RAIFFEISEN ZENTRALBANK

ANNUAL FINANCIAL REPORT 2014

RZB Group

Overview

RZB Group Monetary values in € million	2014	Change	2013	2012	2011	2010
Income statement						
Net interest income	4,024	2.4%	3,931	3,531	3,585	3,629
Net provisioning for impairment losses	(1,752)	46.0%	(1,200)	(1,031)	(1,099)	(1,198)
Net fee and commission income	1,647	1.0%	1,630	1,521	1,493	1,492
Net trading income	(21)	–	323	196	346	323
General administrative expenses	(3,294)	(4.8)%	(3,460)	(3,340)	(3,208)	(3,069)
Profit/loss before tax	72	(93.2)%	1,049	918	1,144	1,292
Profit/loss after tax	(432)	–	756	641	728	1,168
Consolidated profit/loss	(323)	–	422	370	472	714
Earnings per share	(47.71)	(109.99)	62.29	58.79	78.18	121.73
Statement of financial position						
Loans and advances to banks	18,892	(16.6)%	22,650	21,430	22,457	19,753
Loans and advances to customers	87,741	(3.1)%	90,594	85,600	84,093	78,270
Deposits from banks	33,200	(1.6)%	33,733	38,410	39,873	37,391
Deposits from customers	75,168	(0.7)%	75,660	66,439	67,114	57,936
Equity	9,332	(20.8)%	11,788	12,172	11,489	11,251
Total assets	144,929	(1.6)%	147,324	145,955	150,087	136,497
Key ratios						
Return on equity before tax	0.6%	(8.3) PP	8.9%	7.9%	10.5%	12.5%
Cost/income ratio	57.5%	0.0 PP	57.4%	62.2%	59.2%	55.8%
Return on assets before tax	0.05%	(0.69) PP	0.74%	0.60%	0.78%	0.88%
Net interest margin (average interest-bearing assets)	2.98%	(0.07) PP	3.05%	2.61%	2.76%	2.76%
Provisioning ratio (average loans and advances to customers)	1.93%	0.53 PP	1.40%	1.20%	1.35%	1.54%
Bank-specific information						
NPL ratio	10.8%	5.6%	10.2%	9.7%	8.6%	8.7%
Risk-weighted assets (total RWA)	78,703	(11.7)%	89,082	87,065	99,781	99,573
Total capital requirement	6,296	(11.7)%	7,127	6,965	7,982	7,966
Total capital	11,814	(6.6)%	12,645	12,667	12,725	12,532
Common equity tier 1 ratio (transitional)	10.2%	0.4 PP	9.8%	10.9%	9.1%	8.5%
Common equity tier 1 ratio (fully loaded)	8.5%	–	–	–	–	–
Total capital ratio (transitional)	15.0%	1.9 PP	13.1%	14.5%	12.8%	12.6%
Total capital ratio (fully loaded)	13.5%	–	–	–	–	–
Resources						
Employees as at reporting date (full-time equivalents)	56,212	(5.3)%	59,372	60,694	59,836	60,356
Business outlets	2,882	(5.1)%	3,037	3,115	2,937	2,970

In this report "Raiffeisen Zentralbank" is used wherever statements refer solely to Raiffeisen Zentralbank Österreich AG, "RZB" refers to the RZB Group.

The original Annual Financial Report was prepared in German. Only the German language version is the authentic one. The English language version is a non-binding translation of the original German text. Please be aware that due to the rounding off of amounts and percentages there may be minor differences.

With cooperation of: RBI Group Communications (Parts of Management Report), RZB Risk Controlling (Parts of Risk Report)

Content

Consolidated financial statements

Statement of comprehensive income

Income statement

in € thousand	Notes	2014	2013	Change
Interest income		6,032,498	6,150,839	(1.9)%
Current income from associates		75,296	166,518	(54.8)%
Interest expenses		(2,083,681)	(2,386,299)	(12.7)%
Net interest income	**[2]**	**4,024,113**	**3,931,058**	**2.4%**
Net provisioning for impairment losses	[3]	(1,751,593)	(1,199,856)	46.0%
Net interest income after provisioning		**2,272,521**	**2,731,202**	**(16.8)%**
Fee and commission income		2,233,735	2,016,936	10.7%
Fee and commission expense		(587,012)	(386,801)	51.8%
Net fee and commission income	**[4]**	**1,646,724**	**1,630,134**	**1.0%**
Net trading income	[5]	(20,543)	322,711	–
Net income from derivatives and liabilities	[6]	21,881	(250,301)	–
Net income from financial investments	[7]	129,590	150,389	(13.8)%
General administrative expenses	[8]	(3,293,844)	(3,459,706)	(4.8)%
Other net operating income	[9]	(674,674)	(71,520)	>500.0%
Net income from disposal of group assets	[10]	(9,832)	(3,927)	150.4%
Profit/loss before tax		**71,824**	**1,048,983**	**(93.2)%**
Income taxes	[11]	(504,117)	(293,451)	71.8%
Profit/loss after tax		**(432,293)**	**755,533**	**–**
Profit attributable to non-controlling interests	[34]	109,003	(333,426)	–
Consolidated profit/loss		**(323,290)**	**422,107**	**–**

Earnings per share

in €	Notes	2014	2013	Change
Earnings per share	[12]	(47.71)	62.29	(109.99)

Earnings per share are obtained by dividing adjusted consolidated profit/loss by the average number of common shares outstanding. In the financial year 2014, the number of common shares outstanding was 6,776,750 (2013: 6,776,750).

There are no conversion rights or options outstanding, so undiluted earnings per share are equal to diluted earnings per share.

Other comprehensive income and total comprehensive income

	Total		Group equity		Non-controlling interests	
in € thousand	2014	2013	2014	2013	2014	2013
Profit/loss after tax	**(432,293)**	**755,533**	**(323,290)**	**422,107**	**(109,003)**	**333,426**
Items which are not reclassified to profit and loss	**(24,273)**	**4,997**	**(18,523)**	**4,389**	**(5,750)**	**608**
Remeasurements of defined benefit plans	(28,558)	6,937	(21,531)	6,125	(7,026)	812
Deferred taxes on items which are not reclassified to profit and loss	4,285	(1,940)	3,009	(1,737)	1,277	(204)
Items that may be reclassified subsequently to profit or loss	**(1,199,206)**	**(575,044)**	**(715,901)**	**(453,744)**	**(483,304)**	**(121,300)**
Exchange differences	(1,337,216)	(461,294)	(804,011)	(357,996)	(533,205)	(103,299)
Capital hedge	2,041	4,656	1,241	3,667	800	989
Hyperinflation	39,162	31,158	20,898	21,529	18,264	9,628
Net gains (losses) on derivatives hedging fluctuating cash flows	(10,241)	(16,364)	(6,228)	(12,887)	(4,012)	(3,477)
Changes in equity of companies valued at equity	68,963	(105,274)	49,189	(85,457)	19,774	(19,817)
Net gains (losses) on financial assets available-for-sale	35,035	(34,552)	20,775	(27,819)	14,260	(6,733)
Deferred taxes on income and expenses directly recognized in equity	3,050	6,626	2,235	5,218	815	1,408
Other comprehensive income	**(1,223,478)**	**(570,047)**	**(734,424)**	**(449,355)**	**(489,054)**	**(120,692)**
Total comprehensive income	**(1,655,772)**	**185,485**	**(1,057,714)**	**(27,249)**	**(598,058)**	**212,734**

Other comprehensive income

According to IAS 19R re-valuation of defined benefit plans are to be shown in other comprehensive income. This resulted in other comprehensive income of € 28,558 thousand in the reporting year (2013: € 6,937 thousand).

Exchange differences are derived primarily from changes of the Russian rouble and Ukrainian hryvnia to Euro. In the current reporting and previous year, no profit or loss was reclassified to income statement.

Capital hedge comprises hedges for investments in economically independent sub-units.

In 2014, € 39,162 thousand (2013: € 31,158 thousand) was recognized directly in other comprehensive income through the application of IAS 29 (hyperinflation accounting) in Belarus.

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

Changes in equity of companies valued at equity mainly refer to changes in UNIQA Insurance Group AG and Leipnik-Lundenburger Invest Beteiligungs Aktiengesellschaft. Basically, it deals with measurement changes of the available-for-sale portfolio of securities. A one-off effect – resulting from the dilution as a consequence of the capital increase of UNIQA Insurance Group AG – derived from partial release of this item through profit and loss.

The item, net gains (losses) on financial assets available-for-sale, contains net valuations of financial investments. In the current reporting year, minus € 6 thousand (2013: € 32,881 thousand) was reclassified to income statement.

The following components of retained earnings developed as follows:

in € thousand	Remeasure-ments reserve	Exchange differences	Capital hedge	Hyper-inflation	Cash flow hedge	Fair value reserve (afs financial assets)	Deferred taxes
As at 1/1/2013	**(12,186)**	**(987,468)**	**57,254**	**88,973**	**(9,211)**	**36,756**	**330,218**
Unrealized net gains (losses) of the period	6,125	(357,996)	3,667	21,529	(12,887)	5,063	(889)
Net gains (losses) reclassified to income statement	0	0	0	0	0	(32,881)	4,371
As at 31/12/2013	**(6,061)**	**(1,345,463)**	**60,921**	**110,503**	**(22,098)**	**8,937**	**333,700**
Unrealized net gains (losses) of the period	(21,531)	(804,011)	1,241	20,898	(6,228)	20,769	5,245
Net gains (losses) reclassified to income statement	0	0	0	0	0	6	(1)
As at 31/12/2014	**(27,592)**	**(2,149,474)**	**62,162**	**131,400**	**(28,327)**	**29,713**	**338,943**

Interim results

in € thousand	H1/2013	H2/2013	H1/2014	H2/2014
Net interest income	1,939,453	1,991,606	2,097,393	1,926,720
Net provisioning for impairment losses	(455,083)	(744,773)	(586,748)	(1,164,844)
Net interest income after provisioning	**1,484,370**	**1,246,832**	**1,510,645**	**761,876**
Net fee and commission income	788,211	841,924	805,242	841,482
Net trading income	144,390	178,321	7,386	(27,929)
Net income from derivatives and liabilities	(183,321)	(66,980)	(64,509)	86,391
Net income from financial investments	63,634	86,755	99,600	29,990
General administrative expenses	(1,663,292)	(1,796,414)	(1,632,734)	(1,661,110)
Other net operating income	(55,049)	(16,472)	(124,759)	(549,915)
Net income from disposal of group assets	(6,149)	2,222	(10,921)	1,089
Profit/loss before tax	**572,794**	**476,190**	**589,950**	**(518,126)**
Income taxes	(153,687)	(139,764)	(155,541)	(348,576)
Profit/loss after tax	**419,107**	**336,426**	**434,409**	**(866,702)**
Profit attributable to non-controlling interests	(171,366)	(162,060)	(237,478)	346,481
Consolidated profit/loss	**247,741**	**174,366**	**196,931**	**(520,221)**

in € thousand	H1/2011	H2/2011	H1/2012	H2/2012
Net interest income	1,811,498	1,773,365	1,797,920	1,732,848
Net provisioning for impairment losses	(411,333)	(687,972)	(407,365)	(623,319)
Net interest income after provisioning	**1,400,165**	**1,085,393**	**1,390,555**	**1,109,529**
Net fee and commission income	737,494	755,366	723,244	797,924
Net trading income	257,144	88,574	155,367	40,303
Net income from derivatives and liabilities	42,713	365,516	(22,823)	(109,070)
Net income from financial investments	11,961	(194,754)	253,317	(13,415)
General administrative expenses	(1,553,703)	(1,654,420)	(1,554,909)	(1,785,241)
Other net operating income	(16,021)	(178,923)	(11,883)	(67,287)
Net income from disposal of group assets	(2,587)	(231)	(1,476)	13,620
Profit/loss before tax	**877,166**	**266,521**	**931,391**	**(13,637)**
Income taxes	(200,150)	(215,155)	(197,911)	(79,037)
Profit/loss after tax	**677,015**	**51,366**	**733,481**	**(92,674)**
Profit attributable to non-controlling interests	(188,951)	(67,054)	(236,820)	(33,569)
Consolidated profit/loss	**488,064**	**(15,689)**	**496,660**	**(126,243)**

Statement of financial position

Assets in € thousand	Notes	2014	2013	Change
Cash reserve	[14.35]	9,221,481	8,246,471	11.8%
Loans and advances to banks	[15.35,52]	18,891,578	22,650,421	(16.6)%
Loans and advances to customers	[16.35,52]	87,741,358	90,594,260	(3.1)%
Impairment losses on loans and advances	[17.35]	(6,446,971)	(5,989,781)	7.6%
Trading assets	[18.35,52]	7,868,284	7,535,053	4.4%
Derivatives	[19.35,52]	1,568,161	993,974	57.8%
Financial investments	[20.35,52]	20,302,533	16,373,805	24.0%
Investments in associates	[21.35,52]	1,688,260	1,601,343	5.4%
Intangible fixed assets	[22.24,35]	861,055	1,349,996	(36.2)%
Tangible fixed assets	[23.24,35]	1,771,300	1,930,244	(8.2)%
Other assets	[25.35,52]	1,461,862	2,038,305	(28.3)%
Total assets		**144,928,901**	**147,324,090**	**(1.6)%**

Equity and liabilities in € thousand	Notes	2014	2013	Change
Deposits from banks	[26.35,52]	33,200,342	33,732,544	(1.6)%
Deposits from customers	[27.35,52]	75,167,744	75,660,310	(0.7)%
Debt securities issued	[28.35,52]	12,490,223	13,452,100	(7.2)%
Provisions for liabilities and charges	[29.35,52]	1,187,145	947,527	25.3%
Trading liabilities	[30.35,52]	6,803,904	5,126,317	32.7%
Derivatives	[31.35,52]	774,820	397,907	94.7%
Other liabilities	[32.35,52]	1,665,557	2,038,520	(18.3)%
Subordinated capital	[33.35,52]	4,307,565	4,180,749	3.0%
Equity	[34.35]	9,331,600	11,788,116	(20.8)%
Consolidated equity		5,650,836	6,546,199	(13.7)%
Consolidated profit/loss		(323,290)	422,107	-
Non-controlling interests		4,004,054	4,819,810	(16.9)%
Total equity and liabilities		**144,928,901**	**147,324,090**	**(1.6)%**

Statement of changes in equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity as at 1/1/2013	**492,466**	**1,834,775**	**4,570,671**	**370,417**	**4,903,388**	**12,171,718**
Capital increases/decreases	0	0	0	0	9,358	9,358
Transferred to retained earnings	0	0	126,454	(126,454)	0	0
Dividend payments	0	0	0	(243,963)	(284,916)	(528,879)
Total comprehensive income	0	0	(449,355)	422,107	212,734	185,485
Other changes	0	0	(28,812)	0	(20,754)	(49,566)
Equity as at 1/1/2014	**492,466**	**1,834,775**	**4,218,957**	**422,107**	**4,819,810**	**11,788,116**
Capital increases/decreases	0	0	0	0	(209,709)	(209,709)
Transferred to retained earnings	0	0	178,144	(178,144)	0	0
Dividend payments	0	0	0	(243,963)	(351,593)	(595,556)
Total comprehensive income	0	0	(734,424)	(323,290)	(598,058)	(1,655,772)
Dilution	0	0	(355,079)	0	355,079	0
Other changes	0	0	15,995	0	(11,474)	4,521
Equity as at 31/12/2014	**492,466**	**1,834,775**	**3,323,593**	**(323,290)**	**4,004,054**	**9,331,600**

Further details about the above mentioned changes are reported under note (34) Equity.

The capital increase of RBI AG carried out at the beginning of 2014 and the redemption of participation capital led to a net decrease in non-controlling interests of € 218,352 thousand.

The dilution effect for the shareholders of Raiffeisen Zentralbank resulting from the capital increase of RBI AG amounted to minus € 355,079 thousand.

The other changes in equity are mainly due to differences between average currency rate and currency rate as at reporting date in the course of translating the income statement. In 2013, other changes in equity comprised increases from the purchase of a 51 per cent share in A-Leasing SpA, Treviso (ALEASS), and A-Real Estate S.p.A., Bozen (AREALE), of 14 per cent share in Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna (RBSPK), of 50 per cent share in Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (RKAG), of 75 per cent share in Raiffeisen Wohnbaubank Aktiengesellschaft, Vienna (RWBB), and of 60 per cent share in Raiffeisen Factor Bank AG, Vienna (RFACTR). However, these increases were mostly offset by decreases resulting from the purchase of a 25 per cent share in Raiffeisenbank Austria d.d., Zagreb.

Statement of cash flows

in € thousand	2014	2013
Profit/loss after tax	**(432,293)**	**755,533**
Non-cash positions in profit/loss and transition to net cash from operating activities:		
Write-downs/write-ups of tangible fixed assets and financial investments	665,864	442,208
Net provisioning for liabilities and charges and impairment losses	2,436,843	1,458,278
Gains (losses) from disposals of tangible fixed assets and financial investments	(61,754)	(45,933)
Profit/loss from at-equity	(75,296)	(166,518)
Other adjustments (net)	(377,230)	1,916,533
Subtotal	**2,156,134**	**4,360,101**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:		
Loans and advances to banks and customers	3,501,821	468,631
Trading assets/trading liabilities (net)	773,234	(1,691,810)
Other assets/other liabilities (net)	155,620	(963,816)
Deposits from banks and customers	2,152,273	(2,568,651)
Debt securities issued	(1,377,234)	(1,752,918)
Net cash from operating activities	**7,361,848**	**(2,148,463)**
Proceeds from sale of:		
Financial investments	1,506,403	1,960,960
Tangible and intangible fixed assets	139,297	183,242
Proceeds from disposal of group assets	94,885	7,460
Payments for purchase of:		
Financial investments	(6,109,099)	(2,540,812)
Tangible and intangible fixed assets	(488,256)	(462,111)
Payments for acquisition of subsidiaries	(30,400)	(132,852)
Net cash from investing activities	**(4,887,170)**	**(984,114)**
Capital increases	(209,709)	9,358
Inflows/outflows of subordinated capital	154,318	102,913
Dividend payments	(595,556)	(528,879)
Change in non-controlling interests	25	(185,884)
Net cash from financing activities	**(650,922)**	**(602,492)**

in € thousand	2014	2013
Cash and cash equivalents at the end of previous period	**8,246,471**	**12,157,356**
Cash from the acquisition of subsidiaries	0	54,411
Net cash from operating activities	7,361,848	(2,148,463)
Net cash from investing activities	(4,887,170)	(984,114)
Net cash from financing activities	(650,922)	(602,492)
Effect of exchange rate changes	(848,745)	(230,228)
Cash and cash equivalents at the end of period	**9,221,481**	**8,246,471**

Payments for taxes, interest and dividends	2014	2013
Interest received	5,566,944	5,511,080
Dividends received	83,507	31,703
Interest paid	(1,931,855)	(2,252,353)
Income taxes paid	(226,362)	(111,077)

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

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

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

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

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

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

Segment reporting

Division of the segments

Internal management reporting at RZB is based on the current organizational structure. Segmentation is based on cash generating units. Accordingly, the RZB management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability. These reporting criteria were accordingly seen as material in accordance with IFRS 8 for the purpose of segmentation.

Since Raiffeisen Zentralbank acts primarily as the lead member of Raiffeisen Banking Group (RBG) and as the holding company for participations, the segments are defined on the basis of the participation structure following the merger of its principal business areas with Raiffeisen International Bank-Holding AG. Besides the majority holding in the Raiffeisen Bank International AG (RBI AG) and its activity as the lead member of Raiffeisen Banking Group, Raiffeisen Zentralbank holds shares in other companies in its participation portfolio.

These three main business areas correspond to the segments as defined. Segmentation is based on the current Group structure. Since the RBI segment is the largest by far, we refer to segment reporting in the RBI consolidated annual report for maximum transparency. The consolidated financial statements of RBI largely reflect the RBI segment in the consolidated financial statements of Raiffeisen Zentralbank.

As of 2014 there was a slight change in segment allocation. Those participation that do not directly relate to the banking business of Raiffeisen Banking Group, have been shifted to the segment other equity participations. Moreover, RBI Holding as well as related positions of Raiffeisen Zentralbank, have been transferred to the segment Raiffeisen Bank International Group (RBI). The previous year figures were adapted accordingly.

Furthermore, disclosure of investments in cash generating units was changed. On the one hand goodwill and impairment of goodwill is assigned to the segment in which the investment is recognized, on the other hand, changes in carrying amount of investments in subsidiaries are eliminated in order to represent the group relevant effects in the respective segment. Til that time they were shown under reconciliation. The previous year figures were adapted.

Raiffeisen Bank International Group (RBI)

This segment comprises the net income of the Raiffeisen Bank International AG group. RBI is by far the largest participation of RZB. As the lead bank in the RZB credit institution group, Raiffeisen Zentralbank has corresponding management and control responsibilities. Together with representatives of its owners, Raiffeisen Zentralbank appoints eight of the ten RBI Supervisory Board members, and the Raiffeisen Zentralbank Chief Risk Officer holds the same position on the RBI AG Management Board. Besides the direct net income from RBI activities, the segment also covers the costs incurred for services provided by Raiffeisen Zentralbank in various areas, such as audit or risk.

