in which the collective investment undertaking is allowed to invest (concerning eligible positions).

If a maximum limit for investments of not eligible instruments is defined in the regulation for investments, the fund is eligible up to the defined part in which the fund must invest in eligible titles. The value of the shares in the investment fund which are provided as collateral has to be reduced by the respective percentage, before calculating the haircut according to CRR.

The market value is the published value/market price of the single certificates. Revaluation is done automatically. The haircut is calculated according to CRR once the collateral is entered into the collateral management system. The haircut is reviewed on a regular basis according to the single investment positions. In case the single investments are unknown or can not be delivered on a monthly basis, the haircut is calculated upon the basis of the collective investment undertaking prospectus. Any maturity or currency mismatch of the protection is considered automatically when linked to the secured exposure.

2.2 Effect on Credit Risk Mitigation

Apart from cash deposit held by a third party bank, all financial collateral provided as security reduce the LGD (Loss Given Default) to 0 per cent for the respective collateral market value reduced by the haircut according to the above described criteria. Regarding cash deposit held by a third party bank, the PD (Probability of Default) of the borrower is replaced by the PD of the third party bank.

3. Real Estate Collateral

For the purpose of credit risk mitigation residential real estate (i.e. real estate which is or will be occupied or let by the owner for residential purposes) and commercial real estate are used if the criteria and the minimum requirements of CRR are fulfilled.

3.1 Valuation

Real estate property is evaluated either at the market value or at the mortgage lending value, which is to be reduced according to the results of the evaluation, the pledged amount in the contract or prior-ranking charges, if necessary.

Market value is defined as the estimated amount for which the property could be sold on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Mortgage lending value is defined as the value of the property as determined by a prudent assessment of the future marketability of the property taking into account long-term sustainable aspects of the property,

normal and local market conditions, the current use and alternative appropriate uses of the property. Speculative elements shall not be taken into account in the assessment of the mortgage lending value.

The property valuation is based either on appraisal reports by external independent appraisers or on internal valuations done by competent staff members who are independent from the credit decision process.

The valuation is done according to generally recognised appraisal methods, mostly using the Income Capitalisation Approach; if applicable on an individual basis the valuation is done using the Sales Comparison Approach or Cost Approach.

Any maturity or currency mismatch of the protection is considered automatically when linked to the secured exposure.

3.2 Effect of Credit Risk Mitigation

Up to the amount of the collateral value after deduction of a necessary over collateralisation level of 140 per cent and evaluated upon the above mentioned criteria, the LGD (Loss Given Default) is reduced for senior claims to 35%. In case no full collateralisation exists, the exposure is split into a collateralised part (considering the 140 per cent over collateralisation level) and an uncollateralised part. In case the collateral value is below 30 per cent of the exposure no LGD reduction is applied.

As an alternative to the LGD reduction described above a 50 per cent risk weight is assigned to the part of the exposure fully collateralised by residential or commercial real estate property according to Article 230 CRR. The term "fully collateralized" means up to the amount of 125 per cent regarding residential real estate property and 200 per cent regarding commercial real estate property.

4 Receivables

Account receivables are used for credit risk mitigation purposes, if they are linked to a commercial transaction or transactions with an original maturity of less than or equal to one year. Receivables in connection with securitizations, sub-participations or credit derivatives or receivables of affiliated companies are not taken into account. All receivables must fulfil the minimum requirements of CRR.

4.1 Valuation

Market value is the receivables amount derived from the list of receivables submitted by the accounting department of the borrower on a regular basis. Those lists of receivables are subject to regular reviews.

Any maturity or currency mismatch of the protection is considered automatically when linked to the secured exposure.

4.2 Effect of Credit Risk Mitigation

The LGD (Loss Given Default) of the collateral value, evaluated upon the above mentioned criteria, is reduced for senior claims to 35 per cent in case of an over collateralisation of 125 per cent. In case no full collateralisation exists, the exposure is split into a collateralised part (considering the 125 per cent over collateralisation level) with a LGD of 35 per cent and an uncollateralized part with a LGD of 45 per cent.

5 Unfunded Credit Protection

All kinds of guarantees given by the below mentioned protection providers and fulfilling the minimum requirements according to CRR are considered as unfunded credit protection.

5.1 Valuation

For the purpose of credit risk mitigation liabilities of the following protection providers are taken into account:

- Central governments and central banks
- Regional governments
- Mulitlateral development banks
- International organisations, claims on which are treated with a risk weight of 0 per cent under the Standardised Approach
- Public sector entities, claims on which are treated as claims on institutions or central governments under the Standardised Approach

- Institutions
- Other corporate entities, including parent companies and subsidiaries as well as affiliated companiesThe most important protection providers in this regard are central governments, institutions and other corporate entities

5.2 Valuation

The value of the unfunded credit protection is the guaranteed amount that is the amount the protection provider has to pay if an event of default occurs. An accurate review of the economic capacity of the protection provider is a precondition for the valuation.

Any maturity or currency mismatch of the protection is considered automatically when linked to the secured exposure.

5.3 Effect of the Credit Risk Mitigation

For the guaranteed amount the PD (Probability of Default) of the protection provider is taken into account for risk weighted asset calculation instead of the PD of the borrower.

5.4 Unfunded Credit Protection with a counter guarantee

In case an exposure is secured by an unfunded credit protection, which itself is counter guaranteed by another unfunded credit protection of one of the following protection providers, the PD of the counter guarantor is taken into consideration for RWA (Risk Weighted Assets) calculation, if all requirements of CRR are fulfilled. The same applies to a counter guarantee of another credit protection provider (other than the below mentioned), if this counter guarantee is directly counter guaranteed by one of the following protection providers and the requirements of CRR are fulfilled:

- Central governments and central banks
- Regional governments or local authorities
- Multilateral development banks
- International Organisations
- Public sector entities, claims on which are treated according to Article 116 CRR

6 Credit Derivatives

Credit Default Swaps, Total Return Swaps and Credit Linked Notes (to the extent of their cash funding) and instruments that are composed of such credit derivatives or that are economically effectively similar, are recognised as eligible for the purpose of credit risk mitigation if the minimum requirements according to CRR are fulfilled.

Counterparties are the credit protection providers mentioned in Clause 6.1., thereof primarily institutions.

6.1 Valuation

The value of the credit derivative is the guaranteed amount, which the counterparty has to pay, if an event of default/credit event occurs. An accurate review of the economic capacity of the protection provider is a precondition for the valuation. Any maturity or currency mismatch of the protection is considered automatically when linked to the secured exposure.