Raiffeisen Banking Group (RBG)

This segment consolidates the activities and participations that enable RZB to perform its tasks as the lead bank of the RBG. This segment accordingly reports all the net income from the banking business of Raiffeisen Zentralbank within the RBG. In addition, it shows the leasing business of RZB with numerous project companies in Austria and abroad. At the end of 2013, Raiffeisen Zentralbank took over the majority of business divisions such as the building societies, factoring and fund business that were until then jointly operated with the Regional Raiffiesen Banks (Raiffeisen-Landeszentralen). Consequently, the previously at equity included results will be fully consolidated from 2014 on. The results from the remaining participations portfolio that belongs to Raiffeisen Banking Group are also shown in this segment. Allocated costs from Group-wide services are also attributed to this segment. These are amongst others Group services such as Sector Marketing and Sector Services.

Other equity participations

The segment for other equity participations shows net income from participations not connected with the function of Raiffeisen Zentralbank as the lead member of the RBG. This Raiffeisen Zentralbank equity participation portfolio contains predominantly non-controlling interests from the non-bank area, with income from companies valued and recognized at equity. These include inter alia investments in Leipnik-Lundenburger Invest Beteiligungs AG (holding company with investments in flour and milling industries and vending) and Raiffeisen evolution project development GmbH (development of high-quality residential and commercial property). Additionally, the investment in Notartreuhandbank AG is reported in this segment. The segment for other equity participations also reports the costs and income from internal allocation and netting.

Assessment of segment profit and loss

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

To keep the presentation of RZB segment performance transparent and informative, the following management and reporting criteria are used to determine the success of a CGU (cash generating unit):

- Return on equity before tax measures the profitability of the CGU and is calculated as the ratio of pre-tax profit to average capital employed. It shows the return on the capital employed in the segment. Another measure of profitability used for internal management is the return on risk-adjusted capital (RORAC). This ratio shows the return on risk-weighted equity (economic capital), but is not a criterion recognized by IFRS.

- The cost/income ratio shows the cost efficiency of the segments. It is the ratio of general administrative expenses to the sum of net interest income, net fee and commission income, net trading income and other net operating income (less banking levies, impairment of goodwill and one-off effects that are presented in other operating expenses).

- Risk-weighted assets are an important indicator of the change in business volume. Risk-weighted assets (total RWA) according to CRR (based on Basel III) are an industry-specific addition for segment assets. They are crucial for the calculation of the regulatory minimum capital requirement.

The basis for segment reporting is the income statement. Income and expenses are allocated to the segment where the income is generated. Income comprises net interest income, net fee and commission income, net trading income and other net operating income. The results are also shown for associated companies recognized at equity. The main expense items, which are part of segment results, are carried in the income statement. The segment result is shown up to consolidated profit/loss. Segment assets are shown as total assets and risk-weighted assets. Liabilities include all the items on the liabilities side of the statement of financial position with the exception of equity.

The reconciliation includes primarily the amounts resulting from the elimination of intercompany results and from cross-segment consolidation. The income statement is finally supplemented by the standard industry financial ratios used to evaluate results.

Financial year 2014 in € thousand	RBI	RBG	Other Equity participations	Reconciliation	Total
Net interest income	3,773,292	168,142	74,025	8,655	4,024,113
Net fee and commission income	1,594,317	58,179	(72)	(5,701)	1,646,724
Net trading income	(29,744)	(1,876)	4	11,074	(20,543)
Sundry net operating income	26,466	80,856	34,474	(59,635)	82,161
Operating income	**5,364,330**	**305,301**	**108,432**	**(45,608)**	**5,732,455**
General administrative expenses	(3,069,108)	(237,280)	(41,832)	54,376	(3,293,844)
Operating result	**2,295,222**	**68,021**	**66,600**	**8,769**	**2,438,611**
Net provisioning for impairment losses	(1,715,900)	(35,775)	0	83	(1,751,593)
Other results	(569,727)	5,624	(279)	(50,813)	(615,195)
Profit/loss before tax	**9,595**	**37,870**	**66,321**	**(41,962)**	**71,824**
Income taxes	(485,156)	(16,599)	(2,367)	5	(504,117)
Profit/loss after tax	**(475,561)**	**21,271**	**63,954**	**(41,957)**	**(432,293)**
Profit attributable to non-controlling interests	154,128	(34,952)	(10,173)	0	109,003
Consolidated profit/loss	**(321,433)**	**(13,681)**	**53,782**	**(41,957)**	**(323,290)**
Risk-weighted assets (credit risk)	57,328,190	6,645,960	2,124,590	318,549	66,417,289
Risk-weighted assets (total RWA)	68,721,124	8,190,756	2,184,869	(393,850)	78,702,899
Total own funds requirement	5,497,690	655,260	174,790	(31,508)	6,296,232
Assets	121,729,122	23,397,243	2,624,507	(2,821,970)	144,928,901
Risk/revenue ratio	45.5%	21.3%	0.0%	–	43.5%
Cost/income ratio	57.2%	77.7%	38.6%	–	57.5%
Average equity	11,538,534	1,144,435	251,229	(979,222)	11,954,976
Return on equity before tax	**0.1%**	**3.3%**	**26.4%**	**–**	**0.6%**
Business outlets	2,866	15	0	1	2,882

Financial year 2013 in € thousand	RBI	RBG	Other Equity participations	Reconciliation	Total
Net interest income	3,728,939	47,353	157,323	(2,556)	3,931,058
Net fee and commission income	1,631,327	3,807	(64)	(4,936)	1,630,134
Net trading income	321,071	(1,773)	0	3,414	322,711
Sundry net operating income	61,539	83,808	39,621	(46,467)	138,501
Operating income	**5,742,875**	**133,195**	**196,879**	**(50,545)**	**6,022,404**
General administrative expenses	(3,377,809)	(88,836)	(38,835)	45,774	(3,459,706)
Operating result	**2,365,067**	**44,359**	**158,043**	**(4,771)**	**2,562,699**
Net provisioning for impairment losses	(1,149,215)	(78,913)	1	28,272	(1,199,856)
Other results	(436,261)	47,634	32,117	42,651	(313,859)
Profit/loss before tax	**779,591**	**13,080**	**190,160**	**66,153**	**1,048,983**
Income taxes	(276,915)	(8,111)	(8,982)	558	(293,451)
Profit/loss after tax	**502,676**	**4,969**	**181,178**	**66,710**	**755,533**
Profit attributable to non-controlling interests	(305,363)	(28,063)	0	0	(333,426)
Consolidated profit/loss	**197,313**	**(23,095)**	**181,178**	**66,710**	**422,107**
Risk-weighted assets (credit risk)	65,222,698	9,550,902	686,289	(1,767,439)	73,692,450
Risk-weighted assets (total RWA)	79,785,060	10,377,639	729,034	(1,810,183)	89,081,550
Total own funds requirement	6,382,805	830,211	58,323	(144,815)	7,126,524
Assets	130,709,080	21,091,426	3,900,159	(8,376,576)	147,324,090
Risk/revenue ratio	30.8%	166.6%	0.0%	–	30.5%
Cost/income ratio	58.8%	66.7%	19.7%	–	57.4%
Average equity	10,903,536	1,135,566	110,574	(370,428)	11,779,249
Return on equity before tax	**7.1%**	**3.8%**	**145.1%**	**–**	**8.9%**
Business outlets	3,025	11	0	1	3,037

Adaption of previous year figures due to different allocation.

Notes

Principles underlying the preparation of financial statements

Reporting entity

Raiffeisen Zentralbank Österreich Aktiengesellschaft (Raiffeisen Zentralbank) is the lead member of the RBG and registered at the Vienna Commercial Court in the company register under FN 58.882 t. The company address is Am Stadtpark 9, 1030 Vienna.

The Raiffeisen Landesbanken have consolidated their holdings in Raiffeisen Zentralbank in a separate company, Raiffeisen-Landesbanken-Holding GmbH (RLBHOLD). Through its subsidiary R-Landesbanken-Beteiligung GmbH, it holds directly and indirectly roughly 82.4 per cent of Raiffeisen Zentralbank and is the parent company for the Group as a whole. In accordance with the Austrian rules for disclosure, the consolidated financial statements of RLBHOLD are deposited with the commercial court with which the company is registered and published in "Amtsblatt zur Wiener Zeitung".

Raiffeisen Zentralbank specializes in commercial banking and investment banking in Austria and is one of the country's most important banks for corporate finance and export and trade financing. Other activities are cash and asset management and treasury. As a highly specialized financial engineer, RZB is primarily oriented toward providing services for major domestic and foreign customers, multinational companies and financial service providers. The RZB companies are also active in private banking, capital investment, leasing and real estate, and other bank-related services. Through its subsidiaries, RZB has a close network of branches throughout the CEE region. Supplementing this, it has branches, special companies and representations in the world's leading financial centres, selected Western European locations and key points in Asia.

The consolidated financial statements were signed by the Management Board on 11 March 2015 and subsequently submitted to the Supervisory Board for review and notice.

Principles underlying the consolidated financial statements

The consolidated financial statements for the 2014 financial year and the comparative figures for the 2013 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) insofar as they were adopted by the EU on the basis of IAS Regulation (EC) 1606/2002. The interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) that were already applicable have been considered. All standards published by the IASB as International Accounting Standards to be applied to consolidated financial statements for 2014 and adopted by the EU have been applied. The consolidated financial statements also satisfy the requirements of Section 245a of the Austrian Commercial Code (UGB) and Section 59a of the Austrian Banking Act (BWG) regarding exempting consolidated financial statements that comply with internationally accepted accounting principles. IAS 20, IAS 31, IAS 41 and IFRS 6 have not been applied as there were no relevant business transactions in the Group.

The consolidated financial statements are based on the reporting packages of all fully consolidated Group members, which are prepared according to IFRS rules and uniform Group standards. With the exception of five subsidiaries (of which one has a reporting date on June 30, one has a reporting date on September 30 and three on October 31) which are accounted for on the basis of interim financial statements, all subsidiaries prepare their annual financial statements as of and for the year ended December 31. The deviating reporting dates are due to dividend policy reasons and to the seasonality of the business transactions. Figures in these financial statements are stated in € thousand. The following tables may include rounding differences.

The consolidated financial statements are based on the going concern principle. A financial asset is recognized when it is probable that the future economic benefits will flow to the company and the acquisition or conversion costs or another value can be reliably measured. A financial liability is recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of the obligation and the amount at which the settlement will take place can be measured reliably. Revenue is recognized if the conditions of IAS 18 are met and if it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably.

Foreign currency translation

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

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

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

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

In the case of four subsidiaries not headquartered in the euro area, the US-Dollar was the reporting currency for measurement purposes given the economic substance of the underlying transactions, as both the transactions and the refinancing were undertaken in US-Dollars. In the case of two subsidiaries headquartered in Europe, the Russian rouble was the reporting currency for measurement purposes given the economic substance of the underlying transactions and for one subsidiary the Swedish Krona was the functional currency.

The following exchange rates were used for currency translation:

Rates in units per €	2014		2013	
	As at 31/12	Average 1/1-31/12	As at 31/12	Average 1/1-31/12
Albanian lek (ALL)	140.140	139.932	140.200	140.229
Belarusian rouble (BYR)	14,380.000	13,612.308	13,080.000	11,830.000
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	7.658	7.634	7.627	7.577
Czech koruna (CZK)	27.735	27.542	27.427	25.960
Hungarian forint (HUF)	315.540	308.987	297.040	297.500
Kazakh tenge (KZT)	221.970	235.872	211.170	202.477
Malaysian Ringgit (MYR)	4.247	4.348	4.522	4.208
Polish zloty (PLN)	4.273	4.191	4.154	4.203
Romanian leu (RON)	4.483	4.441	4.471	4.417
Russian rouble (RUB)	72.337	51.424	45.325	42.444
Serbian dinar (RSD)	120.958	117.157	114.642	113.127
Singapore Dollar (SGD)	1.606	1.682	1.741	1.663
Swedish Krona (SEK)	9.393	9.100	8.859	8.662
Turkish Lira (TRY)	2.832	2.899	2.961	2.551
Ukrainian hryvna (UAH)	19.233	15.638	11.042	10.634
US-Dollar (USD)	1.214	1.326	1.379	1.330

Accounting in hyperinflationary economies – IAS 29

Since 1 January 2011, Belarus has been classified in accordance with IAS 29 (Financial reporting in hyperinflationary economies) as a highly inflationary economy. Thus, the local activities of RZB are no longer recognized on the basis of historical acquisition and production costs, but have been adjusted for the effects of inflation. For this purpose the local inflation index has been used.

The application of the relevant provisions in IAS 29 in connection with IFRIC 7 (Applying the restatement approach under IAS 29 Financial reporting in hyperinflationary economies) impacts the financial statements as at 31 December 2014, as well as the financial statements of subsequent periods.

The average inflation rate in Belarus was 16.2 per cent in the reporting period (2013: 16.5 per cent).

The individual financial statements of subsidiaries in Belarus are adjusted before translation into the Group currency and before consolidation, so that all assets and liabilties are stated with the same level of purchasing power. Amounts in the statement of financial position which are not stated in the valid measuring unit as of the reporting date, are adjusted according to a general price index. All non-monetary items in the statement of financial position carried at cost of acquisition or cost of acquisition less depreciation are adjusted by changes in the index between the transaction date and the reporting date. Monetary items are not adjusted. All components of equity are adjusted at the time of inflow according to a general price index. The gain or loss on the net monetary position is shown in the income statement under item net trading income, subitem currency-based transactions.

Critical accounting judgments and key sources of estimation uncertainty

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

Risk provisions for loans and advances

At each reporting date, all financial assets, not measured at fair value through profit or loss, are subject to an impairment test to determine whether an impairment loss is to be recognized through profit or loss. In particular, it is required to determine whether there is objective evidence of impairment as a result of a loss event occurring after initial recognition and to estimate the amount and timing of future cash flows when determining an impairment loss. Risk provisions are described in detail in note (44) Risks arising from financial instruments, in the section on credit risk.

Fair value of financial instruments

Fair value is the price received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price can be directly observed or has been estimated on the basis of a measurement method. In determining the fair value of an asset or liability, the Group takes account of certain features of the asset or liability (e.g. condition and location of the asset or restrictions in the sale and use of an asset) if market participants would also take account of such features in determining the price for the acquisition of the respective asset or for the transfer of the liability at the measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique or pricing model. For valuation methods and models, estimates are generally used depending on the complexity of the instrument and the availability of market-based data. The inputs to these models are derived from observable market data where possible. Under certain circumstances, valuation adjustments are necessary in order to account for model risk, liquidity risk or credit risk. The valuation models are described in the notes in the section on financial instruments – Recognition and measurement. In addition, the fair values of financial instruments are shown in the notes under (42) Fair value of financial instruments.

Deferred tax assets

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

Deferred taxes are not reported separately in the income statement and statement of financial position. Details are provided in the statement of comprehensive income and in the notes under (11) Income taxes, (25) Other assets, and (29) Provisions for liabilities and charges.

Provisions for pensions and similar obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. The interest rate used to discount the Group's defined benefit obligations is determined on the basis of the yields obtained in the market at the balance sheet date for top-rated fixed-income corporate bonds. Considerable discretion has to be exercised in this connection in setting the criteria for the selection of the corporate bonds representing the universe from which the yield curve is derived. The main criteria for the selection of such corporate bonds are the issuance volumes of the bonds, the quality of the bonds and the identification of outliers, which are not taken into account. Mercer's recommendation is used to determine the interest rate. Assumptions and estimates used for the defined benefit obligation calculations are described in the section on pension obligations and other termination benefits. Quantitative data for long term employee provisions are disclosed in the notes under (29) Provisions for liabilities and charges.

Impairment of non-financial assets

Certain non-financial assets, including goodwill and other intangible assets, are subject to an annual impairment review. Goodwill and other intangible assets are tested more frequently if events or changes in circumstances, such as an adverse change in business climate, indicate that these assets may be impaired. The determination of the recoverable amount requires judgments and assumptions to be made by management. Because these estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change, the Group considers these estimates to be critical. Details concerning the impairment review of non-financial assets are disclosed in the section on business combinations. Additionally, the carrying amounts of goodwill are presented in the notes under (22) Intangible assets.

Notes to the income statement

(1) Income statement according to measurement categories

in € thousand	2014	2013
Net gains (losses) on financial assets and liabilities held-for-trading	**257,873**	**285,832**
Financial assets and liabilities at fair value through profit or loss	**441,975**	**413,864**
Interest income	290,211	366,625
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	151,764	47,239
Financial assets available-for-sale	**(9,075)**	**56,849**
Interest income	27,480	22,724
Net realized gains (losses) on financial assets available-for-sale	7,123	58,343
Impairment on financial assets available-for-sale	(43,678)	(24,217)
Loans and advances	**3,368,158**	**3,977,351**
Interest income	5,119,750	5,177,207
Net realized gains (losses) on financial assets not measured at fair value through profit and loss	68,332	14,196
Impairment on financial assets not measured at fair value through profit and loss	(1,819,924)	(1,214,052)
Financial assets held-to-maturity	**180,853**	**189,371**
Interest income	183,299	186,488
Net realized gains (losses) on financial assets not measured at fair value through profit and loss	(2,444)	2,562
Write-ups/impairment on financial assets not measured at fair value through profit and loss	(2)	321
Financial liabilities	**(2,080,414)**	**(2,386,637)**
Interest expenses	(2,083,681)	(2,386,299)
Income from repurchase of liabilities	3,267	(338)
Derivatives (hedging)	**134,340**	**66,431**
Net interest income	109,116	69,624
Net gains (losses) from hedge accounting	25,224	(3,193)
Net revaluations from exchange differences	**34,444**	**96,986**
Other operating income/expenses	**(2,256,330)**	**(1,651,065)**
Profit/loss before tax from continuing operations	**71,824**	**1,048,983**

(2) Net interest income

The net interest income position includes interest income and expenses from items of banking business, dividend income, and fees and commissions with interest-like characteristics.

in € thousand	2014	2013
Interest and interest-like income, total	**6,032,498**	**6,150,839**
Interest income	5,974,001	6,102,413
from balances at central banks	41,325	43,002
from loans and advances to banks	247,799	214,974
from loans and advances to customers	4,582,723	4,661,137
from financial investments	471,296	550,437
from leasing claims	219,099	235,068
from derivative financial instruments - economic hedge	302,642	324,684
from derivative financial instruments - hedge accounting	109,116	73,111
Current income	29,694	25,400
from shares and other variable-yield securities	2,214	2,676
from shares in affiliated companies	17,780	11,560
from other interests	9,700	11,164
Interest-like income	28,803	23,026
Current income from associates	**75,296**	**166,518**
Interest expenses and interest-like expenses, total	**(2,083,681)**	**(2,386,299)**
Interest expenses	(2,040,920)	(2,323,833)
on deposits from central banks	(69,089)	(2,815)
on deposits from banks	(327,005)	(449,752)
on deposits from customers	(1,092,318)	(1,312,283)
on debt securities issued	(345,873)	(367,420)
on subordinated capital	(206,634)	(191,564)
Interest-like expenses	(42,761)	(62,465)
Total	**4,024,113**	**3,931,058**

Interest income includes interest income (unwinding) from impaired loans to customers and banks in the amount of € 209,367 thousand (2013: € 209,705 thousand). Interest income from impaired loans and advances to customers and banks is recognized with the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss. The net interest income resulting from the insurance business recognized according to IFRS 4 amounted to € 25,903 thousand (2013: € 5,237 thousand).

The decline in current income from associates was due to lower earnings contributions of Leipnik-Lundenburger Invest Beteiligungs AG and Raiffeisen Informatik GmbH. Moreover, a decrease derived from the fact that companies valued at equity in the previous year were fully consolidated as at year-end 2013.

(3) Net provisioning for impairment losses

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

in € thousand	2014	2013
Individual loan loss provisions	**(1,872,716)**	**(1,263,027)**
Allocation to provisions for impairment losses	(2,434,576)	(1,961,796)
Release of provisions for impairment losses	620,507	761,873
Direct write-downs	(125,221)	(141,039)
Income received on written-down claims	66,574	77,935
Portfolio-based loan loss provisions	**52,792**	**48,975**
Allocation to provisions for impairment losses	(275,553)	(331,159)
Release of provisions for impairment losses	328,345	380,134
Gains from the sales of loans	**68,332**	**14,196**
Total	**(1,751,593)**	**(1,199,856)**

Details on risk provisions are shown under (17) Impairment losses on loans and advances.

(4) Net fee and commission income

in € thousand	2014	2013
Payment transfer business	718,838	731,363
Loan and guarantee business	188,200	253,356
Securities business	123,934	148,279
Foreign currency, notes/coins, and precious metals business	392,810	354,376
Management of investment and pension funds	112,227	26,887
Sale of own and third party products	49,267	42,135
Credit derivatives business	0	(69)
Other banking services	61,448	73,807
Total	**1,646,724**	**1,630,134**

(5) Net trading income

The position net trading income includes interest and dividend income, refinancing costs, commissions and any changes in fair value of trading portfolios.

in € thousand	2014	2013
Interest-based transactions	26,628	38,748
Currency-based transactions	(52,729)	259,966
Equity-/index-based transactions	48,118	29,419
Credit derivatives business	(635)	(6,375)
Other transactions	(41,925)	953
Total	**(20,543)**	**322,711**

A change in the estimation of default probability for the counterparty risk (Credit Value Adjustment, CVA) and debit value adjustments (DVA) led to a net result of minus € 9,962 thousand in income from interest-based transactions (2013: net result of minus € 8,960 thousand).

Currency-based transactions mainly contained valuation losses from deriviative financial instruments and open currency positions due to currency devaluations in Russia and Ukraine. Moreover, it included an effect due to the application of IAS 29 hyperinflation in Belarus amounting to minus € 29,139 thousand (2013: minus € 22,024 thousand).

(6) Net income from derivatives and liabilities

in € thousand	2014	2013
Net income from hedge accounting	25,224	(3,193)
Net income from credit derivatives	(112)	125
Net income from other derivatives	10,330	(268,188)
Net income from liabilities designated at fair value	(16,827)	21,293
Income from repurchase of liabilities	3,267	(338)
Total	**21,881**	**(250,301)**

Net income from hedge accounting includes on the one hand, a valuation result from derivatives in fair value hedges of plus € 399,401 thousand (2013: minus € 129,138 thousand) and on the other hand, changes in the carrying amount of the fair value hedged items of minus € 374,195 thousand (2013: plus € 125,946 thousand).

Net income from other derivatives includes valuation results from those derivatives, which are held to hedge against market risks (except trading assets/liabilities). They are based on an inhomogeneous portfolio and do not satisfy the requirements for hedge accounting according to IAS 39.

Net income from liabilities designated at fair value comprises a profit from changes in own credit risk amounting to € 166,210 thousand (2013: loss of € 125,528 thousand) and a negative effect from changes in market interest rates of € 183,037 thousand (2013: positive effect of € 146,821 thousand).

(7) Net income from financial investments

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

in € thousand	2014	2013
Net income from securities held-to-maturity	**(2,446)**	**2,883**
Net valuations of securities	(2)	321
Net proceeds from sales of securities	(2,444)	2,562
Net income from equity participations	**(38,551)**	**34,114**
Net valuations of equity participations	(43,447)	(24,217)
Net proceeds from sales of equity participations	4,895	58,332
Net income from associates	**276**	**87,435**
Net valuations of associates	0	57,669
Net proceeds from associates	276	29,766
Net income from securities at fair value through profit and loss	**168,591**	**25,946**
Net valuations of securities	113,289	7,049
Net proceeds from sales of securities	55,302	18,897
Net income from available-for-sale securities	**1,721**	**11**
Total	129,590	150,389

Net proceeds from sales of securities held-to-maturity resulted exclusively from sales of bonds which are shortly before maturity.

In the previous year, positive net valuations of associates resulted from appreciation of the shares to the fair value (according to IFRS 3.42) on the occasion of first consolidation of these entities. Additionally, in the course of UNIQA Insurance Group AG's capital increase and the related dilution of shares there was a release of equity changes from companies valued at equity.

(8) General administrative expenses

in € thousand	2014	2013
Staff expenses	**(1,578,515)**	**(1,694,706)**
Wages and salaries	(1,191,102)	(1,288,133)
Social security costs and staff-related taxes	(289,171)	(312,824)
Other voluntary social expenses	(42,257)	(42,883)
Expenses for defined contribution pension plans	(16,267)	(17,378)
Expenses for defined benefit pension plans	4,440	1,357
Expenses for other post-employment benefits	(16,991)	(10,256)
Expenses for other long-term employee benefits	(7,379)	(3,790)
Termination benefits	(1,678)	(2,140)
Expenses on share incentive program (SIP)	(955)	(3,535)
Deferred bonus payments according to Section 39b BWG	(17,156)	(15,123)
Other administrative expenses	**(1,285,516)**	**(1,299,593)**
Office space expenses	(316,691)	(347,224)
IT expenses	(271,384)	(272,325)
Communication expenses	(77,466)	(81,210)
Legal, advisory and consulting expenses	(134,705)	(126,416)
Advertising, PR and promotional expenses	(129,262)	(123,301)
Deposit insurance fees	(106,777)	(95,769)
Office supplies	(34,983)	(34,051)
Car expenses	(19,956)	(22,200)
Security expenses	(48,295)	(43,022)
Traveling expenses	(19,795)	(24,918)
Training expenses for staff	(18,356)	(20,114)
Sundry administrative expenses	(107,846)	(109,043)
Depreciation of tangible and intangible fixed assets	**(429,813)**	**(465,407)**
Tangible fixed assets	(208,881)	(196,177)
Intangible fixed assets	(181,410)	(221,095)
Leased assets (operating lease)	(39,521)	(48,135)
Total	**(3,293,844)**	**(3,459,706)**

Legal, advisory and consulting expenses include audit fees of Raiffeisen Zentralbank and its subsidiaries which comprise expenses for the audit of financial statements amounting to € 8,435 thousand (2013: € 10,536 thousand) and tax advisory as well as other additional consulting services amounting to € 4,727 thousand (2013: € 5,524 thousand). Thereof, € 2,245 thousand (2013: € 2,925 thousand) account for the Group auditor for the audit of the financial statements and € 844 thousand (2013: € 1,478 thousand) account for the other consulting services.

Amortization of intangible fixed assets capitalized in the course of initial consolidation amounted to € 3,204 thousand (2013: € 3,916 thousand) which relates to scheduled amortization of the customer base.

The depreciation of tangible and intangible fixed assets includes an impairment of € 60,389 thousand (2013: € 81,274 thousand) mainly for the brand and customer relationships in Ukraine as well as for several land and buildings.

Expenses on severance payments and retirement benefits

in € thousand	2014	2013
Members of the management board and senior staff	21,975	5,955
Other employees	32,558	17,088
Total	**54,533**	**23,043**

For two members of the Management Board essentially the same rules apply as for employees, which provide for a basic contribution to a pension fund on the part of the company and an additional contribution, if the employee makes his own contributions in the same amount. One member of the Management Board has a performance-based pension benefit.

In the event of termination of function or employment and retirement from the company, two members of the Management Board are entitled to severance payments in accordance with the Salaried Employees Act (Angestelltengesetz) and the Bank Collective Agreement (Bankenkollektivvertrag) and one member in accordance with the Company Retirement Plan Act (Betriebliches Mitarbeitervorsorgegesetz).

Furthermore, protection is in place against occupational disability risk through one pension fund and/or on the basis of an individual pension benefit. The contracts for members of the Management Board are concluded for the duration of their functional period or are limited to a maximum of five years.

(9) Other net operating income

in € thousand	2014	2013
Net income arising from non-banking activities	65,178	65,044
Sales revenues from non-banking activities	536,769	678,786
Expenses arising from non-banking activities	(471,592)	(613,743)
Net income from additional leasing services	(5,349)	(2,705)
Revenues from additional leasing services	65,648	80,980
Expenses from additional leasing services	(70,997)	(83,685)
Rental income from operating lease (vehicles and equipment)	43,184	40,591
Rental income from investment property incl. operating lease (real estate)	34,751	32,370
Net proceeds from disposal/write-ups of tangible and intangible fixed assets	1,772	(14,960)
Other taxes	(286,553)	(276,655)
hereof bank levies	(199,864)	(206,849)
Impairment of goodwill	(305,663)	(3,171)
Income from release of negative goodwill	2	20,392
Net expense from allocation and release of other provisions	(34,257)	3,858
Negative interest	(363)	(33)
Expenses from FX-loans (Settlement Act)	(251,308)	0
Sundry operating income	172,375	115,631
Sundry operating expenses	(108,442)	(51,881)
Total	**(674,674)**	**(71,520)**

The other net operating income includes impairment of goodwill amounting to € 305,663 thousand which were mainly made by Group units in Russia, Poland and Albania. In the previous year, impairment of goodwill totaling € 3,171 thousand for Group units from the Czech Republic, Hungary and Belarus were included.

(10) Net income from disposal of group assets

In the reporting period, 42 subsidiaries were excluded from the consolidated Group due to materiality reasons. Five subsidiaries were excluded due to merger. Moreover, one subsidiary was excluded due to end of operations, one subsidiary due to liquidation and six subsidiaries were excluded due to sale. Net income from this disposal Group assets amounted to minus € 9,832 thousand (2013: minus € 3,927 thousand).

(11) Income taxes

in € thousand	2014	2013
Current income taxes	(307,060)	(308,934)
Austria	(32,051)	(24,816)
Foreign	(275,010)	(284,118)
Deferred taxes	(197,057)	15,483
Total	**(504,117)**	**(293,451)**

Raiffeisen Zentralbank Österreich Aktiengesellschaft is the parent company of a tax group comprising 25 subsidiaries and 13 other affiliated companies. This makes it possible to attribute the negative tax result of group members to the tax result of the parent company.

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

in € thousand	2014	2013
Profit/loss before tax	**71,824**	**1,048,983**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	**(17,956)**	**(262,246)**
Effect of divergent foreign tax rates	83,321	110,226
Tax decrease because of tax-exempted income from equity participations and other income	74,704	53,032
Tax increase because of non-deductible expenses	(213,601)	(103,457)
Impairment on loss carry-forwards	(196,370)	0
Other changes	(234,215)	(91,005)
Effective tax burden	**(504,117)**	**(293,451)**
Tax rate in per cent	**–**	**27.97%**

Other changes mainly result from tax losses which are not recognized as deferred tax assets. Moreover, impairment on deferred tax assets from tax loss carryforwards amounting to € 196,370 thousand was carried out because the tax losses cannot be used based on the current medium-term tax planning.

(12) Earnings per share

in € thousand	2014	2013
Consolidated profit/loss	(323,290)	422,107
Average number of ordinary shares outstanding	6,776,750	6,776,750
Earnings per share in €	**(47.71)**	**62.29**

There are no conversion or option rights outstanding, so undiluted earnings per share is equal to diluted earnings per share.

Notes to the statement of financial position

(13) Statement of financial position according to measurement categories

Assets according to measurement categories in € thousand	2014	2013
Cash reserve	**9,221,481**	**8,246,471**
Trading assets	**8,494,683**	**7,956,023**
Positive fair values of derivative financial instruments	5,053,523	3,605,274
Shares and other variable-yield securities	347,823	407,525
Bonds, notes and other fixed-interest securities	3,093,337	3,943,224
Call/time deposits from trading purposes	0	0
Financial assets at fair value through profit or loss	**7,130,585**	**8,817,587**
Shares and other variable-yield securities	244,145	437,149
Bonds, notes and other fixed-interest securities	6,886,439	8,380,438
Investments in associates	**1,688,260**	**1,601,343**
Financial assets available-for-sale[1]	**3,399,674**	**2,335,869**
Investments in other affiliated companies	407,972	466,529
Other interests	198,450	181,939
Bonds, notes and other fixed-interest securities[1]	2,542,643	1,435,821
Shares and other variable-yield securities	250,608	251,580
Loans and advances	**101,647,827**	**109,293,205**
Loans and advances to banks	18,891,578	22,650,421
Loans and advances to customers	87,741,358	90,594,260
Other non-derivative financial assets	1,461,862	2,038,305
Impairment losses on loans and advances	(6,446,971)	(5,989,781)
Financial assets held-to-maturity	**9,772,274**	**5,220,348**
Bonds, notes and other fixed-interest securities	9,772,274	5,220,348
Purchased loans	0	0
Derivatives (hedging)	**941,762**	**573,004**
Positive fair values of derivatives (hedging)	941,762	573,004
Other assets	**2,632,355**	**3,280,240**
Intangible and tangible fixed assets	2,632,355	3,280,240
Total assets	**144,928,901**	**147,324,090**

1 Adaption of previous year figures regarding the measurement categories financial assets available-for-sale versus at fair value through profit and loss.

Positive fair values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category trading assets. The measurement category financial assets available-for-sale comprises other affiliated companies, other equity participations as well as non fixed-interest and fixed-interest securities. Loans and advances are reported on a net basis after provisions for impairment losses. Other assets comprise intangible and tangible fixed assets.

Equity and liabilities according to measurement categories in € thousand	2014	2013
Trading liabilities	**7,378,175**	**5,391,688**
Negative fair values of other derivative financial instruments	6,187,236	4,230,082
Call/time deposits from trading purposes	0	0
Short-selling of trading assets	498,071	551,459
Certificates issued	692,868	610,147
Financial liabilities	**124,235,750**	**126,451,947**
Deposits from banks	33,200,342	33,732,544
Deposits from customers	75,167,744	75,660,310
Debt securities issued	10,360,194	11,330,600
Subordinated capital	3,841,912	3,689,973
Other non-derivative financial liabilities	1,665,557	2,038,520
Liabilities at fair value through profit and loss	**2,595,682**	**2,612,277**
Debt securities issued	2,130,029	2,121,500
Subordinated capital	465,653	490,777
Derivatives (hedging)	**200,549**	**132,536**
Negative fair values of derivatives (hedging)	200,549	132,536
Provisions for liabilities and charges	**1,187,145**	**947,527**
Equity	**9,331,600**	**11,788,116**
Total equity and liabilities	**144,928,901**	**147,324,090**

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

(14) Cash reserve

in € thousand	2014	2013
Cash in hand	3,026,382	2,508,837
Balances at central banks	6,195,099	5,737,634
Total	**9,221,481**	**8,246,471**

(15) Loans and advances to banks

in € thousand	2014	2013
Giro and clearing business	1,890,403	2,386,756
Money market business	14,337,838	17,115,844
Loans to banks	2,126,227	2,671,733
Purchased loans	290,807	192,588
Leasing claims	29,415	47,916
Claims evidenced by paper	216,888	235,584
Total	**18,891,578**	**22,650,421**

The purchased loans amounting to € 290,807 thousand are fully assigned to the measurement category loans and advances (2013: € 192,588 thousand).

Loans and advances to banks classified regionally (counterparty's seat) are as follows:

in € thousand	2014	2013
Austria	6,719,995	8,616,956
Foreign	12,171,583	14,033,465
Total	**18,891,578**	**22,650,421**

(16) Loans and advances to customers

in € thousand	2014	2013
Credit business	52,651,255	52,970,814
Money market business	4,273,595	5,001,586
Mortgage loans	23,418,138	25,483,881
Purchased loans	1,814,893	1,469,007
Leasing claims	4,680,082	4,854,624
Claims evidenced by paper	903,394	814,347
Total	**87,741,358**	**90,594,260**

The purchased loans amounting to € 1,814,893 thousand (2013: € 1,469,007 thousand) are assigned to the measurement category loans and advances.

Loans and advances to customers break down into asset classes as follows:

in € thousand	2014	2013
Sovereigns	1,583,680	1,806,218
Corporate customers – large corporates	51,110,870	52,012,531
Corporate customers – mid market	3,434,726	3,741,881
Retail customers – private individuals	28,905,151	30,123,011
Retail customers – small and medium-sized entities	2,706,932	2,910,619
Total	**87,741,358**	**90,594,260**

Loans and advances to customers classified regionally (counterparty's seat) are as follows:

in € thousand	2014	2013
Austria	14,213,264	14,190,378
Foreign	73,528,094	76,403,882
Total	**87,741,358**	**90,594,260**

(17) Impairment losses on loans and advances

Provisions for impairment losses are formed in accordance with uniform Group standards and cover all recognizable credit risks. A table with the development of the impairment losses on loans and advances can be found in the risk report – under (44). Provisions for impairment losses are allocated to the following asset classes:

in € thousand	2014	2013
Banks	114,637	118,144
Sovereigns	1,007	6,287
Corporate customers – large corporates	3,839,295	3,074,938
Corporate customers – mid market	379,088	630,883
Retail customers – private individuals	1,856,940	1,823,111
Retail customers – small and medium-sized entities	256,005	336,418
Total	**6,446,971**	**5,989,781**

Loans and advances and loan loss provisions according to asset classes are as follows:

2014 in € thousand	Fair value	Carrying amount	Individually impaired assets	Individual loan loss provision	Portfolio-based loan loss provisions	Net carrying amount
Banks	18,857,878	18,891,578	128,379	111,768	2,869	18,776,941
Sovereigns	1,608,241	1,583,680	375	35	972	1,582,673
Corporate customers – large corporates	46,561,041	51,110,870	6,156,696	3,621,439	217,855	47,271,576
Corporate customers – mid market	3,021,815	3,434,726	583,190	361,964	17,123	3,055,637
Retail customers – private individuals	26,902,911	28,905,151	2,250,058	1,683,559	173,381	27,048,211
Retail customers – small and medium-sized entities	2,507,521	2,706,932	336,943	226,239	29,766	2,450,927
Total	**99,459,407**	**106,632,936**	**9,455,641**	**6,005,004**	**441,966**	**100,185,965**

2013 in € thousand	Fair value	Carrying amount	Individually impaired assets	Individual loan loss provision	Portfolio-based loan loss provisions	Net carrying amount
Banks	22,500,344	22,650,421	148,678	111,447	6,697	22,532,277
Sovereigns	1,661,767	1,806,218	27,929	5,118	1,169	1,799,931
Corporate customers – large corporates	47,558,963	51,992,312	5,118,595	2,792,344	282,593	48,917,374
Corporate customers – mid market	3,163,591	3,741,881	717,703	591,725	39,158	3,110,998
Retail customers – private individuals	29,037,105	30,143,230	2,420,105	1,659,143	163,969	28,320,119
Retail customers – small and medium-sized entities	2,606,492	2,910,619	462,536	309,814	26,604	2,574,201
Total	**106,528,262**	**113,244,681**	**8,895,546**	**5,469,591**	**520,190**	**107,254,900**

Impaired financial assets

Impairments and collateral according to asset classes are as follows:

2014 in € thousand	Individually impaired assets	Individual loan loss provisions	Individually impaired assets after deduction of ILLP	Collateral for individually impaired assets	Interest on individually impaired assets
Banks	128,379	111,768	16,612	11,983	165
Sovereigns	375	35	340	103	55
Corporate customers – large corporates	6,156,696	3,621,439	2,535,257	2,040,695	105,846
Corporate customers – mid market	583,190	361,964	221,226	233,975	22,496
Retail customers – private individuals	2,250,058	1,683,559	566,499	578,346	70,993
Retail customers – small and medium-sized entities	336,943	226,239	110,704	149,203	9,811
Total	**9,455,641**	**6,005,004**	**3,450,638**	**3,014,305**	**209,367**

ILLP Individual loan loss provisions.

2013 in € thousand	Individually impaired assets	Individual loan loss provisions	Individually impaired assets after deduction of ILLP	Collateral for individually impaired assets	Interest on individually impaired assets
Banks	148,678	111,447	37,231	25,283	228
Sovereigns	27,929	5,118	22,811	22,380	1,721
Corporate customers – large corporates	5,118,595	2,792,344	2,326,250	1,486,443	103,479
Corporate customers – mid market	717,703	591,725	125,978	313,446	21,602
Retail customers – private individuals	2,420,105	1,659,143	760,962	592,226	74,846
Retail customers – small and medium-sized entities	462,536	309,814	152,722	65,181	7,831
Total	**8,895,546**	**5,469,591**	**3,425,955**	**2,504,958**	**209,705**

ILLP Individual loan loss provisions.

(18) Trading assets

in € thousand	2014	2013
Bonds, notes and other fixed-interest securities	**3,093,337**	**3,943,224**
Treasury bills and bills of public authorities eligible for refinancing	1,658,097	1,321,466
Other securities issued by the public sector	349,213	605,762
Bonds and notes of non-public issuers	1,086,027	2,015,996
Shares and other variable-yield securities	**347,823**	**407,525**
Shares	320,670	382,840
Mutual funds	27,144	21,163
Other variable-yield securities	9	3,523
Positive fair values of derivative financial instruments	**4,427,124**	**3,184,304**
Interest-based transactions	3,286,928	2,526,718
Currency-based transactions	1,056,690	577,646
Equity-/index-based transactions	63,599	59,334
Credit derivatives business	18,087	10,274
Other transactions	1,820	10,332
Call/time deposits from trading purposes	**0**	**0**
Total	**7,868,284**	**7,535,053**

Pledged securities ready to be sold or repledged by transferee shown under trading assets amounted to € 679,017 thousand.

(19) Derivatives

in € thousand	2014	2013
Positive fair values of derivatives in fair value hedges (IAS 39)	**941,453**	**543,598**
Interest-based transactions	941,266	543,598
Currency-based transactions	187	0
Positive fair values of derivatives in cash flow hedges (IAS 39)	**309**	**6,305**
Interest-based transactions	0	593
Currency-based transactions	309	5,712
Positive fair values of derivatives in net investment hedge (IAS 39)	**0**	**23,101**
Currency-based transactions	0	23,101
Positive fair values of credit derivatives	**23**	**51**
Positive fair values of other derivatives	**626,376**	**420,919**
Interest-based transactions	195,235	281,268
Currency-based transactions	430,939	139,651
Equity-/index-based transactions	202	0
Other transactions	0	0
Total	**1,568,161**	**993,974**

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

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

The time bands in which the hedged cash flows from assets are expected to occur and affect the statement of comprehensive income are as below:

in € thousand	2014	2013
1 year	380,276	386,155
More than 1 year, up to 5 years	1,174,058	1,424,405
More than 5 years	3,190,637	3,414,260

(20) Financial investments

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

in € thousand	2014	2013
Bonds, notes and other fixed-interest securities	**19,201,356**	**15,036,608**
Treasury bills and bills of public authorities eligible for refinancing	11,142,239	8,902,031
Other securities issued by the public sector	5,789,947	3,311,955
Bonds and notes of non-public issuers	2,246,365	2,799,851
Money market instruments	0	0
Other	22,806	22,770
Shares and other variable-yield securities	**494,753**	**688,729**
Shares	5,050	28,902
Mutual funds	231,883	398,717
Other variable-yield securities	257,821	261,110
Equity participations	**606,423**	**648,468**
Interest in affiliated companies	407,972	466,529
Other interests	198,450	181,939
Total	**20,302,533**	**16,373,805**

Pledged securities ready to be sold or repledged by the transferee shown under financial investments amounted to € 351,868 thousand.