6.2 Effect of Credit Risk Mitigation

The effect of credit risk mitigation corresponds to the effect of unfunded credit protection, except for Credit Linked Notes, which are treated like cash collateral.

7 Quantitative Disclosure

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:

Articel 453 lit (a) - (q) in € thousand	Other physical collaterals	Mortgage collaterals	Unfunded Credit Protection	Financial collaterals
Standardized approach - exposure classes	**0**	**1,916,300**	**220,501**	**3,806,633**
Exposures to central governments and central banks	0	0	0	62,333
Exposures to regional governments or local authorities	0	0	0	611
Exposures to public sector entities	0	0	0	16,774
Exposures to multilateral development banks	0	0	0	405
exposures to international organisations	0	0	0	0
exposures to on institutions	0	0	4,742	2,554,180
Exposures to corporates	0	0	191,815	1,160,732
Retail exposures	0	0	0	0
Exposures secured by mortgages on immovable property	0	1,675,010	0	8,787
Exposures in default	0	241,290	14,456	2,811
Exposures associated with particularly high risk	0	0	0	0
Exposures in the form of covered bonds	0	0	0	0
Items representing securitization positions	0	0	0	0
Exposures to institutions and corporates with a short-term credit assessment	0	0	0	0
Exposures in the form of units or shares in collective investment undertakings ('CIUs');	0	0	0	0
Equity exposures	0	0	0	0
Other items	0	0	9,488	0
IRB approach - exposure classes	**737,280**	**1,933,677**	**5,271,994**	**14,279,657**
Exposures to central governments and central banks	0	0	419,208	33,212
exposures to on institutions	114,937	4,657	607,818	10,584,845
Exposures to corporates	622,343	1,929,020	4,244,968	3,661,600
Retail exposures	0	0	0	0
Equity exposures	0	0	0	0
Items representing securitization positions	0	0	0	0

Article 454 CRR
Use of the Advanced Measurement Approaches to operational risk

Article 454 CRR does not apply to RBI as currently all units of the Group are in Standardised Approach.

Article 455 CRR Use of Internal Market Risk Models

VaR model

Scope of permission and characteristics of the model

In RZB/RBI Group an internal model for measuring market risks is in place since 2010.

The method used is a hybrid simulation (Monte-Carlo/Historical) with 5000 scenarios for the following risk factors: FX rates, interest rates, selected equities for managed capital guarantee products (CPPI and OBPI), CDS and bond spreads including treasury basis spreads (BS). For Vega risk the hybrid method is used as well, being applied to selected points on the surfaces of implied FX and interest rate volatilities.

Scenario generation is based on a two year timeseries, the volatility estimator is influenced 80 per cent by the short-term local volatility and 20 per cent by unweighted long term volatility. Vega scenarios (also 5000) are created separately and are also applied to the positions separately from the simulated changes in underlying prices (FX, IR, BS). All VaR figures are calculated daily for on overnight horizon and a confidence level of 99 per cent, i.e. VaR denotes the maximum loss that will statistically not be exceeded with 99 per cent confidence level on the next day. Positions of the regulatory trading book are delivered by the front office systems on a daily basis. The repricing of the positions is done by means of full revaluation.

The internal value-at-risk model was approved for the calculation of the own funds requirement for market risks of RBI AG at single-entity level by the Austrian banking regulator for the general risk of debt instruments as well as the foreign-exchange risk (including gold positions) in 2010. At the beginning of 2012 the implementation of a stressed value-at-risk was approved. In 2013 vega risk (for interest rate and fx derivatives) was included in the internal model and approved by the local banking authority as additive part to the FX/IR/BS-VaR used for calculating market risk own funds requirements.

Stressed VaR

The stressed VaR is calculated as the application of a historic (equally weighted 1 year) time-series of returns to the current portfolio. The historic period is chosen in such a way, that it causes the largest VaR (when selected) for the portfolio positions given at present. Generating the scenarios for stressed VaR is not as straightforward as for VaR, because adjustments preserving the standard deviation of the returns and avoiding negative interest rates are necessary in order to apply historic returns on current market values. Furthermore difficulties in obtaining historical daily data for some of the risk-factors (which are of minor significance for the portfolio) may arise. This shortcoming is mitigated by using an Add-On concept.

Total risk calculated by the internal model with significance for the regulatory capital requirements is based on VaR for FX, IR and BS, VaR Vega as well as stressed Var FxIrBs and stressed VarVega according to CRR Art. 364.

Stress testing

A comprehensive stress testing concept complements internal model VaR and sensitivity risk figures, which also constitute the market risk limit system. The stress tests reflect potential present value changes of defined scenarios. The results on market risk concentrations shown by these stress tests are reported to the Market Risk Committee on a weekly basis and taken into account when setting limits. Stress test reports for individual portfolios are included in the daily market risk reporting.

The market risk stress testing programme ranges from single risk factor changes (plain relative or absolute shifts, curve steepenings or flattenings, volatility surface deformations like skews etc.) to simultaneous changes of several risk factors. For example, currencies and interest rate curves are grouped reflecting economic interdependencies of countries respectively potential expected contagion in case of crisis, credit spread curves are grouped by industry and rating (investment grade vs. speculative grade) and underlying risk factors are stressed in combination with changes to their implied volatilities. Furthermore event-driven historic or hypothetical scenarios like government debt crisis, oil price shocks etc. are implemented as needed.

Combinations of risk factors in given stress scenarios:

Stressed Risk Factors	FX	IR	Credit Spreads	Implied Vols (fx, ir)	Equities
FX	x	x	x	x	
IR		x	x	x	x
Credit Spreads			x		
Implied Vols (fx,ir)				x	
Equities					x

Back-testing and validation approaches

The risk measurement approaches employed are verified – besides analyzing returns qualitatively – on an ongoing basis through backtesting and statistical validation techniques.

Hypothetical and actual back-testing

For back-testing two comparisons have to be done:

The "clean" or hypothetic backtesting is the comparison of VaR figures (VarFxIrBs + VarVega) vs. the theoretical profit and loss figures showing the hypothetical returns that the bank would have realized due to the actual changes in market parameters on the next day. The back-testing results in the past showed that the internal market risk model quickly reacts to changed market conditions.

The "dirty" or actual backtesting is done using the profit and loss (P&L) results of the front office systems. Due to the fact that the internal model is only approved for a restricted scope of market risks (FX and general interest rate risk including treasury basis spread but not other credit spreads, FX and IR Vega risk, but no equity and specific interest rate risk) the hypothetical P&L figures of the internal model differ somewhat from the economic P&L figures, which include components that are not part of the VaR of the regulatory trading book.