The carrying amount of the securities reclassified into the category held-to-maturity amounted at the date of reclassifications to € 452,188 thousand. Thereof, reclassifications in 2008 amounted to € 371,686 thousand and in 2011 € 80,502 thousand. As of 31 December 2014, the carrying amount totaled € 39,883 thousand and the fair value totaled € 42,286 thousand. In 2014, a result from the reclassified securities of € 1,414 thousand (2013: € 7,470 thousand) was shown in the income statement. If the reclassification had not been made, a loss of € 1 thousand (2013: loss of € 345 thousand) would have arisen.

The carrying amount of the securities reclassified into the category loans and advances amounted to € 1,559,682 thousand at the date of reclassification in 2008. As of 31 December 2014, the carrying amount was € 17,928 thousand (2013: € 89,006 thousand).

Equity participations valued at amortized cost for which fair values could not be measured reliably amounted to € 194,973 thousand (2013: € 121,732 thousand).

(21) Investments in associates

in € thousand	2014	2013
Investments in associates	1,688,260	1,601,343
hereof goodwill	57,973	57,973

Financial information on associated companies is as follows:

Company, domicile (country)	Nature of relationship	Ownership interest
card complete Service Bank AG, Vienna (AT)	Issue of credit cards and operating giro, guarantee and credit business	25.0%
LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (AT)	Participation in entities of all kind and industrial, trading and other entities	33.1%
NOTARTREUHANDBANK AG, Vienna (AT)	Business from notarial trusteeships	26.0%
Österreichische Hotel- und Tourismusbank Ges.m.b.H., Vienna (AT)	Financial service provider for tourist enterprises and facilities	31.3%
Österreichische Kontrollbank AG, Vienna (AT)	Banking business of all kind except deposit business	8.1%
Prva stavebna sporitelna a.s., Bratislava (SK)	Building society	32.5%
Raiffeisen evolution project development GmbH, Vienna (AT)	Real estate consultancy and service, developer and project management	40.0%
Raiffeisen Informatik GmbH, Vienna (AT)	Services provider for data processing as well as construction and operation of data processing center	47.3%
UNIQA Insurance Group AG, Vienna (AT)	Contract insurance and reinsurance	31.5%

in € thousand	VISA 2014	LLI[1] 2014	NTB 2014	OEHT 2014	OEKB 2014	PSS 2014	REV[1] 2014	RIZ 2014	UNIQA[2] 2013
Total assets	584,313	1,244,058	1,573,570	1,059,611	28,001,569	2,639,833	355,844	1,057,200	31,068,634
Operating income	17,263	(67,126)	16,165	3,899	59,879	140,943	23,766	50,512	337,895
Profit or loss from continuing operations	30,079	(65,238)	9,681	6,427	83,858	22,289	(2,347)	(11,893)	236,777
Post-tax profit from discontinued operations	0	0	0	0	0	0	0	0	50,000
Other comprehensive income	944	(17,397)	0	0	(11,171)	(1,872)	0	(6,269)	(188,837)
Total comprehensive income	**15,984**	**(82,635)**	**9,681**	**6,427**	**54,091**	**20,417**	**(2,347)**	**(18,162)**	**435,835**
Attributable to non-controlling interests	0	4,074	0	0	53,875	0	730	0	2,835
Attributable to investee's shareholders	0	(86,709)	0	0	216	0	(3,078)	(18,162)	95,105
Current assets	577,400	284,075	913,192	176,942	0	462,952	282,523	671,600	1,666,603
Non-current assets	6,913	959,984	660,378	882,781	17,727,279	2,176,881	73,321	385,600	29,402
Current liabilites	(538,643)	(398,239)	(1,518,574)	(226,963)	(11,045,582)	(589,745)	(236,039)	(676,151)	(1,604,163)
Non-current liabilities	(12,689)	(349,577)	(27,150)	(797,672)	(16,237,563)	(1,809,634)	0	(324,800)	(26,674,544)
Net assets	**32,980**	**496,243**	**27,846**	**35,088**	**718,424**	**240,454**	**119,805**	**56,249**	**2,789,927**
Attributable to non-controlling interests	0	137,249	0	0	714,072	0	0	96	22,210
Attributable to investee's shareholders	0	358,994	0	0	4,351	0	119,805	56,153	2,767,717
Group's interest in net assets of investee as at 1/1	**12,144**	**156,354**	**7,042**	**9,020**	**55,234**	**79,781**	**55,535**	**41,215**	**1,137,629**
Total comprehensive income attributable to the Group	3,760	(23,111)	1,976	862	3,857	7,244	(1,657)	(5,147)	116,474
Dividends received	(4,080)	(6,472)	(1,779)	(469)	(1,626)	(8,269)	0	(2,657)	(16,796)
Group's interest in net assets of investee as at 31/12	**11,823**	**126,771**	**7,240**	**9,413**	**57,465**	**78,756**	**53,877**	**33,410**	**1,237,306**
Elimination of unrealised profit on downstream sales	0	0	0	0	0	0	0	0	0
Goodwill	0	57,973	0	0	0	0	0	0	0
Other adaptions	0	(8,087)	0	(40)	0	(608)	(1,119)	(7,044)	(110,260)
Carrying amount	**11,823**	**176,657**	**7,240**	**9,373**	**57,465**	**78,148**	**52,758**	**26,366**	**1,127,047**

1 Consolidated financial statements: profit and equity is before deduction of non controlling interests.
2 Consolidated figures 2013, because Uniqa is a listed company and has not yet published consolidated financial statements of 2014. Fair value of the shares held and based on stock exchange price as of 31 December 2014 amounted to € 756,474 thousand (2013: € 902,575 thousand)
CCSB: card complete Service Bank AG, Vienna (AT)
LLIB: LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (AT)
NTB: NOTARTREUHANDBANK AG, Vienna (AT)
ÖHTB: Österreichische Hotel- und Tourismusbank Ges.m.b.H., Vienna (AT)
ÖKB: Österreichische Kontrollbank AG, Vienna (AT)
PSS: Prva stavebna sporitelna a.s., Bratislava (SK)
REPD: Raiffeisen evolution project development GmbH, Vienna (AT)
RI: Raiffeisen Informatik GmbH, Vienna (AT)
UNIQA: UNIQA Insurance Group AG, Vienna (AT)

Further information regarding associated companies is stated under (56) Group composition.

(22) Intangible fixed assets

in € thousand	2014	2013
Goodwill	222,853	626,782
Software	547,276	559,822
Other intangible fixed assets	90,926	163,392
hereof brand	61,966	111,447
hereof customer relationships	22,472	35,280
Total	**861,055**	**1,349,996**

The item software comprises acquired software amounting to € 429,675 thousand (2013: € 472,299 thousand) and developed software amounting to € 117,601 thousand (2013: € 87,523 thousand).

Goodwill

The following overview shows the development of the carrying value of goodwill, gross amounts and cumulative impairments of goodwill by cash generating units. Main goodwill positions are reported in the following cash generating units: Raiffeisenbank a.s., Prague (RBCZ), Raiffeisen Bank Polska S.A., Warsaw (RBPL), and Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna (RKAG). They developed as follows:

Development of goodwill

2014 in € thousand	AVAL	RBAL	RBCZ	RBPL	RBRU	RKAG	Other	Total
As at 1/1	**0**	**50,628**	**37,323**	**198,323**	**236,974**	**53,728**	**49,806**	**626,782**
Additions	0	0	0	0	0	0	0	0
Impairment	0	(50,726)	0	(101,354)	(148,482)	0	(5,101)	(305,663)
Exchange rate changes	0	97	(414)	(3,566)	(88,492)	0	(5,890)	(98,265)
As at 31/12	**0**	**0**	**36,908**	**93,403**	**0**	**53,728**	**38,814**	**222,853**
Gross amount	129,791	56,428	36,908	192,826	148,482	53,728	78,523	696,685
Cumulative impairment[1]	(129,791)	(56,428)	0	(99,423)	(148,482)	0	(39,709)	(473,832)

1 Calculated at period-end exchange rate
AVAL: Raiffeisen Bank Aval JSC, Kiev (UA)
RBAL: Raiffeisen Bank Sh.a., Tirana (AL)
RBCZ: Raiffeisenbank a.s., Prague (CZ)
RBPL: Raiffeisen Bank Polska S.A., Warsaw (PL)
RBRU: AO Raiffeisenbank, Moscow (RU)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft mbH, Vienna (AT)

2013 in € thousand	AVAL	RBAL	RBCZ	RBPL	RBRU	RKAG	Other	Total
As at 1/1	**0**	**50,850**	**40,700**	**175,052**	**266,325**	**0**	**26,094**	**559,021**
Additions	0	0	0	25,600	0	53,728	25,143	104,471
Impairment	0	0	0	0	0	0	(3,171)	(3,171)
Exchange rate changes	0	(221)	(3,377)	(2,329)	(29,351)	0	1,739	(33,539)
As at 31/12	**0**	**50,628**	**37,323**	**198,323**	**236,974**	**53,728**	**49,806**	**626,782**
Gross amount	226,079	56,404	37,323	198,323	236,974	53,728	80,569	889,400
Cumulative impairment[1]	(226,079)	(5,775)	0	0	0	0	(30,764)	(262,618)

1 Calculated at average exchange rate
AVAL: Raiffeisen Bank Aval JSC, Kiev (UA)
RBAL: Raiffeisen Bank Sh.a., Tirana (AL)
RBCZ: Raiffeisenbank a.s., Prague (CZ)
RBPL: Raiffeisen Bank Polska S.A., Warsaw (PL)
RBRU: AO Raiffeisenbank, Moscow (RU)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft mbH, Vienna (AT)

In the financial year 2014, impairment of goodwill on group view amounted to € 305,663 thousand (2013: € 3,171 thousand). The highest impairment on goodwill (€ 148,482 thousand) was made for AO Raiffeisenbank, Moscow (RBRU), due to reductions of growth assumptions and an increase of the discount rate for the bank resulting from the worsening in the Russian economy. The increase of the discount rate mainly derived from higher inflation rates and a rating downgrade of Russia. The business plan for Raiffeisen Bank Polska S.A. Warsaw (RBPL), was revised and takes into account smaller interest margins and lower fee and commission income due to keen competition. The new business plan assumes cost reduction and stable expenses whereby partly lower earnings are compensated. The impairment of goodwill of Raiffeisen Bank Polska S.A., Warsaw, amounted to € 101,354 thousand. Moreover, the impairment of goodwill for Raiffeisen Bank Sh.a., Tirana (RBAL), amounting to € 50,726 thousand resulted from higher discount rates.

Impairment test for goodwill

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

Recoverable value

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

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

The calculation of the recoverable amount is based on a five -year detailed planning period. The sustainable future growth is shown by the use of the terminal value, in the majority of cases country nominal growth rates of earnings are assumed, which are based on the long-term expected rate of inflation. For companies that have a significant overcapitalization an interim period of five years is defined, but without extending the detailed planning phase. Within this period, it is possible for these CGUs to make full payments without violating the capital adequacy requirements. In the future growth period related profit retention to comply with the capital requirements is imperative. If, however, zero growth is adopted in the future phase no profit retention is required.

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

Key assumptions

The following table shows key assumptions that have been made for the individual cash generating units:

2014 Cash generating units	RBCZ	RBPL	RKAG
Discount rates (after tax)	9.1% - 9.7%	9.2 - 10.7%	8.9% - 9.9%
Growth rates in phase I and II	26.8%	21.3%	n.a.
Growth rates in phase III	3.0%	3.4%	3.2%
Planning period	5 years	5 years	5 years

RBCZ: Raiffeisenbank a.s., Prague (CZ)
RBPL: Raiffeisen Bank Polska S.A., Warsaw (PL)
RKAG: Raiffeisen Kapitalanlage-Gesellschaft mbH, Vienna (AT)

In the previous year, RZB used the following parameters:

2013 Cash generating units	RBAL	RBCZ	RBPL	RBRU
Discount rates (after tax)	14.7% - 17.6%	10.0% - 10.6%	10.7% - 12.3%	13.7% - 16.4%
Growth rates in phase I and II	7.8%	n.a.	n.a.	15.1%
Growth rates in phase III	5.9%	3.3%	5.5%	6.9%
Planning period	5 years	5 years	5 years	5 years

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

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

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

Cash generating unit	Significant assumptions	Management approach	Risk assumption
RBCZ	The Czech Republic is a core market for the Group where selective growth strategy is pursued. Improvement through increased use of alternative distribution channels and additional consulting services. Stable costs are assumed.	The assumptions are based on internal as well as external sources. Macroeconomic assumptions of the research department were compared with external data sources and the 5-year plans were presented to the Management Board. Moreover, the detail planning phase was approved by the Supervisory Board.	Weakening of the macroeconomic environment. Possible negative effects of changed local capital requirements. Pressure on interest margins through greater competition.
RBPL	Poland is an important market for the Group. After the merger with Polish Polbank EFG S.A. (Polbank), establishment as a strong universal bank on the Polish market. Strict cost management to make the merged bank more efficient.	The assumptions are based on internal as well as external sources. Macroeconomic assumptions of the research department were compared with external data sources and the 5-year plans were presented to the Management Board. Moreover, the detail planning phase was approved by the Supervisory Board.	Weakening of the macroeconomic environment. Possible negative effects of changed local capital requirements. Pressure on interest margins through greater competition.
RKAG	RKAG is one of the leading Austrian fund enterprises with a managed consolidated volume of € 29.5 billion as at year-end 2014 and a market share of 17 per cent. RKAG has been active internationally since years and is a well-known player in numerous European countries.	The assumptions of planning are based on internal and external sources. Macroeconomic assumptions were compared with external data sources and 5-year plans were presented to the managers of the company. Moreover, planning was approved by the Supervisory Board of RKAG.	Possible weakening of the macroeconomic environment. Pressure on net fee and commission income by aggressive market participants can not be excluded.

RBCZ: Raiffeisenbank a.s., Prague
RBPL: Raiffeisen Bank Polska S.A., Warsaw
RKAG: Raiffeisen Kapitalanlage Gesellschaft mbH, Vienna (AT)

Sensitivity analysis

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

2014 Maximum sensitivity[1]	RBCZ	RBPL	RKAG
Increase in discount rate	0.7 PP	0.0 PP	5.6 PP
Reduction of the growth rates in phase III	n.a.	0.0 PP	20.6 PP

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

The reference values for 2013 are as follows:

2013 Maximum sensitivity[1]	RBAL	RBCZ	RBPL	RBRU
Increase in discount rate	0.3 PP	2.2 PP	0.8 PP	7.9 PP
Reduction of the growth rates in phase III	1.3 PP	3.8 PP	1.2 PP	17.0 PP

1 The respective maximum sensitivity refers to the change of the perpetuity.
RBAL: Raiffeisen Bank Sh.a., Tirana (AL)
RBCZ: Raiffeisenbank a.s., Prague (CZ)
RBPL: Raiffeisen Bank Polska S.A., Warsaw (PL)
RBRU: AO Raiffeisenbank, Moscow (RU)

The recoverable values of all other units have been either higher than the respective carrying values or are immaterial.

Brand

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

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

2014 in € thousand	RBPL	AVAL	Total
As at 1/1	**44,733**	**66,715**	**111,448**
Additions	0	0	0
Impairment[1]	0	(28,456)	(28,456)
Exchange differences	2,070	(23,096)	(21,025)
As at 31/12	**46,803**	**15,163**	**61,966**
Gross amount	46,803	38,300	85,104
Cumulative impairment[2]	0	(23,137)	(23,137)

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

2013 in € thousand	RBPL	AVAL	Total
As at 1/1	**49,092**	**69,907**	**118,999**
Additions	0	0	0
Impairment[1]	0	0	0
Exchange differences	(4,359)	(3,193)	(7,552)
As at 31/12	**44,733**	**66,715**	**111,447**
Gross amount	44,733	66,715	111,447
Cumulative impairment[2]	0	0	0

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

According to IAS 36.9 at the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired based on a list of external and internal indicators of impairment. In the third quarter, there were such indicators due to the ongoing political and economic problems in Ukraine. As a result, impairment of € 28,456 thousand was made for the brand of Raiffeisen Bank Aval.

The brand value of the Raiffeisen Bank Aval JSC, Kiev (AVAL), was determined using the comparable historical cost approach, because neither immediately comparable transctions nor a market with observable prices was available at the time of purchase price allocation. Documentation of brand-related marketing expenses in the previous years was taken as the data base for the historical cost approach.

The value of the Polbank brand was determined using the relief from royalty method, because neither immediately comparable transactions nor a market with observable prices was available at the time of purchase price allocation. Underlying premise of this method is that the brand has a fair value equal to the present value of the royalty income attributable to it. In 2014, impairment tests showed no impairment of the brand.

Customer relationships

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

The group has customer relationship intangibles activated at Raiffeisen Bank Polska S.A., Warsaw (RBPL), and Raiffeisen Bank Aval JSC, Kiev (AVAL). In the reporting year the carrying values of the customer relationships as well as the gross amount and cumulative impairments have developed as follows:

2014 in € thousand	RBPL	AVAL	Total
As at 1/1	13,122	22,159	35,280
Additions	0	0	0
Depreciation	(1,647)	(1,239)	(2,887)
Impairment[1]	0	(1,092)	(1,092)
Exchange differences	607	(9,437)	(8,830)
As at 31/12	**12,082**	**10,390**	**22,472**
Gross amount	16,475	24,784	41,258
Cumulative impairment[2]	(4,393)	(14,394)	(18,787)

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

2013 in € thousand	RBPL	AVAL	Total
As at 1/1	16,128	25,481	41,609
Additions	0	0	0
Depreciation	(1,675)	(2,159)	(3,834)
Impairment[1]	0	0	0
Exchange differences	(1,332)	(1,164)	(2,495)
As at 31/12	**13,122**	**22,159**	**35,280**
Gross amount	15,746	43,170	58,916
Cumulative impairment[2]	(2,624)	(21,011)	(23,636)

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

The impairment test of customer relationships of Raiffeisenbank Aval JSC, Kiev (AVAL), recognized for the business division retail customers at the date of initial consolidation, identified an impairment loss of € 1,092 thousand in 2014.

The impairment test of customer relationships of Raiffeisen Bank Polska S.A., Warsaw (RBPL), identified no impairment need in 2014.

(23) Tangible fixed assets

in € thousand	2014	2013
Land and buildings used by the Group for own purpose	694,799	845,169
Other land and buildings (investment property)	322,266	240,329
Office furniture, equipment and other tangible fixed assets	347,883	458,618
Leased assets (operating lease)	406,352	386,128
Total	**1,771,300**	**1,930,244**

The fair value of investment property totaled € 323,679 thousand (2013: € 242,213 thousand).

(24) Development of fixed assets

	Cost of acquisition or conversion						
in € thousand	As at 1/1/2014	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2014
Intangible fixed assets	**2,610,992**	**(913)**	**(339,614)**	**180,991**	**(77,050)**	**(208)**	**2,374,199**
Goodwill	889,252	(1,528)	(191,038)	0	0	0	696,685
Software	1,499,784	1,091	(97,296)	180,638	(75,922)	(170)	1,508,125
Other intangible fixed assets	221,957	(476)	(51,280)	353	(1,128)	(38)	169,389
Tangible fixed assets	**3,414,942**	**204,800**	**(407,516)**	**307,266**	**(228,793)**	**208**	**3,290,907**
Land and buildings used by the Group for own purpose	1,204,404	30,445	(162,097)	38,176	(20,443)	(3,035)	1,087,450
Other land and buildings	280,275	133,523	(44,388)	51,770	(38,460)	2,596	385,315
of which land value of developed land	13,632	1,060	(2,343)	190	0	0	12,539
Other tangible fixed assets	1,413,907	(3,181)	(185,523)	109,814	(116,028)	(574)	1,218,415
Leased assets (operating lease)	516,356	44,013	(15,508)	107,506	(53,862)	1,221	599,726
Total	**6,025,934**	**203,887**	**(747,130)**	**488,257**	**(305,843)**	**0**	**5,665,105**

	Write-ups, amortization, depreciation, impairment			Carrying amount
in € thousand	Cumulative	hereof write-ups	of which depreciation	31/12/2014
Intangible fixed assets	**(1,484,395)**	**987**	**(487,073)**	**861,055**
Goodwill	(445,084)	0	(305,663)	222,853
Software	(960,849)	987	(143,015)	547,276
Other intangible fixed assets	(78,463)	0	(38,395)	90,926
Tangible fixed assets	**(1,519,606)**	**6,335**	**(248,403)**	**1,771,300**
Land and buildings used by the Group for own purpose	(392,650)	2,685	(57,012)	694,799
Other land and buildings	(63,050)	0	(36,908)	322,266
of which land value of developed land	(4)	0	0	12,536
Other tangible fixed assets	(870,532)	3,471	(114,961)	347,883
Leased assets (operating lease)	(193,374)	179	(39,521)	406,352
Total	**(3,004,002)**	**7,322**	**(735,475)**	**2,632,355**

In the reporting year, additions to intangible and tangible fixed assets include single investments exceeding € 10,000 thousand at RBI AG.

in € thousand	As at 1/1/2014	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2014
	Cost of acquisition or conversion						
Intangible fixed assets	**2,476,223**	**104,118**	**(90,589)**	**225,220**	**(103,864)**	**(116)**	**2,610,992**
Goodwill	832,627	77,666	(47,815)	26,773	0	0	889,252
Software	1,359,373	24,901	(34,113)	193,651	(103,234)	59,205	1,499,784
Other intangible fixed assets	284,223	1,551	(8,661)	4,796	(630)	(59,321)	221,957
Tangible fixed assets	**3,355,233**	**111,207**	**(115,469)**	**263,664**	**(199,809)**	**116**	**3,414,942**
Land and buildings used by the Group for own purpose	1,184,601	29,784	(40,759)	48,953	(24,043)	5,869	1,204,404
Other land and buildings	216,902	72,725	(14,397)	25,721	(4,204)	(16,472)	280,275
of which land value of developed land	13,729	0	(258)	161	0	0	13,632
Other tangible fixed assets	1,399,083	8,698	(48,720)	140,003	(85,241)	84	1,413,907
Leased assets (operating lease)	554,648	0	(11,593)	48,987	(86,321)	10,635	516,356
Total	**5,831,457**	**215,325**	**(206,058)**	**488,884**	**(303,673)**	**0**	**6,025,934**

in € thousand	Write-ups, amortization, depreciation, impairment Cumulative	hereof write-ups	of which depreciation	Carrying amount 31/12/2013
Intangible fixed assets	**(1,260,997)**	**154**	**(224,266)**	**1,349,996**
Goodwill	(262,469)	0	(3,171)	626,782
Software	(939,962)	154	(214,407)	559,822
Other intangible fixed assets	(58,566)	0	(6,688)	163,392
Tangible fixed assets	**(1,484,698)**	**13,856**	**(244,312)**	**1,930,244**
Land and buildings used by the Group for own purpose	(359,235)	1,421	(48,148)	845,169
Other land and buildings	(39,945)	2,608	(5,596)	240,329
of which land value of developed land	(13,632)	0	0	0
Other tangible fixed assets	(955,289)	9,828	(142,433)	458,618
Leased assets (operating lease)	(130,228)	0	(48,135)	386,128
Total	**(2,745,694)**	**14,010**	**(468,579)**	**3,280,240**

In the previous year, additions to intangible and tangible assets include single investments exceeding € 10,000 thousand in Russia and at RBI AG.

(25) Other assets

in € thousand	2014	2013
Tax assets	476,592	726,652
Current tax assets	160,711	186,944
Deferred tax assets	315,881	539,708
Receivables arising from non-banking activities	99,378	114,819
Accruals and deferred items	280,699	242,864
Clearing claims from securities and payment transfer business	260,177	390,719
Lease in progress	39,199	85,904
Assets held for sale (IFRS 5)	102,769	56,406
Inventories	66,638	172,486
Valuation fair value hedge portfolio	29,157	15,734
Other assets	107,254	232,722
Total	**1,461,862**	**2,038,305**

Assets held for sale derived from the scheduled sale of trading subsidiaries of Raiffeisen Centrobank AG, Vienna, amounting to € 40,915 thousand.

Deferred taxes break down as follows:

in € thousand	2014	2013
Deferred tax assets	315,881	539,708
Provisions for deferred taxes	(70,651)	(52,660)
Net deferred taxes	**245,230**	**487,048**

The net deferred taxes result from the following items:

in € thousand	2014	2013
Loans and advances to customers	132,078	135,692
Impairment losses on loans and advances	180,352	174,352
Tangible and intangible fixed assets	13,676	15,332
Other assets	4,113	11,111
Provisions for liabilities and charges	72,114	99,153
Trading liabilities	93,832	13,508
Other liabilities	163,298	70,596
Tax loss carry-forwards	42,613	192,257
Other items of the statement of financial position	75,938	295,613
Deferred tax assets	**778,014**	**1,007,614**
Loans and advances to banks	40,088	45,774
Loans and advances to customers	51,599	55,990
Impairment losses on loans and advances	47,788	68,418
Trading assets	84,691	4,839
Financial investments	14,028	14,122
Tangible and intangible fixed assets	84,740	89,431
Other assets	117,936	43,615
Deposits from customers	458	467
Provisions for liabilities and charges	80	28
Other liabilities	4,204	4,090
Other items of the statement of financial position	87,173	193,792
Deferred tax liabilities	**532,784**	**520,566**
Net deferred taxes	**245,230**	**487,048**

In the consolidated financial statements, deferred tax assets are recognized for unused tax loss carry-forwards which amounted to € 42,613 thousand (2013: € 192,257 thousand). The reduction is driven by impairment of deferred tax assets of €196,370 thousand, because the tax loss carryforwards cannot be used based on the current medium-term tax planning. The tax loss carry-forwards are mainly without any time limit. The Group did not recognize deferred tax assets of € 407,231 thousand (2013: € 192,612 thousand) because from a current point of view there is no prospect of realizing them within a reasonable period of time.

(26) Deposits from banks

in € thousand	2014	2013
Giro and clearing business	5,934,889	5,018,807
Money market business	20,364,829	22,255,377
Long-term refinancing	6,900,624	6,458,361
Total	**33,200,342**	**33,732,544**

RZB refinances itself periodically with international commercial banks and multinational development banks. These credit contracts contain ownership clauses normally used in business. These clauses give permission to an exceptional termination in the case of change in direct or indirect control over RBI AG, e.g. if Raiffeisen Zentralbank loses the majority shareholding in RBI AG. This can lead to increased refinancing costs for RZB in the future.

Deposits from banks classified regionally (counterparty's seat) break down as follows:

in € thousand	2014	2013
Austria	19,569,071	20,399,044
Foreign	13,631,271	13,333,500
Total	**33,200,342**	**33,732,544**

(27) Deposits from customers

Deposits from customers break down as follows:

in € thousand	2014	2013
Sight deposits	33,345,006	32,498,342
Time deposits	32,409,113	33,933,627
Savings deposits	9,413,625	9,228,342
Total	**75,167,744**	**75,660,310**

in € thousand	2014	2013
Sovereigns	1,178,522	828,259
Corporate customers – large corporates	30,735,484	31,535,253
Corporate customers – mid market	2,731,605	2,452,388
Retail customers – private individuals	35,833,212	36,125,970
Retail customers – small and medium-sized entities	4,139,853	4,279,723
Other	549,068	438,716
Total	**75,167,744**	**75,660,310**

Deposits from customers classified regionally (counterparty's seat) are as follows:

in € thousand	2014	2013
Austria	12,805,958	11,787,815
Foreign	62,361,786	63,872,495
Total	**75,167,744**	**75,660,310**

(28) Debt securities issued

in € thousand	2014	2013
Bonds and notes issued	11,941,399	12,965,309
Money market instruments issued	516,859	427,950
Other debt securities issued	31,965	58,841
Total	**12,490,223**	**13,452,100**

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

Issuer	ISIN	Type	Currency	Nominal value in € thousand	Coupon	Due
RBI AG	XS0803117612	senior public placements	EUR	750,000	2.8%	10/7/2017
RBI AG	XS0989620694	senior public placements	EUR	500,000	1.9%	8/11/2018
RBI AG	XS0753479525	senior public placements	EUR	499,200	2.9%	6/3/2015
RBI AG	XS0903449865	senior public placements	EUR	250,000	0.6%	19/3/2015

(29) Provisions for liabilities and charges

in € thousand	As at 1/1/2014	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	As at 31/12/2014
Severance payments and other	94,917	17	19,971	(54)	(5,294)	1,447	111,004
Retirement benefits	87,611	(353)	22,114	0	(862)	(442)	108,068
Taxes	134,842	(13,917)	153,021	(40,883)	(57,567)	(17,091)	158,406
Current	82,182	(12,576)	108,470	(16,515)	(56,705)	(17,102)	87,755
Deferred	52,660	(1,340)	44,551	(24,368)	(862)	10	70,651
Contingent liabilities and commitments	145,238	(14,418)	59,659	(66,893)	(7,170)	(4,268)	112,149
Pending legal issues	56,639	0	59,338	(10,726)	(6,940)	(2,021)	96,291
Overdue vacation	61,737	(294)	9,116	(6,027)	(375)	(9,128)	55,031
Bonus payments	242,714	27	139,452	(52,114)	(141,117)	(24,802)	164,161
Restructuring	8,831	0	10,269	(754)	(3,790)	(1,899)	12,658
Settlement Act Hungary	0	0	251,308	0	0	0	251,308
Other	114,997	(4,990)	106,554	(36,434)	(54,775)	(7,282)	118,070
Total	**947,527**	**(33,927)**	**830,802**	**(213,884)**	**(277,888)**	**(65,484)**	**1,187,145**

Severance and similar payments include provisions for anniversary bonuses and other payments in the amount of € 26,905 thousand (2013: € 22,851 thousand) and obligations from other benefits due to termination of employment according to IAS 19R in the amount of € 84,009 thousand (2013: € 72,066 thousand).

RZB is involved in pending legal issues, which may occur in the banking business. RZB does not expect that these legal cases will have a material impact on the financial position of the Group. In the reporting period, Group-wide provisions for pending legal issues amounted to € 96,291 thousnad (2013: € 56,639 thousand). Single cases exceeding € 10,000 thousand occurred in Austria and Slovakia (2013: in Austria, in Slovakia and in Ukraine).

Pension obligations and other termination benefits

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

- Defined benefit pension plans in Austria and other countries
- Other post-employment benefits in Austria and other countries
- These defined benefit plans and other post-employment benefits expose RZB to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Funding

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

RZB expects to pay € 1,887 thousand in contributions to its defined benefit plans in 2015 (2014: € 1,000 thousand).

Pension obligations/defined benefit pension plans

Financial status

in € thousand	2014	2013
Defined benefit obligation (DBO)	159,731	138,152
Plan assets at fair value	(51,663)	(50,542)
Net liability/asset	108,068	87,611

The defined benefit obligations developed as follows:

in € thousand	2014	2013
DBO as at 1/1	**138,152**	**121,753**
Change in consolidated group	0	25,027
FX differences DBO	0	0
Current service cost	2,317	1,934
Interest cost	4,689	4,159
Past service costs	0	0
Payments	(6,076)	(8,509)
Transfer	(2,946)	(443)
Remeasurement	23,594	(5,769)
DBO as at 31/12	**159,731**	**138,152**

Plan assets developed as follows:

in € thousand	2014	2013
Plan assets at fair value as at 1/1	**50,542**	**38,529**
Change in consolidated group	0	13,586
FX differences plan asssets	0	0
Interest income	1,727	1,341
Contributions to plan assets	1,738	1,351
Payments from fund	(1,732)	(4,412)
Transfer	(2,876)	(407)
Return on plan assets excluding interest income	2,265	553
Plan assets at fair value as at 31/12	**51,663**	**50,542**

The return on plan assets for 2014 was € 3,990 thousand (2013: € 2,374 thousand). For 2014, the fair value of rights to reimbursement recognized as an asset was € 19,085 thousand (2013: € 13,829 thousand).

Structure of plan assets

Plan assets broke down as follows:

Per cent	2014	2013
Bonds	57	53
Shares	33	35
Alternative Investments	1	4
Property	4	4
Cash	5	4
Total	**100**	**100**
hereof own financial instruments	1	6
hereof property occupied or other assets used by the Group or other related parties	0	0

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

Asset-Liability-Matching

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

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

Actuarial assumptions

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

Per cent	2014	2013
Discount rate	2.0	3.5
Future pension basis increase	3.0	3.0
Future pension increase	2.0	2.0

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

Years	2014	2013
Longevity at age 65 for current pensioners - males	20.8	20.7
Longevity at age 65 for current pensioners - females	24.4	24.2
Longevity at age 65 for current members aged 45 - males	23.4	23.1
Longevity at age 65 for current members aged 45 - females	26.6	26.4

The weighted average duration of the net defined benefit obligation was 14.8 years (2013: 13.4 years)

Sensitivity analysis

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

	2014	
in € thousand	Addition	Decrease
Discount rate (1 per cent change)	(19,655)	24,259
Future salary growth (0.5 per cent change)	1,430	(1,374)
Future pension increase (0.25 per cent change)	4,593	(4,396)
Remaining life expectancy (change 1 year)	9,316	(9,955)

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

Other termination benefits

The other termination benefits developed as follows:

in € thousand	2014	2013
DBO as at 1/1	72,066	56,895
Changes in consolidated group	0	13,179
FX differences DBO	0	0
Current service cost	4,603	3,555
Interest cost	2,298	1,868
Payments	(3,955)	(2,786)
Loss/(gain) on DBO due to past service cost	(25)	(31)
Transfer	1,799	0
Remeasurement	7,229	(615)
DBO as at 31/12	**84,014**	**72,066**

Actuarial assumptions

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

Per cent	2014	2013
Discount rate	2.0	3.5
Additional future salary increase for employees	3.0	3.0

Sensitivity analysis

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

	2014	
in € thousand	Addition	Decrease
Discount rate (1 per cent change)	(9,157)	9,360
Future salary growth (0.5 per cent change)	5,114	(4,079)

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

Employee benefit expenses

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

(30) Trading liabilities

in € thousand	2014	2013
Negative fair values of derivative financial instruments	**5,612,965**	**3,964,712**
Interest-based transactions	3,005,908	2,392,523
Currency-based transactions	1,444,139	589,999
Equity-/index-based transactions	1,017,816	840,495
Credit derivatives business	17,372	8,442
Other transactions	127,730	133,252
Short-selling of trading assets	**498,071**	**551,459**
Certificates issued	**692,868**	**610,147**
Call/time deposits from trading purposes	**0**	**0**
Total	**6,803,904**	**5,126,317**

(31) Derivatives

in € thousand	2014	2013
Negative fair values of derivatives in fair value hedges (IAS 39)	**137,379**	**104,123**
Interest-based transactions	137,379	104,123
Negative fair values of derivatives in cash flow hedges (IAS 39)	**63,171**	**28,413**
Interest-based transactions	0	1,478
Currency-based transactions	63,171	26,935
Negative fair values of credit derivatives	**23**	**279**
Negative fair values of other derivative financial instruments	**574,248**	**265,091**
Interest-based transactions	268,896	228,409
Currency-based transactions	305,290	36,581
Equity-/index-based transactions	62	0
Other transactions	0	102
Total	**774,820**	**397,907**

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

The table below shows the expected hedged cash flows from liabilties in their time periods affecting the statement of comprehensive income:

in € thousand	2014	2013
1 year	3,166,513	2,119,904
More than 1 year, up to 5 years	0	22,864
More than 5 years	0	33,366

Net losses of € 10,241 thousand (2013: € 16,364 thousand) relating to the effective portion of cash flow hedges were recognized in other comprehensive income.

(32) Other liabilities

in € thousand	2014	2013
Liabilities from non-banking activities	108,710	210,983
Liabilities from insurance contracts	202,694	320,343
Prepayments and other deferrals	263,140	305,491
Liabilities from dividends	2,926	4,242
Clearing claims from securities and payment transfer business	425,098	579,676
Valuation fair value hedge portfolio	143,605	39,393
Liabilities held for Sale IFRS 5	11,503	0
Other liabilities	507,882	578,392
Total	**1,665,557**	**2,038,520**

Insurance contracts

RZB Group's insurance business consists of pension products in Russia. Due to the existence of mortality risk and discretionary participation features in these products it is necessary to apply IFRS 4 for the accounting of the resulting liabilities. All assets related to the provision of pensions products are accounted for under IAS 39.

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he table below presents an analysis of the change in insurance contract liabilities:

in € thousand	2014	2013
Carrying amount as at 1/1	**320,343**	**196,973**
Additions	124	135,487
Usage	(303)	(6,143)
Other changes	(16)	0
Exchange rate changes	(119,624)	(21,708)
Investment return	1,813	15,734
Impact of liability adequacy test	0	0
Carrying amount as at 31/12	**202,337**	**320,343**

Insurance contract liabilities must be regularly reviewed and subjected to a liability adequacy test. The adequacy test determines, on the basis of a comparison with estimated future cash flows, whether the carrying amount of insurance liabilities needs to be increased. In 2014, there was no charge related to the liability adequacy test.

Presentation of risks in the insurance business

Mortality risks – The pension products expose RZB to insurance risk through the risk of unpredictable losses resulting from longevity of the policyholder. A stable improvement of medical services and social conditions, which increase longevity, is the most important factor for increasing longevity in Russia.

Discretionary participation feature – The pension products include a discretionary participation feature which may result in RZB paying customers more than the contractual minimum.

Other risks – Based on federal demography statistics data annuity rates are determined by Russian legislation and therefore subject to a degree of uncertainty. Market risk, liquidity risk and credit risk are not material in relation to insurance contracts.

Sensitivity analysis (insurance contracts only)

The following table presents the effect on RZB's profit before tax resulting from the change in mortality of the insuree:

Change in profit before tax in € thousand	2014	2013
Mortality (worsening 50%)	36,258	23,300

A change of 50 per cent to the mortality assumption is equal to a change in expected outstanding life-time after retirement period of three to seven years, depending on the sex-age characteristics of each group.

(33) Subordinated capital

in € thousand	2014	2013
Hybrid tier 1 capital	396,725	451,413
Subordinated liabilities and supplementary capital	3,910,840	3,729,336
Total	**4,307,565**	**4,180,749**

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

Issuer	ISIN	Type	Currency	Nominal value in € thousand	Coupon[1]	Due
RBI AG	XS0619437147	Subordinated capital	EUR	500,000	6.625%	18/5/2021
RBI AG	XS0981632804	Subordinated capital	EUR	500,000	6.000%	16/10/2023
RBI AG	XS1034950672	Subordinated capital	EUR	500,000	4.500%	21/2/2025

1 Current interest rate, interest clauses are agreed.

In the reporting period, expenses on subordinated capital totaled € 209,135 thousand (2013: € 191,564 thousand).

(34) Equity

in € thousand	2014	2013
Consolidated equity	5,650,835	6,546,199
Subscribed capital	492,466	492,467
Capital reserves	1,834,775	1,834,776
Retained earnings	3,323,593	4,218,957
Consolidated profit/loss	(323,290)	422,107
Non-controlling interests	4,004,054	4,819,810
Total	**9,331,600**	**11,788,116**

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

Subscribed capital

As of 31 December 2014, the subscribed capital of Raiffeisen Zentralbank as defined by the articles of incorporation amounted to € 492,467 thousand. The subscribed capital consists of 6,776,750 non-par bearer shares.

Dividend proposal

Due to loss, dividends will not be paid for the financial year 2014.

Non-controlling interests

At the beginning of 2014, the capital of RBI AG was increased by the issuance of 97,473,914 new non-par bearer shares at an issue price of € 28.50. Raiffeisen Zentralbank subscribed 24,318,190 shares of the issued shares leading to a reduction of the stake in RBI from 78.5 per cent to 60.7 per cent.

Raiffeisen Zentralbank issued participation capital within the context of § 23 (4) and (5) BWG to a nominal value of € 2,500,000 thousand. The capital is available for the life of the business and cannot be recalled by the participation investor. The first tranche of € 750,000 thousand was paid in on 30 December 2008. The second tranche of € 1,750,000 thousand was paid in on 6 April 2009, and was subscribed in its entirety by the Republic of Austria. The participation certificates were issued at par. The participation certificates carry entitlement to profit of 8 per cent a year of the value of the participation certificates. For the 2014 and 2015 financial years, the participation dividend increases by 50 basis points a year, rising to 75 basis points for 2016 and 100 basis points for each subsequent financial year. The dividend is capped at 12-month EURIBOR plus 1,000 basis points. In the course of the merger of the principal business areas of Raiffeisen Zentralbank with Raiffeisen International Bank-Holding AG, the participation capital was transferred to RBI AG and shown under equity, non-controlling interests. In June 2014, the Austrian Authorities granted approval for the redemption of participation capital. On this basis, RBI AG repaid the full € 1,750,000 thousand subscribed by the Republic of Austria on 6 June. The participation capital of € 750,000 thousand subscribed by private investors was repaid on 10 September.

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

31/12/2014 in € thousand	Ownership interest	Net assets	Profit/loss after tax	Other comprehensive income	Total comprehensive income
Raiffeisen Bank International Group, Vienna (AT)	39%	3,553,570	(163,403)	(515,763)	(679,166)
Raiffeisen Bausparkasse Group, Vienna (AT)	49%	296,270	38,755	1,932	40,687
Other	n/a	154,214	15,645	24,738	40,383
Total		**4,004,054**	**(109,003)**	**(489,094)**	**(598,097)**

In the reporting year, no interests in subsidiaries were sold in which Raiffeisen Zentralbank has control.