A separate process has been set-up to deliver P&L figures broken down into their single components in terms of single deal level and type of origin, where possible. This way intraday P&L can be excluded, because it is not reflected in the VaR calculation, which is based on snapshot market data once a day for the end-of-day positions. The rather theoretical distinction between the gain/loss stemming from a change in the interest rate (discount/forward) curve and the gain/loss stemming from a change in the credit quality reflected in spread widening or narrowing is reasonably not feasible in the front office systems. Consequently sub-portfolios containing credit spread products are exempt from the dirty backtesting procedure just as the equity linked guarantee products are.

Continuous model validation

Complementary to the legally required methodology of back-testing and the daily risk management task of checking the model input side for anomalies (e.g. qualitative maintenance of market data used for deriving risk factors) a periodic validation programme is used to ensure the soundness of fundamental model assumptions and long-term parameters:

Statistical tests like the Kolmogorov-Smirnov test are used to check whether the hypothetical back-testing P&L is properly distributed as expected if the model works correctly. Supporting validation reports help e.g. detecting stale time-series, volatility regime changes, deviations from the model target. For the validation of specific model parameters like the random time change, the scaling methodology and the SVI fit for implied volatilities further tests are performed. Outcomes are treated according to the validation policy installed in the market risk department. If model weaknesses are identified, they are improved accordingly.

The regulatory trading book

The scope of the regulatory trading book was defined as part of the regulatory approval process for the internal model for market risk and is the basis for the selection criteria of the positions used in the own funds calculation.

Defining criteria for trading book positions are laid down in the market risk management group directive as well as in the rulebook of the risk taking trading department. These criteria influence the department / desk strategies, the range of approved products and subsequently the associated risk limits.

The procedure ensuring that all FX risk and trading positions are included in the internal model own funds calculation is anchored in the set-up of the market risk aggregation and reporting framework. Maintaining and keeping this framework up-to-date with respect to any portfolio and/or organizational changes is part of the daily market risk management tasks, supported by an automated system of checking-procedures. The trading rulebook along with standardized as well as user-definable reports and ad-hoc analysis results provided by market risk management to risk takers and senior management allow a timely and active management of trading positions.

Valuation

The fundaments for a group-wide aligned valuation process are given by the fair value measurement rulebook, containing e.g. the applicable pricing hierarchy and procedures necessary in case of illiquidity, along with the establishment of the Valuation Jour-fixe (VJF) at RBI Head Office. The latter is the decision making body for RBI Group responsible for e.g. approvals, reviews and / or changes of valuation procedures, valuation models and pricing parameters.

The valuation of new products including the treatment of the pricing subject (availability of liquid pricing sources respectively appropriate pricing parameters) is an integral part of the Product Approval Process (PAP).

Quantitative Disclosure

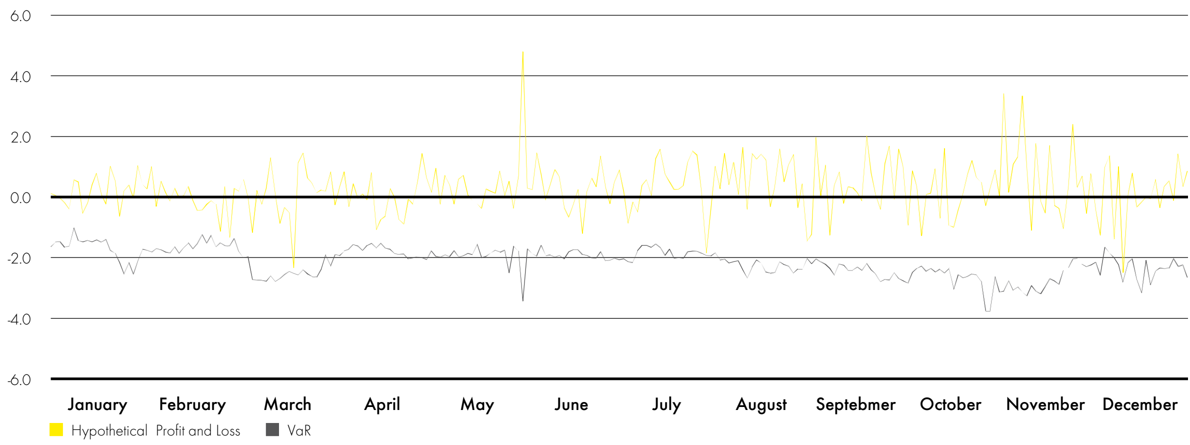
The following table shows the highest, lowest and mean VaR (99 per cent, ten days) for the regulatory trading book:

Article 455 (d) CRR in € thousands	VaR (Total)	stressed VaR (Total)
highest	(3,768)	(8,149)
lowest	(1,016)	(3,236)
mean	(2,144)	(5,149)

The elements of the own funds requirement are presented in the following table:

Article 455 (e) CRR in € thousands	a) max(VaRT(1),VaRavg*mc)	VaRt(1) (10d)	VaRavg*mc	b) max(sVaRT(1),sVaRavg*ms)	sVaRt(1) (10d)	sVaRavg*ms
31.12.2014	26,065	8,386	26,065	61,392	16,115	61,392

Following table shows the comparison of the daily Value at risk vs. one-day changes of the portfolio's value:



Annex

Annex 1

Scope of CRR Group of Raiffeisen Bank International (Article 436 CRR)

Company Name	Country Code
BAILE Handels- und Beteiligungsgesellschaft m.b.H., 1030 Wien (AT)	AT
Baumgartner Höhe RBI Leasing-Immobilien GmbH, Wien (AT)	AT
BUILDING BUSINESS CENTER DOO NOVI SAD, Novi Sad (RS)	RS
Bulevard Centar BBC Holding d.o.o., Beograd (RS)	RS
CINOVA RBI Leasing-Immobilien GmbH, Wien (AT)	AT
CJSC Mortgage Agent Raiffeisen 01, Moscow (RU)	RU
Closed Joint Stock Company Non-state pension fund Raiffeisen, 119121, Moscow (RU)	RU
Compass Variety Funding Limited, Dublin 2 (IE)	IE
DAV Holding Ltd., Budapest (HU)	HU
DAV-PROPERTY Kft., 1012 Budapest (HU)	HU
Doplnková dôchodková spolocnost Tatra banky, a.s., Bratislava (SK)	SK
Eastern European Invest GmbH, 1030 Wien (AT)	AT
Eastern European Invest Holding GmbH, 1030 Wien (AT)	AT
ELIOT, a.s., Bratislava (SK)	SK
FCC Office Building SRL, Bucharest (RO)	RO
Floreasca City Center Verwaltung Kft., 1134 Budapest (HU)	HU
FWR Russia Funding B.V., Amsterdam (NL)	NL
Golden Rainbow International Limited, Tortola (VG)	VG
Harmadik Vagyonkezelő Kft., Budapest (HU)	HU
JLLC "Raiffeisen-leasing", 220002 Minsk, Belarus (BY)	BY
Kathrein & Co. Vermögensverwaltung GmbH, 1010 Wien (AT)	AT
Kathrein Privatbank Aktiengesellschaft, 1010 Wien (AT)	AT
Lexxus Services Holding GmbH, 1030 Wien (AT)	AT
Limited Liability Company Raiffeisen Leasing Aval, 04073 Kiev (UA)	UA
LLC "ARES Nedvizhimost", 107023 Moscow (RU)	RU
LOTA Handels- und Beteiligungs-GmbH, 1030 Wien (AT)	AT
OOO Raiffeisen-Leasing, 109004 Moskau (RU)	RU
Park City real estate Holding d.o.o., Novi Sad (RS)	RS
PERSES RBI Leasing-Immobilien GmbH, Wien (AT)	AT
Pointon Investment Limited, Limassol (CY)	CY
Priorbank JSC, 220002 Minsk (BY)	BY
R.L.H. Holding GmbH, 1030 Wien (AT)	AT
Raiffeisen Bank Aval JSC, 01011 Kyiv (UA)	UA
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	BA
Raiffeisen Bank International AG, 1030 Wien (AT)	AT
Raiffeisen Bank Kosovo J.S.C., Pristina (KO)	KO
Raiffeisen Bank Polska S.A., Warszawa (PL)	PL
Raiffeisen Bank S.A., Bucharest (RO)	RO
Raiffeisen Bank Sh.a., Tirane (AL)	AL
Raiffeisen Bank Zrt., Budapest (HU)	HU
Raiffeisen banka a.d., Novi Beograd (RS)	RS
Raiffeisen Banka d.d., Maribor (SI)	SI
Raiffeisen CEE Region Holding GmbH, 1030 Wien (AT)	AT
Raiffeisen Centrobank AG, 1010 Wien (AT)	AT
Raiffeisen CIS Region Holding GmbH, 1030 Wien (AT)	AT
Raiffeisen consulting d.o.o., Zagreb (HR)	HR
Raiffeisen Factoring Ltd., 10,000 Zagreb (HR)	HR
Raiffeisen FinCorp, s.r.o., Praha 4 (CZ)	CZ
Raiffeisen Ingatlan Vagyonkezelő Kft., Budapest (HU)	HU

Company Name	Country Code
Raiffeisen Insurance Agency Sp.z.o.o, 00(078) Warsaw (PL)	PL
Raiffeisen International Invest Holding GmbH, 1030 Wien (AT)	AT
Raiffeisen International Liegenschaftsbesitz GmbH, 1060 Wien (AT)	AT
Raiffeisen Investment Advisory GmbH, 1015 Wien (AT)	AT
Raiffeisen Leasing Bulgaria OOD, 1504 Sofia (BG)	BG
Raiffeisen Leasing d.o.o. Sarajevo, 71000 Sarajevo (BA)	BA
Raiffeisen Leasing d.o.o., 1000 Ljubljana (SI)	SI
Raiffeisen Leasing d.o.o., Belgrad (RS)	RS
Raiffeisen Leasing IFN S.A., Bukarest (RO)	RO
Raiffeisen Leasing Kosovo LLC, 10000 Pristina, Kosovo (KO)	KO
Raiffeisen Leasing sh.a., Tirane (AL)	AL
Raiffeisen Lízing Zrt., Budapest (HU)	HU
Raiffeisen Mandatory and Voluntary Pension Funds Management Company Plc., 10,000 Zagreb (HR)	HR
Raiffeisen Pension Insurance d.d., 10,000 Zagreb (HR)	HR
Raiffeisen Property Holding International GmbH, 1060 Wien (AT)	AT
Raiffeisen Property Lízing Zrt, 1054 Budapest (HU)	HU
Raiffeisen Real Estate Fund, (HU)	HU
Raiffeisen Rent DOO, 11070 Belgrad (RS)	RS
Raiffeisen RS Beteiligungs GmbH, 1030 Wien (AT)	AT
Raiffeisen SEE Region Holding GmbH, 1030 Wien (AT)	AT
Raiffeisen stambena stedionica d.d., Zagreb (HR)	HR
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	BG
Raiffeisenbank a.s., 140 78 Praha 4 (CZ)	CZ
Raiffeisenbank Austria d.d., Zagreb (HR)	HR
Raiffeisen-Leasing d.o.o., 10,000 Zagreb (HR)	HR
Raiffeisen-Leasing International Gesellschaft m.b.H., 1030 Wien (AT)	AT
Raiffeisen-Leasing Lithuania UAB, Vilnius, Litauen (LT)	LT
Raiffeisen-Leasing Polska S.A., 00(838) Warsaw (PL)	PL
RAIFFEISEN-LEASING REAL ESTATE Sp. z o.o., 00(838) Warsaw (PL)	PL
Raiffeisen-Leasing Real Estate, s.r.o., Praha 4 (CZ)	CZ
Raiffeisen-Leasing, s.r.o., 140 78 Praha 4 (CZ)	CZ
Raiffeisen-RBHU Holding GmbH, 1030 Wien (AT)	AT
RB International Finance (Hong Kong) Ltd., Hong Kong (HK)	HK
RB International Finance (USA) LLC, NY 10036 New York (US)	US
RB International Investment Asia Limited, Labuan F.T. (MY)	MY
RB International Markets (USA) LLC, New York, NY 10036 (US)	US
RBI KI Beteiligungs GmbH, 1030 Wien (AT)	AT
RBI IB Beteiligungs GmbH, 1030 Wien (AT)	AT
RBI LEA Beteiligungs GmbH, 1030 Wien (AT)	AT
RBI Leasing GmbH, Wien (AT)	AT
RBI LGG Holding GmbH, 1030 Wien (AT)	AT
RBI PE Handels- und Beteiligungs GmbH, 1030 Wien (AT)	AT
RBI Private Equity Holding GmbH, Wien (AT)	AT
REC Alpha LLC, Kiev 01011 (UA)	UA
Regional Card Processing Center s.r.o., 81106 Bratislava (SK)	SK
RI Eastern European Finance B.V., Amsterdam (NL)	NL
RIRE Holding GmbH, 1060 Wien (AT)	AT
RLI Holding Gesellschaft m.b.H., 1030 Wien (AT)	AT
RLRE Ypsilon Property, s.r.o., Prague 4 (CZ)	CZ
ROOF Poland Leasing 2014 Ltd, Dublin (IE)	IE
Roof Russia DPR Finance Company S.A., Luxembourg (LU)	LU
RSC Raiffeisen Service Center GmbH, 1190 Wien (AT)	AT
RZB Finance (Jersey) III Ltd, St. Helier JE4 8PX (JE)	JE
RZB Finance (Jersey) IV Limited, St. Helier JE4 8PX (JE)	JE
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	RO
S.C. PLUSFINANCE ESTATE 1 S.R.L., 020331 Bucharest (RO)	RO
SCTJ Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	HU
'S-SPV'' d.o.o. Sarajevo, 71000 Sarajevo (BA)	BA
Tatra Asset Management, správ. spol., a.s., Bratislava (SK)	SK
Tatra banka, a.s., Bratislava 1 (SK)	SK