2014 in € thousand	Raiffeisen Bank International Group Vienna (AT)	Raiffeisen Bausparkasse Group Vienna (AT)
Operating income	4,621,369	142,787
Profit/loss after tax	(463,079)	84,424
Other comprehensive income	(1,290,575)	3,943
Total comprehensive income	**(1,753,654)**	**88,367**
Current assets	59,762,496	2,188,333
Non-current assets	61,861,387	9,018,505
Current liabilites	84,746,976	4,816,751
Non-current liabilities	28,575,071	5,814,717
Net assets	**8,301,835**	**575,370**
Net cash from operating activities	5,482,842	(192,984)
Net cash from investing activities	(4,319,501)	237,613
Net cash from financing activities	(221,086)	(40,765)
Effect of exchange rate changes	(847,798)	0
Net increase in cash and cash equivalents	**94,458**	**3,864**
Dividends paid to non-controlling interests during the year [1]	295,115	4,410

1 Included in net cash from investing activities.

Significant restrictions

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

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

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.

Share-based remuneration

The management board decided to assess the benefit and purpose of the share-based remuneration due to increasing complexity of regulations concerning variable remuneration. Originally, the share incentive program (SIP) was set up as variable long-term remuneration element with reference to the market and the company's success. It became less important because the annual bonus for the same target group of top management is deferred over three to five years and one half is paid in instruments (e.g. shares). Therefore, it was decided that there will be no SIP issues in the future. In 2014, no tranche of the share incentive program matured because no tranche of the SIP was issued in 2010. Moreover, in 2011 the maturity of the SIP was extended to five years in accordance with legal regulations. Therefore the next tranche will not mature before 2016.

Under the SIP new tranches have been issued in 2011, in 2012 and in 2013. On the reporting date, contingent shares for three allotments were assigned. As at 31 December 2014, the contingent allotment of shares amounted to 975,955 (of which 212,796 shares were attributable to the 2011 allotment, 402,209 shares to the 2012 allotment and 360,950 shares to the

2013 allotment). The originally announced number of contingently allotted shares changed due to various personnel changes within Group units. This is shown on an aggregated level in the following table:

Share incentive program (SIP) 2011 - 2013 Group of persons	Number of contingently allotted shares as at 31/12/2014	Minimum of allotment of shares	Maximum of allotment of shares
Members of the management board of the company	331,707	99,513	497,561
Members of the management boards of bank subsidiaries affiliated with the company	409,539	122,862	614,309
Executives of the company and other affiliated companies	234,709	70,413	352,064

In the financial year 2014, no shares were bought back for the SIP.

Disclosures to financial instruments

(35) Breakdown of remaining terms to maturity

2014	Short-term assets/liabilities			Long-term assets/liabilities	
in € thousand	Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Cash reserve	9,221,481	0	0	0	0
Loans and advances to banks	2,078,611	13,305,866	1,921,227	888,029	697,844
Loans and advances to customers	7,594,615	14,366,211	12,492,237	28,988,365	24,299,930
Impairment losses on loans and advances	(6,446,971)	0	0	0	0
Trading assets	416,509	742,025	1,087,250	3,126,569	2,495,932
Financial investments	1,146,533	3,829,389	4,087,259	8,456,306	2,783,045
Investments in associates	1,688,260	0	0	0	0
Sundry assets	3,270,907	714,356	652,472	566,486	458,157
Total assets	**18,969,946**	**32,957,847**	**20,240,445**	**42,025,755**	**30,734,908**
Deposits from banks	6,197,016	13,893,673	2,904,513	7,284,489	2,920,651
Deposits from customers	37,188,810	18,253,241	10,304,273	7,018,565	2,402,855
Debt securities issued	0	1,736,973	1,848,263	7,375,107	1,529,880
Trading liabilities	542,955	858,461	776,011	2,417,251	2,209,226
Subordinated capital	0	8,730	332,575	3,493,857	472,404
Sundry liabilities	2,023,228	782,873	383,267	238,379	199,776
Subtotal	**45,952,009**	**35,533,950**	**16,548,903**	**27,827,648**	**9,734,791**
Equity	9,331,600	0	0	0	0
Total equity and liabilities	**55,283,609**	**35,533,950**	**16,548,903**	**27,827,648**	**9,734,791**

2013	Short-term assets/liabilities			Long-term assets/liabilities	
in € thousand	Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Cash reserve	8,246,471	0	0	0	0
Loans and advances to banks	3,349,532	15,435,294	2,110,395	1,037,421	717,780
Loans and advances to customers	7,819,837	14,605,950	13,588,812	30,494,081	24,085,579
Impairment losses on loans and advances	(5,989,781)	0	0	0	0
Trading assets	420,513	1,238,814	1,136,378	2,925,881	1,813,467
Financial investments	1,270,806	4,252,475	2,017,102	7,098,055	1,735,368
Investments in associates	1,601,343	0	0	0	0
Sundry assets	3,993,324	899,617	306,484	741,274	371,820
Total assets	**20,712,044**	**36,432,150**	**19,159,171**	**42,296,712**	**28,724,013**
Deposits from banks	5,280,086	16,552,685	2,801,785	6,503,092	2,594,896
Deposits from customers	35,563,195	18,862,411	10,909,524	7,785,760	2,539,420
Debt securities issued	0	2,902,202	1,304,501	7,492,360	1,753,037
Trading liabilities	510,574	424,079	521,402	2,067,020	1,603,242
Subordinated capital	0	57,826	69,322	483,904	3,569,697
Sundry liabilities	1,861,022	768,005	428,117	219,934	106,876
Subtotal	**43,214,877**	**39,567,209**	**16,034,651**	**24,552,069**	**12,167,169**
Equity	11,788,116	0	0	0	0
Total equity and liabilities	**55,002,993**	**39,567,209**	**16,034,651**	**24,552,069**	**12,167,169**

(36) Foreign currency volumes

The consolidated financial statements consist of the following volumes of assets and liabilities denominated in foreign currencies:

in € thousand	2014	2013
Assets	65,848,508	65,897,408
Liabilities	60,421,010	54,137,478

(37) Securitization

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

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

in € thousand	Seller of claims or secured party	Date of contract	End of maturity	Volume	Portfolio	Junior tranche
Synthetic Transaction ROOF INFRASTRUCTURE 2014	Raiffeisen Bank International AG, Vienna	December 2014	March 2027	1,500,416	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 Transaction Raiffeisen Leasing Polska Auto Lease Securitisation	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 (RUS)	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%

In the financial year 2014, some new securitization programs with external investors were made. They are described briefly as follows:

A synthetic securitization of loans and advances to corporate customers, primarily originated by headoffice, was concluded in December 2014. The equity tranche was externally placed and comprises a portfolio guarantee amount of up to € 88,100 thousand.

In the financial year, a new securitization was placed by a leasing subsidiary in Poland in relation to 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 SPV and hence, 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 to 33 per cent are held internally by the leasing subsidiary in Poland as originator.

The following securitization programs from previous years remain 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), remained active also in 2014. According to IFRS 10, which is mandatory as of 2014, a part of the SPV was consolidated which corresponds to the specified assets and liabilities that the Group controls. The first loss piece remaining in the Group amounted to 15 per cent at the beginning of the transaction. Due to the repayments, first of all to the not subordinated investors, the loans and advances have reduced 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.

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, the Group 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 active. The loans were sold to a special purpose vehicle which is held by the Group, where the senior tranche and 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 (2013: € 95,262 thousand) at year-end 2014.

The true sale transaction ROOF Poland 2008 - 1, consisting of car leasing contracts, was already closed in May 2014, which was about six months before maturity. The loans and advances in this SPV only amounted to € 3,373 thousand at year-end 2013.

RZB as investor

Besides the above-mentioned refinancing and packaging of designated portfolios of loans or leasing claims, RZB also acts as an investor in Asset Backet Securities (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 positive 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 (excluding Credit Default Swaps, CDS):

in € thousand	2014 Outstanding nominal amount	2014 Carrying amount	2013 Outstanding nominal amount	2013 Carrying amount
Asset-backed securities (ABS)	917,066	917,405	609,363	609,775
Mortgage-backed securities (MBS)	0	0	55	49
Collateralized debt obligations (CDO)	31,793	173	42,196	151
Other	20,000	841	29,586	994
Total	**968,859**	**918,419**	**681,199**	**610,968**

(38) Transferred assets

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

Transferred financial assets not entirely derecognized

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

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

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

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

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

2013	Transferred assets			Associated liabilities		
in € thousand	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	88,203	88,203	0	65,198	65,198	0
Trading assets	251,235	0	251,235	205,674	0	205,674
Financial investments	641,078	0	641,078	487,380	0	487,380
Total	**980,516**	**88,203**	**892,313**	**758,251**	**65,198**	**693,054**

Transferred financial assets that are entirely derecognized

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

(39) Assets pledged as collateral and received financial assets

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

in € thousand	2014	2013
Loans and advances[1]	7,341,914	2,098,851
Trading assets[2]	694,067	433,316
Financial investments	711,713	1,830,723
Total	**8,620,031**	**4,362,889**

1 Excludes reverse repo and securities borrowing receivables.
2 Without derivatives.

The table below shows the corresponding liabilities to the assets pledged as collateral and contains liabilities from repo business, securities lending business, securititizations and debentures:

in € thousand	2014	2013
Deposits from banks	4,978,526	3,269,688
Deposits from customers	176,946	71,210
Debt securities issued	1,317,728	1,068,867
Other liabilities	188,645	169,958
Contingent liabilities and commitments	716	1,216
Total	**6,662,561**	**4,580,938**

The following table shows securities and other financial assets accepted as collateral:

in € thousand	2014	2013
Securities and other financial assets accepted as collateral which can be sold or repledged	6,538,220	7,339,178
hereof which have been sold or repledged	1,744,451	3,277,196

The Group received collateral which can be sold or repledged if no default occurs in the course of reverse repo business, securities lending business, derivative and other transactions.

Significant restrictions regarding access to or usage of Group assets

Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interest might restrict the ability of the Group to access and transfer assets freely to or from other Group entities and settle liabilities. As at reporting date, the Group has not conceded any material protective rights associated to non-controlling interests and therefore these were not a source of significant restrictions.

The following products restrict the Group in the use of its assets: repurchase agreements, securities lending contracts as well as other lending contracts, for margining purposes on derivative liabilities, securitizations and various insurance activities. The table below shows assets pledged as collateral and otherwise restricted assets with a corresponding liability. These assets are restricted from usage to secure funding, for legal or other reasons.

2014 in € thousand	Pledged	Otherwise restricted with liabilities
Loans and advances[1]	7,214,251	1,735,310
Trading assets[2]	694,067	33,405
Financial investments	711,713	131,049
Total	**8,620,031**	**1,899,764**

1 Excludes reverse repo and securities borrowing receivables.
2 Without derivatives.

(40) Offsetting of financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's statement of financial position or are subject to an enforceable/unenforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The similar agreements include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, sales and repurchase agreements, reverse sale and repurchase agreements, and securities borrowing and lending agreements.

Some of the agreements are not set-off in the statement of financial position. This is because they create, for the parties to the agreement, a right of set off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously. The Group receives and gives collaterals in the form of cash and marketable securities.

2014	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € thousand	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives (legally enforceable)	5,536,540	10,677	5,525,863	4,757,753	34,971	733,139
Reverse repurchase, securities lending & similar agreements (legally enforceable)	6,270,951	0	6,270,951	6,253,237	0	17,714
Other financial instruments (legally enforceable)	8,640,224	447,840	8,192,384	5,111,166	0	3,081,218
Total	**20,447,715**	**458,518**	**19,989,198**	**16,122,156**	**34,971**	**3,832,071**

In 2014, assets which were not subject to legally enforceable netting agreements amounted to € 124,939,703 thousand (2013: € 135,245,683 thousand) whereas an immaterial part was accounted for by derivative financial instruments and cash balances from reverse repo business. Moreover, liabilities which are not subject to legally enforceable netting agreements totaled € 128,887,062 thousand in the reporting year (2013: € 135,055,017 thousand) whereas an immaterial part was accounted for by derivative financial instruments and cash deposits from repo business.

2014	Gross amount		Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € thousand	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Financial instruments	Cash collateral pledged	
Derivatives (legally enforceable)	5,155,055	10,677	5,144,378	4,781,271	124,497	238,610
Repurchase, securities lending & similar agreements (legally enforceable)	406,086	0	406,086	399,175	0	6,911
Other financial instruments (legally enforceable)	5,611,076	447,247	5,163,829	5,111,166	0	52,663
Total	**11,172,217**	**457,924**	**10,714,293**	**10,291,612**	**124,497**	**298,184**

2013 in € thousand	Gross amount of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Net amount of recognized assets set-off in the statement of financial position	Related amounts not set-off in the statement of financial position Financial instruments	Cash collateral received	Net amount
Derivatives (legally enforceable)	3,496,129	39,966	3,456,164	3,063,382	16,311	376,470
Reverse repurchase, securities lending & similar agreements (legally enforceable)	8,131,019	0	8,131,019	8,123,543	0	7,476
Other financial instruments (legally enforceable)	449,868	231,823	218,045	218,045	0	0
Total	**12,077,016**	**271,789**	**11,805,228**	**11,404,970**	**16,311**	**383,946**

2013 in € thousand	Gross amount of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Net amount of recognized liabilities set-off in the statement of financial position	Related amounts not set-off in the statement of financial position Financial instruments	Cash collateral pledged	Net amount
Derivatives (legally enforceable)	3,268,829	39,966	3,228,863	3,531,310	51,855	(354,301)
Repurchase, securities lending & similar agreements (legally enforceable)	1,862,597	0	1,862,597	1,862,758	0	(161)
Other financial instruments (legally enforceable)	447,398	229,353	218,045	218,045	0	0
Total	**5,578,824**	**269,319**	**5,309,505**	**5,612,113**	**51,855**	**(354,463)**

The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured at either fair value (derivatives, other financial instruments) or amortized cost (loans and advances, deposits and other financial instruments). All amounts have been reconciled to the line item in the statement of financial position.

(41) Derivative financial instruments

2014	Nominal amount by maturity				Fair values	
in € thousand	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	Positive	Negative
Total	**81,304,807**	**77,731,140**	**45,932,753**	**204,968,700**	**5,995,284**	**(6,387,785)**
Interest rate contracts	**31,290,822**	**62,842,740**	**41,822,090**	**135,955,652**	**4,423,428**	**(3,412,182)**
OTC products						
Interest rate swaps	23,289,120	53,169,682	37,369,076	113,827,878	4,238,078	(3,229,308)
Interest rate futures	2,598,676	1,187,433	114,206	3,900,314	2,445	(5,974)
Interest rate options – purchased	963,940	3,019,331	1,959,025	5,942,296	181,949	0
Interest rate options – sold	1,022,327	3,125,880	2,270,012	6,418,219	0	(174,145)
Products trading on stock exchange						
Interest rate futures	1,111,761	2,340,415	109,771	3,561,947	705	(2,344)
Interest rate options	2,304,998	0	0	2,304,998	252	(412)
Foreign exchange rate and gold contracts	**48,155,734**	**11,223,947**	**2,946,772**	**62,326,453**	**1,488,125**	**(1,812,600)**
OTC products						
Cross-currency interest rate swaps	5,324,308	10,148,983	2,894,636	18,367,927	626,486	(725,948)
Forward foreign exchange contracts	38,870,839	660,034	9,625	39,540,499	807,490	(1,016,863)
Currency options – purchased	1,717,633	204,435	0	1,922,068	48,594	0
Currency options – sold	1,877,746	206,026	0	2,083,772	(0)	(51,903)
Other similar currency contracts	0	0	0	0	0	0
Gold commodity contracts	0	2,969	0	2,969	41	0
Products trading on stock exchange						
Currency contracts (futures)	365,208	0	0	365,208	5,482	(3,287)
Other similar currency contracts[1]	0	1,500	42,511	44,011	34	(14,600)
Equity/index contracts	**1,705,372**	**1,895,477**	**1,137,395**	**4,738,244**	**63,801**	**(1,017,878)**
OTC products						
Equity-/index-based options - purchased	196,966	365,123	147,191	709,280	51,985	0
Equity-/index-based options - sold	158,758	662,627	451,612	1,272,997	0	(102,752)
Other similar equity/index contracts	29,551	56,699	0	86,250	204	(1,151)
Products trading on stock exchange						
Equity/index futures - forward pricing	626,012	55	0	626,067	1,081	(2,082)
Equity/index futures	517,081	97,421	0	614,503	9,740	(13,463)
Other similar equity/index contracts[1]	177,005	713,552	538,592	1,429,148	791	(898,429)
Commodities	**80,358**	**212,477**	**14,338**	**307,172**	**1,671**	**(103,039)**
Credit derivatives	**57,419**	**1,536,077**	**0**	**1,593,496**	**18,110**	**(17,395)**
Precious metals contracts	**15,103**	**20,422**	**12,158**	**47,682**	**148**	**(24,690)**

1 Other similar equity/index contracts and other similar currency contracts traded on stock exchange are separately reported in 2014.

The surplus of negative market values for equity/index contracts is offset by shares purchased for hedging purposes. These shares are recorded unter trading assets and are not shown in the above table.

2013	Nominal amount by maturity				Fair values	
in € thousand	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	Positive	Negative
Total	**77,483,424**	**65,092,585**	**42,399,755**	**184,975,765**	**4,183,443**	**(4,363,475)**
Interest rate contracts	**30,013,765**	**52,940,821**	**39,592,373**	**122,546,959**	**3,357,337**	**(2,727,362)**
OTC products						
Interest rate swaps	25,214,786	46,423,724	34,896,400	106,534,910	3,189,936	(2,557,855)
Interest rate futures	2,719,513	165,871	0	2,885,384	2,453	(2,614)
Interest rate options – purchased	964,274	2,832,996	2,012,651	5,809,921	159,509	0
Interest rate options – sold	652,464	2,912,026	2,519,305	6,083,795	0	(166,001)
Other similar contracts	11,278	0	0	11,278	0	0
Products trading on stock exchange						
Interest rate futures	451,450	606,204	124,017	1,181,672	5,165	(893)
Interest rate options	0	0	40,000	40,000	274	0
Foreign exchange rate and gold contracts	**45,597,204**	**9,029,862**	**2,379,681**	**57,006,747**	**746,109**	**(653,515)**
OTC products						
Cross-currency interest rate swaps	5,188,240	7,990,510	2,342,277	15,521,027	228,271	(313,838)
Forward foreign exchange contracts	36,228,365	803,930	22,667	37,054,962	471,750	(263,912)
Currency options – purchased	1,984,514	117,004	0	2,101,519	43,199	0
Currency options – sold	1,870,663	118,417	0	1,989,081	0	(48,226)
Other similar currency contracts	0	0	0	0	0	0
Gold commodity contracts	23,654	0	14,737	38,391	7	(25,044)
Other contracts on gold basis	0	0	0	0	125	0
Products trading on stock exchange						
Currency contracts (futures)	301,768	0	0	301,768	2,757	(2,495)
Equity/index contracts	**1,507,466**	**1,507,254**	**404,101**	**3,418,821**	**59,334**	**(840,495)**
OTC products						
Equity-/index-based options - purchased	64,143	386,892	122,448	573,483	31,690	0
Equity-/index-based options - sold	170,754	455,754	75,364	701,871	0	(62,896)
Other similar equity/index contracts	184,188	600,660	206,288	991,136	1,529	(740,417)
Products trading on stock exchange						
Equity/index futures - forward pricing	769,345	597	0	769,942	16,879	(28,816)
Equity/index futures	319,036	63,351	0	382,387	9,237	(8,366)
Commodities	**201,584**	**170,660**	**11,415**	**383,659**	**10,294**	**(115,948)**
Credit derivatives	**115,758**	**1,431,265**	**0**	**1,547,023**	**10,325**	**(8,721)**
Precious metals contracts	**47,647**	**12,724**	**12,186**	**72,556**	**43**	**(17,433)**

(42) Fair value of financial instruments

In the Group fair value is primarily measured based on external data sources (mainly stock exchange prices or broker quotations in highly liquid markets). Financial instruments which are measured using quoted market prices are mainly listed securities and derivatives and also liquid bonds which are traded on OTC markets. These financial instruments are assigned to Level I of the fair value hierarchy.

In the case of a market valuation where the market cannot be considered an active market because of its restricted liquidity, the underlying financial instrument is assigned to Level II of the Fair Value hierarchy. If no market prices are available, these financial instruments are measured using valuation models based on observable market data. These observable market data are mainly reproducible yield curves, credit spreads and volatilities. The Group generally uses valuation models which are subject to an internal audit by the Market Risk Committee in order to ensure appropriate measurement parameters.

If fair value cannot be measured using either insufficiently regularly quoted market prices (Level I) or using valuation models which are entirely based on observable market prices (Level II), then individual input parameters which are not observable on the market are estimated using appropriate assumptions. If parameters which are not observable on the market have a significant impact on the measurement of the underlying financial instrument, it is assigned to Level III of the fair value hierarchy. These measurement parameters which are not regularly observable are mainly credit spreads derived from internal estimates.

Assigning certain financial instruments to the level categories requires regular assessment, especially if measurement is based on both observable parameters and also parameters which are not observable on the market. The classification of an instrument can also change over time because of changes in market liquidity and thus price transparency.