Company Name	Country Code
Tatra Residence, s. r. o., Bratislava (SK)	SK
Tatra-Leasing, s.r.o., Bratislava (SK)	SK
TAURUS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., 1030 Wien (AT)	AT
TOO Raiffeisen Leasing Kazakhstan, 050008 Almaty (KZ)	KZ
Ukrainian Processing Center PJSC, 04073 Kyiv (UA)	UA
Vindalo Properties Limited, Limassol (CY)	CY
ZAO Raiffeisenbank, Moscow (RU)	RU
ZUNO BANK AG, Wien (AT)	AT

Annex 2

Terms and Conditions of material RBI capital instruments according Article 437 (b) CRR

Capital instruments' main features	Issue 1	Issue 2	Issue 3	Issue 4	Issue 5
in € thousand					
Issuer	Raiffeisen Bank International AG	Raiffeisen Bank International AG	Raiffeisen Bank International AG	Raiffeisen Bank International AG	Raiffeisen Bank International AG
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	XS0843322750	CH0212937210	XS1001668950	XS1034950672	CH0194405343
Governing law(s) of the instrument	German law	German law	German law	German law	German law
Regulatory treatment					
Transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
Post-transitional CRR rules	Tier 2	Tier 2	Tier 2	Tier 2	Tier 2
Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated					
Instrument type (types to be specified by each jurisdiction)	Tier 2 according Austrian Banking Act	Tier 2 capital according CCR	Tier 2 capital according CCR	Tier 2 capital according CCR	Tier 2 capital according CCR
Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 290.318.000	EUR 235.800.000	EUR 232.700.000	EUR 500.000.000	EUR 235.800.000
Nominal amount of instrument	EUR 290.318.000	CHF 250.000.000	EUR 232.700.000	EUR 500.000.000	CHF 250.000.000
Issue price	100%	101%	100%	100%	100%
Redemption price	100%	100%	100%	100%	100%
Accounting classification					
Original date of issuance	29 October 2012	24 May 2013	18 December 2013	21 February 2014	24 October 2012
Perpeptual or dated	dated	dated	dated	dated	dated
Original maturity date	27 April 2024	24 May 2023	18 June 2024	21 February 2025	24 October 2022
Issuer call subjet to prior supervisory approval	Yes	Yes	Yes	Yes	No
Optional call date, contingent call dates, and redemption amount	27 April 2018, tax call, regulatory call, principal amount	24 May 2018, tax call, regulatory call, principal amount	18 June 2019, tax call, regulatory call, principal amount	21 February 2020, tax call, regulatory call, principal amount	No
Subsequent call dates, if applicable	No	No	No	No	No
Coupons / dividends					
Fixed or floating dividend/coupon	Fixed Rate Notes with reset	Fixed Rate with reset	Fixed Rate with reset	Fixed Rate with reset	Fixed Rate
Coupon rate and any related index	5,875% / 5Y Swap + 4,84%	4% / 5Y Swap Rate + 3,6175%	5,163% / 5Y Swap Rate + 3,9%	4,5% / 5Y EUR MidSwap + 3,3%	4,75%
Existence of a dividend stopper	No	No	No	No	No
Fully discretionary, partially discretionary or mandatory (in terms of timing	mandatory	mandatory	mandatory	mandatory	mandatory
Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	mandatory	mandatory	mandatory
Existence of step up or other incentive to redeem	No	No	No	No	No
Noncumulative or cumulative		cumulative	cumulative	cumulative	cumulative
Convertible or non-convertible	No	No	No	No	No
If convertible, conversion trigger (s)	No	No	No	No	No
If convertible, fully or partially	No	No	No	No	No
If convertible, conversion rate	No	No	No	No	No
If convertible, mandatory or optional conversion	No	No	No	No	No
If convertible, specifiy instrument type convertible into	No	No	No	No	No
If convertible, specifiy issuer of instrument it converts into	No	No	No	No	No
Write-down features	No	No	No	No	No
If write-down, write-down trigger (s)	No	No	No	No	No
If write-down, full or partial	No	No	No	No	No
If write-down, permanent or temporary	No	No	No	No	No
If temporary write-down, description of write-up mechanism	No	No	No	No	No
Position in subordination hierachy in liquidation (specify instrument type immediately senior to instrument)					
Non-compliant transitioned features	No	No	No	No	No
If yes, specifiy non-compliant features	No	No	No	No	No

(1) 'N/A' inserted if the question is not applicable

Annex 2

Terms and Conditions of material RBI capital instruments according Article 437 (b) CRR

Capital instruments' main features	Issue 6	Issue 7	Issue 8	Issue 9	Issue 10	Issue 11
in € thousand						
Issuer	Raiffeisen Bank International AG	Raiffeisen Bank International AG	RZB Finance (Jersey) III Limited	RZB Finance (Jersey) IV Limited	Raiffeisen Bank Aval (UA)	Raiffeisen Bank Aval (UA)
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement	XS0981632804	XS0619437147	XS0193631040	XS0253262025	NA	NA
Governing law(s) of the instrument	German law	German law	The Capital Notes will be governed by and construed in accordance with the law of Jersey. The Support Agreement will be governed by and construed in accordance with English law save that the provisions concerning the ranking of the Support Agreement above will be governed by and construed in accordance with Austrian law and those provisions set out in Condition 4(f) (Non-cumulative interest payments) above and determinations in respect of amounts of Distributable Profits will be governed and construed in accordance with Austrian law.	The Capital Notes and all matters arising from or connected with the Capital Notes are governed by, and shall be construed in accordance with, English law, save that determination in respect of the Distributable Profits and amounts payable in the event of the liquidation of RZB will be construed in accordance with Austrian law. The Support Agreement will be governed by, and construed in accordance with English law save that Clause 2.1.2 (Limitations on Liquidation Distributions) and Clause 2.4 (Ranking of Obligations) shall be governed by, and construed in accordance with Austrian law.	the laws of England and Wales	the laws of England and Wales
Regulatory treatment						
Transitional CRR rules	Tier 2	Tier 2	Additional Tier 1	Additional Tier 1	NA	NA
Post-transitional CRR rules	Tier 2	Tier 2	In-eligible	In-eligible	NA	NA
Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated			(Sub-)consolidated	(Sub-)consolidated	Yes	Yes
Instrument type (types to be specified by each jurisdiction)	Tier 2 capital according CCR	Tier 2 capital according CCR	Perpetual Non-cumulative Subordinated Floating Rate Capital Notes having the benefit of a support agreement entered into with Raiffeisen Zentralbank Österreich AG	Non-cumulative Subordinated Perpetual Callable Step-up Fixed to Floating Rate Capital Notes having the benefit of a support agreement entered into with Raiffeisen Zentralbank Österreich AG	Tier 2 capital according CCR	Tier 2 capital according CCR
Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	EUR 500.000.000	EUR 500.000.000	EUR 80.503.673	EUR 272.497.927	EUR 16.473.108	EUR 41.182.769
Nominal amount of instrument	EUR 500.000.000	EUR 500.000.000	EUR 90.475.000	EUR 306.250.000	USD 20.000.000	USD 50.000.000
Issue price	100%	99%	1	1	margin of 5,75% pa over Libor	margin of 9,25% pa over Libor
Redemption price	100%	100%	100%	100%	NA	NA
Accounting classification			Liability - amortised cost	Liability - amortised cost		
Original date of issuance	16 October 2013	18 May 2011	15 June 2004	16 May 2006	3 December 2004	17 July 2005
Perpeptual or dated	dated	dated	Perpetual	Perpetual	dated	dated
Original maturity date	16 October 2023	18 May 2021	No maturity	No maturity	15 December 2015	15 December 2015
Issuer call subjet to prior supervisory approval	Yes	No	Yes	Yes	Yes	Yes
Optional call date, contingent call dates, and redemption amount	tax call, regulatory call, principal amount	No	15 June 2009; in addition tax and regulatory call rights; redemption price;	16 May 2016; in addition tax and regulatory call rights; redemption price;	NA	NA
Subsequent call dates, if applicable	No	No	Semi-annually	Quarterly	NA	NA
Coupons / dividends						
Fixed or floating dividend/coupon	Fixed Rate	Fixed Rate	Floating	Fixed to floating	floating	floating
Coupon rate and any related index	6,00%	6,63%	0,01018	0,05169	Libor + 3%	Libor + 3%
Existence of a dividend stopper	No	No	No	No	NA	NA
Fully discretionary, partially discretionary or mandatory (in terms of timing	mandatory	mandatory	Mandatory - Link to Distributable Profits	Mandatory - Link to Distributable Profits	mandatory	mandatory
Fully discretionary, partially discretionary or mandatory (in terms of amount)	mandatory	mandatory	Mandatory - Link to Distributable Profits	Mandatory - Link to Distributable Profits	mandatory	mandatory
Existence of step up or other incentive to redeem	No	No	No	Yes	No	No
Noncumulative or cumulative	cumulative	cumulative	Non-cumulative	Non-cumulative	N/A	N/A
Convertible or non-convertible	No	No	Non-convertible	Non-convertible	N/A	N/A
If convertible, conversion trigger (s)	No	No	N/A	N/A	N/A	N/A
If convertible, fully or partially	No	No	N/A	N/A	N/A	N/A
If convertible, conversion rate	No	No	N/A	N/A	N/A	N/A
If convertible, mandatory or optional conversion	No	No	N/A	N/A	N/A	N/A
If convertible, specifiy instrument type convertible into	No	No	N/A	N/A	N/A	N/A
If convertible, specifiy issuer of instrument it converts into	No	No	N/A	N/A	N/A	N/A
Write-down features	No	No	No	No	N/A	N/A
If write-down, write-down trigger (s)	No	No	N/A	N/A	N/A	N/A
If write-down, full or partial	No	No	N/A	N/A	N/A	N/A
If write-down, permanent or temporary	No	No	N/A	N/A	N/A	N/A
If temporary write-down, description of write-up mechanism	No	No	N/A	N/A	N/A	N/A
Position in subordination hierachy in liquidation (specify instrument type immediately senior to instrument)			Tier 2	Tier 2	N/A	N/A
Non-compliant transitioned features	No	No	No	No	N/A	N/A
If yes, specifiy non-compliant features	No	No	N/A	N/A	N/A	N/A

(1) 'N/A' inserted if the question is not applicable

Annex 3

Number of directorships held by members of Board of Management and Supervisory Board

Karl Sevelda		
Directorships in RBI AG:	Board of Management: Member (CEO)	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to sec 5 para 1 lit 9a BWG
Supervisory Board:	14	2
Management Board:	1	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Doctor's degree	
Professional Qualification	Corporate Finance and Export Finance Creditanstalt-Bankverein	1977-1983
	Secretary to the Federal Minister for Trade and Industry	1983-1985
	Creditanstalt-Bankverein (London and New York)	1985
	- Head of Export Finance Department - Deputy Head of Corporate Finance Division - Head of Corporate Finance Division - Head of Multinational Corporates Division - Head of Corporate Banking Division (in additio to a.m. responsibility) Creditanstalt-Bankverein	1986-1997
	Member of the Board, Corporate Customers and Corporate, Trade and Export Finance worldwide, Raiffeisen Zentralbank Österreich AG	1998-2010
	Deputy CEO, Raiffeisen Bank International AG	2010-2013
	CEO, Raiffeisen Bank International AG	since June 2013