Fair value of financial instruments reported at fair value

Bonds are primarily measured using prices that can be realized in the market. If no quotations are available, the securities are measured using the discounted cash flow model. The measurement parameters used here are the yield curve and an adequate credit spread. The credit spread is calculated using comparable financial instruments which are available on the market. For a small part of the portfolio, a conservative approach was selected and credit default spreads were used for measurement. External measurements by third parties are also taken into account, all of which are indicative in nature. Items are assigned to levels at the end of the reporting period.

At Group standard, well-known valuation techniques are used to measure OTC derivatives. For example, interest rate swaps, cross currency swaps or forward rate agreements are measured using the customary discounted cash flow model for these products. OTC options, such as foreign exchange options or caps and floors, are based on valuation models which are in line with market standards. For the products mentioned as examples, these would include the Garman-Kohlhagen model, Black-Scholes 1972 and Black 1976. Complex options are measured using binomial tree models and Monte-Carlo simulations.

To determine the fair value a credit value adjustment (CVA) is also necessary to reflect the counterparty risk associated with OTC derivative transactions, especially of those contractual partners with whom hedging via credit support annexes has not yet been conducted. This amount represents the respective estimated market value of a security which could be used to hedge against the credit risk of the counterparties to the Group's OTC derivative portfolios.

For OTC derivatives, credit value adjustments (CVA) and debit value adjustments (DVA) are used to cover expected losses from lending business. The CVA will depend on the expected future exposure (expected positive exposure) and the probability of default of the contractual partner. The DVA is determined based on the expected negative exposure and on RBI's credit quality. The expected positive exposure is calculated by simulating a large number of scenarios for future points in time, taking into account all available risk factors (e.g. currency and yield curves). OTC derivatives are measured at market values taking into account these scenarios at the respective future points in time and are aggregated at counterparty level in order to then ascertain the expected positive exposure for all points in time. Counterparties with CSA contracts (credit support annex contracts) are included in the calculation for the first time from 31 December 2014. Here, the expected exposures are not calculated directly from simulated market values, but from a future expected change in market values based on a "margin period of risk" of 10 days.

A further element of the CVA involves determining a probability of default for each counterparty. Where direct credit default swap (CDS) quotations are available, the Group calculates the market-based probability of default and, implicitly, the loss-given-default (LGD) for the respective counterparty. The probability of default for counterparties which are not actively traded on the market is calculated by assigning a counterparty's internal rating to a sector and rating-specific CDS curve. The valuation result due to changed credit risk of the counterparty is disclosed under Notes (5) Net trading income, interest-based transactions.

The DVA is determined by the expected negative exposure and by RBI's credit quality and represents the value adjustment for own probability of default. The method of calculation is similar to that for the CVA, but the expected negative market value is used instead of the expected positive market value. Instead of the expected positive exposures, expected negative exposures are calculated from the simulated future aggregated counterparty market values; these represent the expected debt which we have to the counterparty at the respective future points in time. Values implied by the market are also used to calculate the own probability of default. Direct CDS quotations are used where available. If no CDS quotation is available, the own probability of default is calculated by assigning the own rating to a sector and rating-specific CDS curve. The net valuation due to the changed credit risk of the counterparty is shown in note (5) net trading income, interest-based transactions.

In the following tables, the financial instruments reported at fair value in the statement of financial position are grouped according to items in the statement of financial position and classified according to measurement category. A distinction is made as to whether the measurement is based on quoted market prices (Level I), or whether the valuation models are based on observable market data (Level II) or on parameters which are not observable on the market (Level III). Items are assigned to levels at the end of the reporting period.

in € thousand	2014 Level I	Level II	Level III	2013 Level I	Level II	Level III
Trading assets	**3,133,374**	**5,246,792**	**114,517**	**4,072,475**	**3,718,663**	**164,884**
Positive fair values of derivatives[1]	158,754	4,822,166	72,603	71,664	3,445,601	88,009
Shares and other variable-yield securities	345,500	2,086	237	402,759	4,460	306
Bonds, notes and other fixed-interest securities	2,629,120	422,540	41,677	3,598,052	268,603	76,569
Call/time deposits from trading purposes	0	0	0	0	0	0
Loans held for trading	0	0	0	0	0	0
Financial assets at fair value through profit or loss	**6,711,618**	**332,688**	**86,279**	**5,150,021**	**3,645,436**	**22,131**
Shares and other variable-yield securities	240,425	0	3,720	323,424	108,836	4,889
Bonds, notes and other fixed-interest securities	6,471,193	332,688	82,559	4,826,597	3,536,600	17,242
Financial assets available-for-sale	**1,881,248**	**583,237**	**332,243**	**1,423,039**	**5,591**	**263,206**
Other interests	3,477	0	0	4,435	0	0
Bonds, notes and other fixed-interest securities	1,877,164	583,237	82,242	1,418,604	5,591	11,627
Shares and other variable-yield securities	607	0	250,001	0	0	251,580
Derivatives (hedging)	**0**	**941,575**	**187**	**0**	**549,903**	**23,101**
Positive fair values of derivatives from hedge accounting	0	941,575	187	0	549,903	23,101

1 Including other derivatives.
2 Includes only securities traded on the stock exchange.

Level I Quoted market prices.
Level II Valuation techniques based on market data.
Level III Valuation techniques not based on market data.

in € thousand	2014 Level I	Level II	Level III	2013 Level I	Level II	Level III
Trading liabilities	**555,458**	**6,795,374**	**27,342**	**632,591**	**4,735,202**	**23,894**
Negative fair values of derivative financial instruments[1]	128,449	6,039,341	19,446	130,831	4,082,610	16,640
Call/time deposits from trading purposes	0	0	0	0	0	0
Short-selling of trading assets	427,010	71,062	0	501,760	49,699	0
Certificates issued	0	684,972	7,896	0	602,893	7,254
Liabilities at fair value through profit and loss	**0**	**2,595,682**	**0**	**0**	**2,612,277**	**0**
Debt securities issued	0	2,130,029	0	0	2,121,500	0
Subordinated capital	0	465,653	0	0	490,777	0
Derivatives (hedging)	**0**	**200,549**	**0**	**0**	**132,536**	**0**
Negative fair values of derivatives from hedge accountin	0	200,549	0	0	132,536	0

1 Including other derivatives.

Level I Quoted market prices.
Level II Valuation techniques based on market data.
Level III Valuation techniques not based on market data.

Movements between Level I and Level II

For each financial instrument, a check is made whether quoted market prices are available on an active market (Level I). For financial instruments where there are no quoted market prices, observable market data such as yield curves are used to calculate fair value (Level II). Reclassification takes place if this estimate changes.

If instruments are reclassified from Level I to Level II, this means that market quotations were previously available for these instruments but are no longer so. These securities are now measured using the discounted cash flow model, using the respective valid yield curve and the appropriate credit spread.

If instruments are reclassified from Level II to Level I, this means that the measurement results were previously calculated using the discounted cash flow model but that market quotations are now available and can be used for measurement.

In 2014, mainly bonds and other fixed-income securities in the amount of € 11,057 thousand were transferred from Level II to Level I driven by higher market liquidity of individual products.

Movements in Level III of financial instruments at fair value

If at least one significant measurement parameter is not observable on the market, this instrument is assigned to Level III of the fair value hierarchy. The following tables show the changes in the fair value of financial instruments whose valuation models are based on unobservable parameters.

in € thousand	As at 1/1/2014	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	164,884	0	(2,816)	28,107	(89,523)
Financial assets at fair value through profit or loss	23,710	0	(1,692)	52,013	(38,883)
Financial assets available-for-sale	261,627	0	(324)	25,257	(179)
Derivatives (hedging)	23,101	0	146	187	(25,170)

in € thousand	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 31/12/2014
Trading assets	15,418	0	43	(1,595)	114,517
Financial assets at fair value through profit or loss	2,953	0	48,179	(1)	86,279
Financial assets available-for-sale	(8,904)	(4)	54,770	0	332,243
Derivatives (hedging)	(118)	2,041	0	0	187

in € thousand	As at 1/1/2014	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	23,894	0	0	6,027	0

in € thousand	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 31/12/2014
Trading liabilities	(2,579)	0	0	0	27,342

In 2014, gains and losses resulting from financial instruments of the level III fair value hierarchy amounted to minus € 6,770 thousand (2013: € 8,971 thousand).

Qualitative information for the measurement of Level III financial instruments

Financial assets	Type	Fair value in € thousand	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Shares and other variable-yield securities	Closed end real estate fund	237	Net asset value	Haircuts	20 - 50%
Shares and other variable-yield securities	Shares	253,720	Approximation method	–	n/a
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	158,286	Discounted cash flow method	Credit spread	2 - 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	48,567	Broker estimate	Probability of default Loss severity Expected prepayment rate	n/a
Positive fair value of banking book derivatives without hedge accounting	Forward foreign exchange contracts	72,416	Discounted cash flow method	Interest rate	10 - 30%
Total		**533,226**			

Financial liabilities	Type	Fair value in € thousand	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of banking book derivatives without hedge accounting	OTC options	19,446	Option model	Closing period Currency risk LT volatility Index category	2 - 16% 0 - 5% 0 - 3% 0 - 5%
Issued certificates for trading purposes	Certificates	7,896	Option model	Closing period Bid-Ask spread LT volatility Index category	0 - 3% 0 - 3% 0 - 3% 0 - 2.5%
Total		**27,342**			

Fair value of financial instruments not reported at fair value

Fair values which are different from the carrying amount are calculated for fixed-interest loans and advances to and deposits from banks or customers, if the remaining maturity is more than one year. Variable-interest loans and advances and deposits are taken into account if they have an interest rollover period of more than one year. The fair value of loans and advances is calculated by discounting future cash flows and using interest rates at which similar loans and advances with the same maturities could have been granted to customers with similar creditworthiness. Moreover, the specific credit risk and collateral are considered for the calculation of fair values for loans and advances.

2014 in € thousand	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	9,221,481	0	9,221,481	9,221,481	0
Loans and advances to banks	0	10,151,576	8,706,302	18,857,878	18,776,941	80,937
Loans and advances to customers	0	19,916,851	60,684,679	80,601,529	81,409,024	(807,495)
Financial investments	5,737,189	4,283,978	2,290,702	12,311,869	12,066,957	244,912
Liabilities						
Deposits from banks	0	17,094,612	16,404,740	33,499,353	33,200,342	299,010
Deposits from customers	0	26,916,479	48,557,205	75,473,685	75,167,744	305,941
Debt securities issued	2,419,478	3,705,096	1,776,060	7,900,635	7,764,512	136,122
Subordinated capital	0	3,773,191	532,404	4,305,595	3,841,912	463,684

2013 in € thousand	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	8,246,471	0	8,246,471	8,246,471	0
Loans and advances to banks	0	16,657,868	5,842,475	22,500,344	22,532,277	(31,933)
Loans and advances to customers	0	20,268,017	63,759,900	84,027,918	84,722,625	(694,708)
Financial investments	4,736,155	612,673	2,069,696	7,418,524	7,409,953	8,571
Liabilities						
Deposits from banks	0	26,389,191	7,444,428	33,833,620	33,732,544	101,075
Deposits from customers	0	34,896,619	40,871,115	75,767,734	75,660,310	107,424
Debt securities issued	2,242,414	8,992,642	173,564	11,408,620	11,330,600	78,020
Subordinated capital	0	3,621,041	137,731	3,758,772	3,689,972	68,799

(43) Contingent liabilities and commitments

in € thousand	2014	2013
Contingent liabilities	**10,632,268**	**11,552,813**
Acceptances and endorsements	62,929	38,141
Credit guarantees	6,297,589	6,233,037
Other guarantees	2,323,032	2,660,200
Letters of credit (documentary business)	1,396,379	2,188,542
Other contingent liabilities	552,338	432,893
Commitments	**10,423,451**	**10,752,599**
Irrevocable credit lines and stand-by facilities	10,423,451	10,752,599
Up to 1 year	3,116,115	2,937,010
More than 1 year	7,307,336	7,815,589

The following table contains revocable credit lines which are according to Basel III not yet related to credit risk:

in € thousand	2014	2013
Revocable credit lines	**17,639,786**	**16,885,611**
Up to 1 year	11,869,281	12,216,021
More than 1 year	3,600,912	3,823,609
Without maturity	2,169,593	845,981

Raiffeisen Zentralbank and Raiffeisen Bank International AG are members of the Raiffeisen-Kundengarantiegemeinschaft Österreich. The members of this association assume a contractually agreed liability stating that together, they will guarantee to fulfill all customer deposits and own issues of an insolvent member up to the limit which results from the total of the financial strength of each individual member institution within the corresponding deadlines. The financial strength of a member institution depends on its freely available reserves taking into account the relevant rules according to the Austrian Banking Act (BWG).

Risk report

(44) Risks arising from financial instruments

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

Risk management principles

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

- Integrated risk management: Credit and country risks, participation, market and liquidity risks, 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.

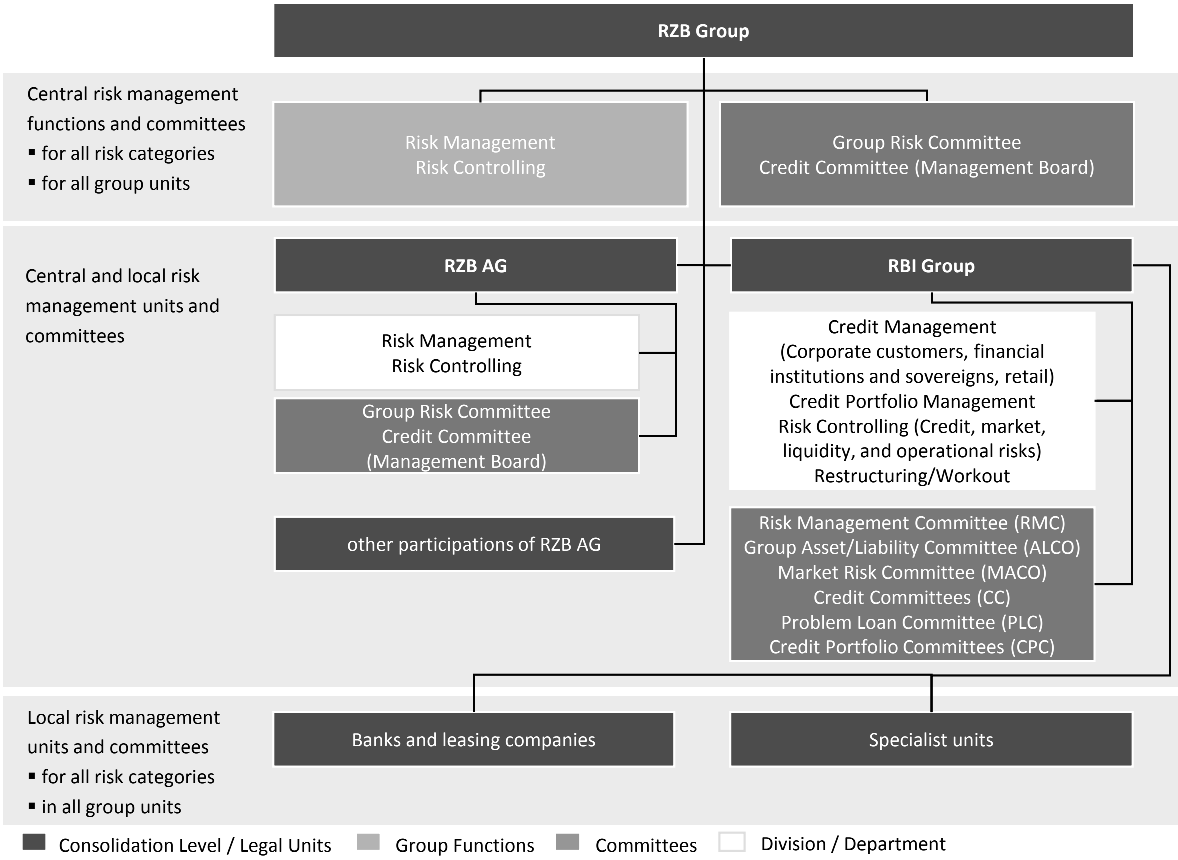
- Standardized methodologies: Risk measurement and risk limitation methods are standardized Group-wide in order to ensure a consistent and coherent approach to risk management. This is efficient for the development of risk management methods and it forms the basis for consistent overall bank management 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.

Basically, risk management functions are performed on different levels in the Group. Raiffeisen Zentralbank as the parent credit institution concluded several Service Level Agreements with risk management units of RBI AG which develop and implement the relevant concepts in coordination with the subsidaries 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, for 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 commitees

The Group Risk Committee is the highest decision-making body for all risk-relevant issues of the Group. It determines the risk management methods and steering concepts to be implemented for the Group as a whole and its key parts. These include risk tolerance, various risk budgets, limits at overall bank level and monitoring the current risk situation, with appropriate management measures.

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 performs in this context key functions relating to refinancing planning and determining measures for safeguarding against structural risks.

The Market Risk Committee controls market risks of trading and banking book transactions of the Group 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 Problem Loan Committee (PLC) is the most important committee in the judgment and decision-making process concerning problem loans. It comprises primarily 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 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 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, Internal control system (IKS), Operations, Human Resources, 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 auditing

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 Raiffeisen Zentralbank 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 it is represented by branches or subsidiaries.

Overall bank risk management

Maintaining an adequate level of capital is a core objective of risk management 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 RZB credit institution group (RZB-Kreditinstitutsgruppe) on an annual basis.

Objective	Description of risk	Measurement technique	Confidence level
Target rating perspective	Risk of not being able to satisfy claims of the Group´s senior debt holders	Unexpected losses on an annual basis (economic capital) must not exceed the present value of equity and subordinated liabilities	99.92 per cent as derived from the default probability implied by the target rating
Going concern perspective	Risk of not meeting the capital requirement as defined in the CRR regulations	Risk-taking capacity (projected earnings plus capital exceeding regulatory requirements) must not fall below the annualized value-at-risk of the Group	95 per cent presuming the owners´ willingness to inject additional own funds
Sustainability perspective	Risk of falling short of a sustainable tier 1 ratio over a full business cycle	Capital and loss projection for a three-year planning period based on a severe macroeconomic downturn scenario	70–90 per cent based on the management decision that the Group might be required to temporarily reduce risks or raise additional capital

Target rating perspective

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

The objective of calculating economic capital is to determine the amount of capital that would be required for servicing all of the claims of customers and creditors even in the case of such an extremely rare loss event. The Group uses a confidence level of 99.92 per cent for calculating economic capital. This confidence level is derived from the probability of default implied by the target rating. Based on the empirical analysis of rating agencies, the selected confidence level corresponds to a rating of 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.

During the year, the economic capital of the Group decreased to € 8,116,458 thousand. The key drivers of the decrease were the change of the confidence level and a decline in credit exposure due to the devaluation of the Russian rouble and the Ukrainian hryvnia. The devaluation effect was however due to the high volatility of the Russian rouble in December partly offset by the increased market risk as at end of reporting date. At 16.9 per cent, the share of market risk to total economic capital more than doubled year-on-year. As at end of reporting date, credit risk accounted for 54 per cent (2013: 66 per cent) of economic capital. CVA risk firstly added in 2014 to the calculation of economic capital amounted to less than 1 per cent of economic capital. Moreover, a general buffer for other risks of unchanged 5 per cent of calculated economic capital is added.

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. Total utilization of available risk capital (the ratio of economic capital to internal capital) was 70.4 per cent at year-end (2012: 64.5 per cent).

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. 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 remuneration of the Group's executive management.

Risk distribution of individual risk types to economic capital:

in € thousand	2014	Share	2013	Share
Credit risk corporate customers	1,984,996	24.5%	2,789,077	31.9%
Credit risk retail customers	1,629,304	20.1%	2,147,115	24.6%
Market risk	1,367,626	16.9%	638,022	7.3%
Operational risk	676,042	8.3%	734,193	8.4%
Credit risk sovereigns	489,046	6.0%	505,733	5.8%
Macroeconomic risk	462,000	5.7%	192,802	2.2%
Participation risk	434,035	5.3%	370,537	4.2%
Other tangible fixed assets	316,882	3.9%	333,450	3.8%
Credit risk financial institutions	236,716	2.9%	320,456	3.7%
Liquidity risk	92,822	1.1%	297,414	3.4%
CVA risk	40,481	0.5%	0	0.0%
Risk buffer	386,508	4.8%	416,440	4.8%
Total	**8,116,458**	**100.0%**	**8,745,239**	**100.0%**

Going concern perspective

Parallel to the target rating perspective, internal capital adequacy is assessed with focus on the uninterrupted operation of the Group on a going concern basis. In this perspective, risks again are compared to risk taking capacity –with a focus on regulatory capital and total capital requirements.

In line with this target, risk taking capacity is calculated as the amount of expected profits, expected impairment losses, and the excess of total capital (taking into account various limits on eligible capital). This capital amount is compared to the overall value-at-risk (including expected losses). Quantitative models used in the calculation thereof are mostly comparable to the target rating perspective, (albeit on a lower 95 per cent confidence level). Using this perspective the Group ensures adequate regulatory capitalization (going concern) with the given probability.