Johann Strobl		
Directorships in RBI AG:	Management Board: Member	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to sec 5 para 1 lit 9a BWG
Supervisory Board:	8	0
Management Board:	2	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Doctors Degree	
Professional Qualification	Assistant Professor, Vienna University of Economics and Business	1983-1988
	Domestic Money Market and Asset Liability Management, Creditanstalt	1989-1992
	Deputy Head of Domestic Money Market and Asset Liability Management, Creditanstalt	1992-1996
	Head of Market Risk Management, Creditanstalt	1997
	Head of Risk Controlling, Bank Austria	1998-2000
	Head of Treasury and Capital Markets, Bank Austria	2001-2002
	Member of HVB Divisional Board responsible for Risk Controlling and Asset Liability Management, Bank Austria	2003
	Member of the Board, Bank Austria	2004-2007
	Member of the Board, Raiffeisen Zentralbank Österreich AG	since 2007
	Member of the Board, Raiffeisen Bank International AG	since 2010

Aris Bogdaneris		
Directorships in RBI AG:	Management Board: Member	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to sec 5 para 1 lit 9a BWG
Supervisory Board:	8	0
Management Board:	1	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Master's degree	
Professional Qualification	Credit Analyst, Citicorp North America (Canada)	1988-1990
	Associate Banker, ABN AMRO, Corporate Finance (Hungary)	1992-1995
	Corporate Auditor, General Electric Company (USA)	1995-1998
	Six Sigma Leader, Budapest Bank (Hungary)	1998-2000
	COO, Budapest Bank	2000-2003
	Deputy CEO, Retail Banking, Budapest Bank	2001-2003
	CEO and Chairman of the Board, Budapest Bank	2003-2004
	Member of the Board, Retail Banking, Raiffeisen International	2004-2010
	Member of the Board, Retail Banking and COO, Raiffeisen Bank International	since 2010[1]

1 End of function as of 31 March 2015

Klemens Breuer		
Directorships in RBI AG:	Board of Management: Member	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to sec 5 para 1 lit 9a BWG
Supervisory Board:	9	1
Management Board:	1	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Master's degree (Mag.)	
Professional Qualification	Trainee Programme "Junior-Broker" with Bierbaum & Co. (Düsseldorf/Frankfurt am Main)	1993-1995
	Global Markets/Money Markets, Deutsche Bank AG (Düsseldorf/Frankfurt am Main)	1995-1999
	Head of Liquidity Management Group Treasury Deutsche Bank AG (Frankfurt am Main/London)	1999-2001
	Treasurer, Deutsche Bank AG (Frankfurt am Main)	2001-2004
	Head of Asset Liability Management Global Markets/Global Finance, Deutsche Bank AG (Frankfurt am Main)	2004-2005
	Head of Liquidity Management Group Treasury WestLB AG (Düsseldorf)	2005-2006
	Managing Director, Head of Treasury, WestLB AG (Düsseldorf)	2006-2007
	Group Treasurer and Member of the Divisional Board, WestLB AG (Düsseldorf)	2007-2008
	Member of the Managing Board, WestLB AG	2008-2012
	Member of the Board, Global Markets, Raiffeisen Bank International AG	since April 2012

Martin Grüll		
Directorships in RBI AG:	Board of Management: Member (CFO)	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to sec 5 para 1 lit 9a BWG
Supervisory Board:	7	0
Management Board:	1	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Master's degree (Mag.)	
Professional Qualification	Deputy Manager, International Loan Dept., Raiffeisen Zentralbank Österreich AG	1982-1987
	Vice President Head of International Loan Division Raiffeisen Zentralbank Österreich AG	1987-1988
	Senior Vice President Head of International Corporate Banking Raiffeisen Zentralbank Österreich AG	1988-1998
	Member of Managing Board, Bank Austria Handelsbank	1998-1999
	Chairman of Managing Board, Bank Austria Handelsbank	1999-2002
	Executive Manager (Central and Eastern Europe), Bank Austria Creditanstalt	2001
	Group Executive Manager (Central and Eastern Europe) Bank Austria Creditanstalt	2002-2004
	Member of the Board (CFO), Raiffeisen International Bank Holding AG	2005-2010
	Member of the Board, (CFO), Raiffeisen Bank International AG	since 2010

Peter Lennkh		
Directorships in RBI AG:	Board of Management: Member	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to sec 5 para 1 lit 9a BWG
Supervisory Board:	12	0
Management Board:	1	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Master's degree (Mag.)	
Professional Qualification	Account Manager International Finance, Raiffeisen Zentralbank Österreich AG	1988-1990
	Head of International Project Finance Department, Creditanstalt Leasing Wien	1990-1991
	Deputy Board member in charge of Credit Risk Management and Austrian Corporate Customers Raiffeisenbank Czech Republic	1992-1996
	RZB Networkbank Management: setting up Raiffeisenbank Russia and Raiffeisenbank Ukraine Raiffeisen Zentralbank Österreich AG	1997-1998
	Division Head International Corporate Customers, Raiffeisen Zentralbank Österreich AG	1998-1999
	Head of Trade and Export Finance, Raiffeisen Zentralbank Österreich AG	1999-2004
	Member of the Board responsible for Corporate Customer Business und Network Coordination Raiffeisen International Bank-Holding AG	2004-2010
	Member of the Board responsible for Network Management Raiffeisen Bank International AG	2010-2013
	Member of the Board responsible for Corporate Business Raiffeisen Bank International AG	since October 2013

Dr. Walter Rothensteiner		
Directorships in RBI AG:	Supervisory Board: Chairman	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	9	1
Management Board:	1	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Commercial Sciences (Dr.)	
Professional Qualification	Raiffeisenlandesbank Niederösterreich-Wien AG, last position Member of the Board	1975-1990
	Member of the Board Leipnik-Lundenburger Industrie AG	1987-1995
	AGRANA-Beteiligungs-AG, last position Member of the Board	1991-1994
	Chairman of the Board RZB AG	since 1995
	Chairman Österreichischer Raiffeisenverband	since 2012

Erwin Hameseder		
Directorships in RBI AG:	Supervisory Board: Deputy Chairman Audit, Nomination, Personnel, Remuneration, Risk and Working Committee: Deputy Chairman	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	16	4
Management Board:	2	0
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Law (Mag.)	
Professional Qualification	Managing Functions Raiffeisenlandesbank NÖ-Wien reg.Gen.m.b.H.	1987-1994
	Member of the Board Raiffeisenlandesbank NÖ-Wien reg.Gen.m.b.H.	1994-2001
	Director General Raiffeisen-Holding NÖ-Wien reg.Gen.m.b.H.	2001-2012
	Director General Raiffeisenlandesbank NÖ-Wien AG	2007-2012
	Chairman Raiffeisen-Holding NÖ-Wien reg.Gen.m.b.H.	since 2012
	Chairman of the Supervisory Board Raiffeisen Zentralbank Österreich AG	since 2012
	Chairman of the Supervisory Board Raiffeisenlandesbank NÖ-Wien AG	since 2014

Heinrich Schaller		
Directorships in RBI AG:	Supervisory Board: Second Deputy Chairman Audit, Nomination, Personnel, Remuneration, Risk and Working Committee: Second Deputy Chairman	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	9	1
Management Board:	1	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Law (Dr.)	
Professional Qualification	Raiffeisen Zentralbank Österreich AG	1987-2000
	Raiffeisenlandesbank Oberösterreich AG	2000-2006
	Member of the Management Board Raiffeisenlandesbank Oberösterreich AG	2004-2006
	Chairman of Wiener Börse	2006-2012
	Member of the Management Board Raiffeisenlandesbank Oberösterreich AG	2012
	Chairman of the Management Board Raiffeisenlandesbank Oberösterreich AG	since 2012

Martin Schaller		
Directorships in RBI AG:	Supervisory Board: Third Deputy Chairman Audit, Nomination, Personnel, Remuneration, Risk and Working Committee: Third Deputy Chairman	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	2	0
Management Board:	3	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Commercial Sciences (Mag.), Political Sciences and Journalism (Mag.)	
Professional Qualification	Traineeprogramm Creditanstalt – Bankverein	1991-1993
	Treasury Creditanstalt and Department Group Treasury Bank Austria AG	1993-2001
	Head of Department Treasury/Financial Markets Raiffeisenlandesbank Oberösterreich AG	2001-2012
	Chairman of the Supervisory Board Kepler-Fonds KAG	2004-2012
	Member of the Board Raiffeisen-Landesbank Steiermark AG	2012-2013
	Member of the Supervisory Board Raiffeisen Kapitalanlage-GmbH	since 2012
	Member of the Supervisory Board Raiffeisen Bausparkasse GmbH	2012-2014
	Member of the Supervisory Board Raiffeisen Wohnbaubank AG	2012-2014
	Various Directorships as Chairman and Member of Supervisory Board in affiliated companies of Raiffeisen-Landesbank Steiermark AG	since 2013
	Director General Raiffeisen-Landesbank Steiermark AG	since 2013

Klaus Buchleitner		
Directorships in RBI AG:	Supervisory Board: Member	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	10	2
Management Board:	2	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Law (Mag.) Insead, Fontainbleau (MBA)	
Professional Qualification	Controlling and Strategic Management, Girozentrale Bank AG	1989-1994
	Head of Division RWA Raiffeisen Ware Austria AG	1995-1996
	Member of the Board RWA Raiffeisen Ware Austria AG	1997-2002
	Chairman of the Board RWA Raiffeisen Ware Austria AG	2002-2012
	Chairman of the Board Raiffeisen-Holding NÖ-Wien reg.Gen.m.b.H. and Chairman of the Board RLB NÖ-Wien AG	since 2012

Bettina Selden		
Directorships in RBI AG:	Supervisory Board: Member	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	1	1
Management Board:	0	0
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Master's degree (Mag.)	
Professional Qualification	Head of division export guarantee Oesterreichische Kontrollbank AG	1975-1994
	Member of the Board, PRISMA Kreditversicherungs-AG	1995-2013
	Deputy Chairwoman of the Supervisory Board Euler Hermes Ungarn, Kreditversicherung	1996-2010
	Chairwoman of the Supervisory Board, OeKB Südosteuropa Holding Ges.m.b.H.	2005-2012
	Member of the Board, OeKB EH Beteiligungs- und Management AG	2008-2013

Kurt Geiger		
Directorships in RBI AG:	Supervisory Board: Member	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	5	2
Management Board:	0	0
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Law (Dr.jur.)	
Professional Qualification	Development Projects for French Africa, Kreditanstalt für Wiederaufbau (Frankfurt)	1972-1974
	Head of Export Leasing, Deutsche Anlagen Leasing (Mainz)	1974-1975
	Various Management positions in New York City, London & Hong Kong, Chase Manhattan Bank	1975-1989
	Managing Director International, HSBC (London)	1976-1989
	- Head of Financial Institutions & Private Equity - Chairman Equity Committee European Bank for Reconstruction and Development (London)	1993-2008

Günther Reibersdorfer		
Directorships in RBI AG:	Supervisory Board: Member	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	5	2
Management Board:	3	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Economic Sciences (Mag., Dr.)	
Professional Qualification	Assistant to the Director General Raiffeisenverband Salzburg eGen.	1982-1989
	Head of Human Ressources and Eduction and Training, Raiffeisenverband Salzburg eGen.	1989-1998
	Head of Group Management and Management Office Raiffeisenverband Salzburg eGen.	1999-2001
	Chairman of the Board Raiffeisenverband Salzburg eGen.	since 2001
	Director General Raiffeisenverband Salzburg eGen.	since 2005

Johannes Schuster		
Directorships in RBI AG:	Supervisory Board: Member Audit, Nomination, Personnel, Remuneration, Risk and Working Committee: Member	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	14	0
Management Board:	1	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Business Administration (Dr.)	
Professional Qualification	Raiffeisenlandesbank Oberösterreich reg. Gen.m.b.H.	1995-1998
	RZB AG, Head of Department Sektorbüro	1999-2005
	RZB AG, Head of Division Sektorbüro & Vorstandssekretariat	2005-2010
	RZB AG, Member of the Board	since 2010

Christian Teufl		
Directorships in RBI AG:	Supervisory Board: Member[1]	
Number of directorships held in Supervisory Board and Management Board according to Art. 435 para 2 lit a CRR		
	Number of Directorships	Number of Directorships according to § 28a para 5 nr 5 BWG
Supervisory Board:	2	2
Management Board:	2	1
Knowledge, skills and competences according to Art. 435 para 2 lit b CRR		
Academic background	Master's degree (Mag.)	
Professional Qualification	- Audit Assistant	1979-1981
	- Independent Tax Adviser	1981-1986
	Interrevision Wirtschaftstreuhand- und BeratungsgmbH Nfg. KG	
	Head of Division Participations Management & Controlling (from 1995-2013), Raiffeisen Zentralbank Österreich AG	1986-2013
	Member of the Board of Management, LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG	1998-2014

1 End of function as of 31 December 201