Sustainability perspective

The main goal of the sustainability perspective is to ensure that the Group can maintain a sufficiently high tier 1 ratio at the end of the multi-year planning period also in a severe macroeconomic downturn scenario. This analysis is based on a multi-year macroeconomic stress test where hypothetical market developments in a severe but realistic economic downturn scenario are simulated. The risk parameters considered 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 tier 1 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 tier 1 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.

This perspective thus also complements traditional risk measurement based on the value-at-risk concept (which is in general based on historic data). Therefore it can incorporate exceptional market situations that have not been observed in the past and it is possible to estimate the potential impact of such developments. The stress test also allows for analyzing risk concentrations (e.g., individual positions, industries, or geographical regions) and gives insight into the profitability, liquidity situation, and solvability under extreme situations. Based on these analyses risk management in the Group enhances portfolio diversification, for example via limits for the total exposure of individual industry segments and countries and through ongoing updates to its lending standards.

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 the Group, is supported by the Global Account Management System (GAMS), 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.

The following table translates items of the statement of financial position (bank and trading book positions) into the maximum credit exposure, which is used in portfolio management. It includes exposures on and off the statement of financial position before the application of credit-conversion factors and thus represents the total credit exposure. It is not reduced by the effects of credit risk mitigation like for example guarantees and physical collateral, effects that are, however, considered in the total assessment of credit risks. The total credit exposure is used – if not explicitly stated otherwise – for showing exposures in all subsequent charts in the risk report. The reasons for different values used for internal portfolio management and external financial accounting are the different scope of consolidation (regulatory vs. accounting rules according to IFRS, i.e. corporate legal basis), different classification and presentation of exposure volumes.

Reconciliation of figures from the IFRS consolidated financial statements to total credit exposure (according to CRR)

in € thousand	2014	2013
Cash reserve	6,195,099	5,737,634
Loans and advances to banks	18,891,578	22,650,421
Loans and advances to customers	87,741,358	90,594,260
Trading assets	7,868,284	7,535,053
Derivatives	1,568,161	993,974
Financial investments	19,201,356	15,036,608
Other assets	1,071,071	275,884
Contingent liabilities	10,632,268	11,552,813
Commitments	10,423,451	10,752,599
Revocable credit lines	17,639,786	16,885,611
Description differences	(5,177,343)	(4,373,490)
Total[1]	**176,055,069**	**177,641,367**

1 Items on the statement of financial position contain only credit risk parts.

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 ten 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).

Credit portfolio – Corporates

The internal rating models for corporate customers take into account qualitative parameters and several ratios of the statement of financial position and profit ratios covering different aspects of customer credit-worthiness for various industries and countries. In addition, the model for smaller corporates also includes an account behavior component.

The following table shows the total credit exposure according to internal rating of corporates (large corporates and mid-market). For a better readability, the individual grades of the rating scale are summarized to the nine main rating grades.

in € thousand		2014	Share	2013[1]	Share
1	Minimal risk	4,291,375	5.5%	3,593,920	4.3%
2	Excellent credit standing	10,506,550	13.4%	10,893,103	13.2%
3	Very good credit standing	9,496,232	12.1%	10,289,144	12.4%
4	Good credit standing	10,612,215	13.5%	10,577,542	12.8%
5	Sound credit standing	14,729,105	18.7%	13,882,308	16.8%
6	Acceptable credit standing	11,676,207	14.8%	13,267,324	16.0%
7	Marginal credit standing	6,150,359	7.8%	7,560,789	9.1%
8	Weak credit standing / sub-standard	2,795,788	3.6%	3,284,120	4.0%
9	Very weak credit standing / doubtful	1,617,029	2.1%	2,118,522	2.6%
10	Default	6,345,897	8.1%	5,868,141	7.1%
NR	Not rated	479,079	0.6%	1,443,892	1.7%
Total		**78,699,836**	**100.0%**	**82,778,803**	**100.0%**

1 Adaptation of previous year figures due to harmonization of master scales

Within the framework of harmonization and continuing development of master scales, movements in the individual rating grades occured. The previous year figures were adapted accordingly.

Compared to year-end 2013, the maximum credit exposure to corporates decreased € 4,078,967 thousand to € 78,699,836 thousand (2013: € 82,778,803 thousand). At 95.1 per cent or € 74,842,411 thousand (2013: € 78,517,943 thousand) the subgroup Raiffeisen Bank International was the largest segment.

The rating model for project finance has five different grades which provide both individual default probabilities and collateral. The project finance volume is composed as shown in the table below:

in € thousand		2014	Share	2013	Share
6.1	Excellent project risk profile – very low risk	3,668,308	41.1%	3,508,121	38.1%
6.2	Good project risk profile – low risk	3,166,844	35.4%	3,109,478	33.8%
6.3	Acceptable project risk profile – average risk	821,815	9.2%	1,333,872	14.5%
6.4	Poor project risk profile – high risk	509,459	5.7%	630,862	6.8%
6.5	Default	769,470	8.6%	617,154	6.7%
NR	Not rated	0	0.0%	13,373	0.1%
Total		**8,935,897**	**100.0%**	**9,212,861**	**100.0%**

The maximum credit exposure in project finance amounted to € 8,935,897 thousand (2013: € 9,212,861 thousand) at year-end 2014. At 76.5 per cent (2013: 71.9 per cent), projects rated in the two best rating grades excellent project risk profile – very low risk (rating 6.1) or good project risk profile – low risk (rating 6.2) accounted for the highest share of the portfolio. This reflects mainly the high level of collateralization in specialized lending transactions. The increase of € 160,187 thousand in rating grade 6.1 resulted mainly from new business. The decrease of € 512,057 thousand in rating grade 6.3 resulted from rating upgrades, especially in the Polish and the Russian portfolio, finished project financing and a rating downgrade in project finance in Canada to 6.5.

The following table provides a breakdown by country of risk of the maximum credit exposure for corporate customers and project finance structured by regions:

in € thousand	2014	Share	2013[1]	Share
Central Europe	22,890,603	26.1%	23,142,532	25.2%
Austria	18,324,322	20.9%	19,205,366	20.9%
Russia	11,782,080	13.4%	13,500,611	14.7%
Western Europe	10,283,248	11.7%	8,867,161	9.6%
Southeastern Europe	10,924,599	12.5%	11,630,213	12.6%
Asia	4,995,724	5.7%	5,955,655	6.5%
CEE Other	3,792,321	4.3%	4,561,519	5.0%
Other	4,642,837	5.3%	5,128,605	5.6%
Total	**87,635,733**	**100.0%**	**91,991,664**	**100.0%**

1 Adaption of previous year figures due to different mapping.

The table below provides a breakdown of the maximum credit exposure for corporates and project finance selected by industries:

in € thousand	2014	Share	2013	Share
Wholesale and retail trade	19,602,630	22.4%	20,938,228	22.8%
Manufacturing	18,465,837	21.1%	18,589,054	20.2%
Real estate	11,027,036	12.6%	10,136,088	11.0%
Financial intermediation	10,253,033	11.7%	8,460,662	9.2%
Freelance/technical services	4,532,006	5.2%	7,345,086	8.0%
Construction	6,100,893	7.0%	6,832,751	7.4%
Electricity, gas, steam and hot water supply	3,492,331	4.0%	4,228,358	4.6%
Transport, storage and communication	3,798,894	4.3%	3,876,658	4.2%
Other industries	10,363,073	11.8%	11,584,779	12.6%
Total	**87,635,733**	**100.0%**	**91,991,664**	**100.0%**

Credit portfolio – Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SME). For retail customers a two-fold scoring system is used – consisting of the initial and ad-hoc scoring based on customer data and of the behavioral scoring based on account data. The table below provides a breakdown of the maximum retail credit exposure of the Group:

in € thousand	2014	Share	2013	Share
Retail customers – private individuals	32,336,978	91.7%	32,964,494	91.1%
Retail customers – small and medium-sized entities	2,926,902	8.3%	3,210,132	8.9%
Total	**35,263,881**	**100.0%**	**36,174,626**	**100.0%**
hereof non-performing loans	2,699,046	7.7%	3,013,711	8.3%
hereof individual loan loss provision	1,908,252	5.4%	1,967,313	5.4%
hereof portfolio-based loan loss provision	204,692	0.6%	192,216	0.5%

Compared to year-end 2013, the retail credit portfolio decreased € 910,745 thousand to € 35,263,881 thousand (2013: € 36,174,626 thousand) which was mainly due to a decline of € 1,232,443 thousand in Russia resulting from currency devaluation of the Russian rouble. The decline was partly offset by an increase in Southeastern Europe (up € 469,785 thousand). The development of the Ukrainian hryvnia also negatively impacted retail credit portfolio.

The highest volume of € 16,989,711 thousand (2013: € 16,777,128 thousand) was booked in the region Central Europe, thus representing an increase of € 212,583 thousand compared to the previous year. This was mainly due to an increase in retail credit portfolio in the Czech Republic and in Slovakia (up € 821,793 thousand) which was compensated by a decline in credit exposure to private individuals in Poland. Southeastern Europe ranks second at € 7,954,732 thousand (2013: € 7,484,947 thousand).

In the table below the retail exposure selected by products is shown:

in € thousand	2014	Share	2013	Share
Mortgage loans	19,927,623	56.5%	19,547,099	54.0%
Personal loans	7,031,341	19.9%	7,752,298	21.4%
Overdraft	1,781,552	5.1%	1,875,733	5.2%
SME financing	1,871,582	5.3%	1,553,447	4.3%
Credit cards	2,551,371	7.2%	2,287,040	6.3%
Car loans	2,100,413	6.0%	3,159,008	8.7%
Total	**35,263,881**	**100.0%**	**36,174,626**	**100.0%**

The share of foreign currency loans in retail portfolio provides an indication for the potential change in default rates if the exchange rate of the domestic currency changes. The internal risk assessment thus takes into account the share of foreign currency loans but also the usually stricter lending criteria at loan distribution and – in several countries – the customers' matching foreign currency income.

in € thousand	2014	Share	2013	Share
Swiss franc	4,230,269	46.6%	4,560,404	50.4%
Euro	3,955,101	43.6%	3,557,010	39.3%
US-Dollar	883,630	9.7%	914,962	10.1%
Other foreign currencies	10,406	0.1%	10,829	0.1%
Loans in foreign currencies	**9,079,406**	**100.0%**	**9,043,205**	**100.0%**
Share of total loans	**25.7%**		**25.0%**	

Compared to year-end 2013, loans denominated in Swiss francs and US-Dollar decreased, while loan denominated in Euro increased.

Credit portfolio – Financial institutions

The financial institutions asset class mainly contains banks and securities firms. The internal rating model for these financial institutions is based on a peer-group approach that takes both qualitative and quantitative information into account. The final rating for financial institutions is capped by the country rating of the respective home country.

The following table shows the maximum credit exposure by internal rating for financial institutions. Due to the small number of customers (and number of defaults respectively), default probabilities of individual rating grades in this asset class are estimated based on a combination of internal and external data.

in € thousand		2014	Share	2013	Share
A1	Excellent credit standing	0	0.0%	244,612	0.9%
A2	Very good credit standing	1,970,895	7.9%	984,704	3.6%
A3	Good credit standing	10,642,987	42.5%	12,720,908	46.9%
B1	Sound credit standing	6,612,923	26.4%	8,152,469	30.1%
B2	Average credit standing	2,844,208	11.4%	1,835,670	6.8%
B3	Mediocre credit standing	1,275,391	5.1%	1,812,783	6.7%
B4	Weak credit standing	541,349	2.2%	522,709	1.9%
B5	Very weak credit standing	339,013	1.4%	303,924	1.1%
C	Doubtful/high default risk	123,653	0.5%	187,038	0.7%
D	Default	194,061	0.8%	213,498	0.8%
NR	Not rated	502,166	2.0%	123,355	0.5%
Total		**25,046,646**	**100.0%**	**27,101,673**	**100.0%**

The maximum credit exposure to financial institutions amounted to € 25,046,646 thousand (2013: € 27,101,673 thousand) at year-end 2014. At 42.5 per cent (2013: 46.9 per cent), rating grade A3 (good credit standing) recorded a decrease of € 2,077,921 thousand. This resulted mainly from a decline of loans to banks and money market business (minus € 2,617,952 thousand). The decline was partly offset by an increase of repo and swap businesses (up € 677,052 thousand). The medium rating grades from B1 (sound credit standing) to B3 (mediocre credit standing) represented about 42.9 per cent (2013: 43.6 per cent) of credit exposure.

The decrease of € 244,612 thousand in rating grade A1 was due to repayment of bonds, open framework credits and swap businesses as well as internal rating downgrades of the European Investment Bank from A1 to A2.

The share of not rated financial institutions was 2.0 per cent at year-end 2014. This exposure was mainly caused by short-term loans to small banks, where the rating process had not yet been completed.

Time deposits, securities lending business, potential future exposures from derivatives, sight deposits, and bonds are the main product categories in this asset class. These exposures therefore have high collateralization grades (e.g., in securities lending business or through netting-agreements) depending on the type of product.

The table below shows the maximum credit exposure to financial institutions (excluding central banks) selected by products:

in € thousand	2014	Share	2013[1]	Share
Money market	5,448,632	21.8%	6,859,927	25.3%
Derivatives	5,172,039	20.6%	4,401,370	16.2%
Loans	4,248,822	17.0%	5,063,045	18.7%
Repo	4,149,703	16.6%	4,683,460	17.3%
Bonds	3,486,776	13.9%	3,371,155	12.4%
Other	2,540,674	10.1%	2,722,716	10.0%
Total	**25,046,646**	**100.0%**	**27,101,673**	**100.0%**

1 Adaption of previous year figures due to different mapping.

Credit exposure – Sovereigns

Another asset class is formed by central governments, central banks, and regional municipalities as well as other public sector entities. The table below provides a breakdown of the credit exposure to sovereigns (including central banks) by internal rating. Since defaults in this asset class are historically very rare, default probabilities are estimated using full data sets provided by external rating agencies.

in € thousand		2014	Share	2013	Share
A1	Excellent credit standing	7,488,685	26.6%	3,290,859	14.7%
A2	Excellent credit standing	2,428,606	8.6%	1,377,321	6.2%
A3	Good credit standing	4,754,899	16.9%	4,258,872	19.0%
B1	Sound credit standing	3,106,338	11.1%	2,954,356	13.2%
B2	Average credit standing	3,499,891	12.5%	1,081,206	4.8%
B3	Mediocre credit standing	1,721,149	6.1%	4,187,096	18.7%
B4	Weak credit standing	3,953,149	14.1%	3,683,680	16.5%
B5	Very weak credit standing	881,511	3.1%	1,404,209	6.3%
C	Doubtful/high default risk	272,248	1.0%	5,088	0.0%
D	Default	229	0.0%	36,899	0.2%
NR	Not rated	2,103	0.0%	93,820	0.4%
Total		**28,108,809**	**100.0%**	**22,373,406**	**100.0%**

The maximum credit exposure to sovereigns amounted to € 28,108,809 thousand (2013: € 22,373,406 thousand) at year-end 2014 and represented 16.0 per cent (2013: 15.3 per cent) of the total credit exposure.

The rating grade excellent credit standing (A1) showed the highest increase of € 4,197,826 thousand. This mainly resulted from the rise in the portfolio of Austrian and German government bonds (up € 2,878,330 thousand) and deposits at the Austrian National Bank (up € 901,601 thousand). At 26.6 per cent, rating grade A1 accounted for the highest share.

The increase in rating grade B2 mainly resulted on the one hand from rating upgrade of Romania (B3 to B2) and on the other hand from rating downgrade of Italy (B1 to B2). The credit exposure in rating grade C increased due to a rating downgrade of Ukraine from B5 to C.

The table below shows the credit exposure to sovereigns (including central banks) selected by products:

in € thousand	2014	Share	2013	Share
Bonds	18,064,849	64.3%	13,917,036	62.2%
Loans	8,535,231	30.4%	7,188,644	32.1%
Derivatives	790,564	2.8%	726,408	3.2%
Other	718,166	2.6%	541,317	2.4%
Total	**28,108,809**	**100.0%**	**22,373,406**	**100.0%**

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

in € thousand	2014	Share	2013[1]	Share
Hungary	2,646,246	38.7%	2,068,442	22.0%
Croatia	894,450	13.1%	989,510	10.5%
Albania	743,743	10.9%	843,639	9.0%
Bosnia and Herzegovina	432,491	6.3%	382,408	4.1%
Bulgaria	395,204	5.8%	551,388	5.9%
Serbia	310,056	4.5%	556,576	5.9%
Slovenia	301,321	4.4%	341,915	3.6%
Ukraine	267,167	3.9%	607,517	6.5%
Belarus	242,724	3.6%	278,645	3.0%
Romania	0	0.0%	2,235,455	23.8%
Other	596,987	8.7%	555,297	5.9%
Total	**6,830,390**	**100.0%**	**9,410,792**	**100.0%**

1 Adaption of previous year figures due to different mapping.

Compared to previous year, the credit exposure decreased to € 6,830,390 thousand (2013: € 9,410,792 thousand). This is mainly due to a rating upgrade of Romania from B3 to B2.

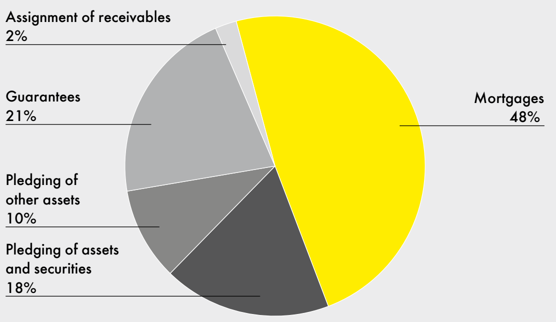
The exposure consists primarily of deposits of Group units with the local central banks in Central and Southeastern Europe. They are used for meeting the respective minimum reserve requirements and for managing the short-term investment of excess liquidity, and are therefore inextricably linked to the business activities in these countries.

Credit risk mitigation

Collateralization is one of the main strategies and an actively pursued measure for reducing potential credit risks. The value of collateral and the effect of other risk mitigation techniques are determined within each limit application. The risk mitigation effect taken into account is the value that the Group expects to receive when selling the collateral within a reasonable liquidation period. Eligible collateral are defined in the Group's collateral catalog and corresponding evaluation guidelines for collateral. The collateral value is calculated according to specified methods which include standardized calculation formulas based on market values, predefined minimum discounts, and expert assessments.

Collateral is divided into pledges (e.g. guarantees) and physical collateral. In the Group liens on residential or commercial properties are the main types of collateral used.

Collateral types



Loans and advances to banks and customers net of allocated loan loss provisions (net exposure), the additional exposure off the statement of financial position (contingent liabilities, commitments, and revocable credit lines), and the market prices (fair value) of collateral pledged in favor of the Group are shown in the following table:

2014 in € thousand	Maximum credit exposure Net exposure	Commitments/guarantees issued	Fair value of collateral
Banks	18,776,941	3,082,391	5,573,477
Sovereigns	1,582,673	391,295	617,749
Corporate customers – large corporates	47,271,576	30,640,820	31,232,594
Corporate customers – mid market	3,055,637	956,420	2,650,991
Retail customers – private individuals	27,048,211	3,121,461	19,100,417
Retail customers – small and medium-sized entities	2,450,927	541,339	1,883,124
Total	**100,185,965**	**38,733,726**	**61,058,351**

2013 in € thousand	Maximum credit exposure Net exposure	Commitments/guarantees issued	Fair value of collateral
Banks	22,532,277	3,312,806	4,248,475
Sovereigns	1,799,931	277,102	738,141
Corporate customers – large corporates	48,917,374	31,156,199	36,429,136
Corporate customers – mid market	3,110,998	914,341	2,548,941
Retail customers – private individuals	28,320,119	3,154,290	18,456,342
Retail customers – small and medium-sized entities	2,574,201	418,657	1,921,975
Total	**107,254,900**	**39,233,395**	**64,343,010**

Collateral ready to be sold or repledged in the absence of default of the debtor amounted to € 23,835,730 thousand (2013: € 23,696,372 thousand).

Problem loan management

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.

The assessment of the expected recovery value is heavily influenced by the number of days payments are late. The following table shows the amount of overdue – not impaired – loans and advances to banks and customers for different time bands.

2014 in € thousand	Current	Up to 30 days	More than 31 days, up to 90 days	Overdue More than 91 days, up to 180 days	More than 181 days, up to 1 year	More than 1 year	Collateral received for assets which are past due
Banks	18,758,104	455	181	7	0	4,452	0
Sovereigns	1,570,265	11,404	1,350	278	4	5	543
Corporate customers – large corporates	43,787,429	928,319	125,636	44,376	6,117	62,296	638,016
Corporate customers – mid market	2,730,467	78,900	21,731	7,959	3,262	9,216	119,966
Retail customers – private individuals	24,596,082	1,510,120	370,601	128,084	27,930	22,275	1,107,839
Retail customers – small and medium-sized entities	2,065,599	212,229	53,585	12,347	7,374	18,855	264,611
Total	**93,507,945**	**2,741,426**	**573,086**	**193,052**	**44,687**	**117,099**	**2,130,975**

2013 in € thousand	Current	Up to 30 days	More than 31 days, up to 90 days	Overdue More than 91 days, up to 180 days	More than 181 days, up to 1 year	More than 1 year	Collateral received for assets which are past due
Banks	22,501,688	27	26	1	0	1	0
Sovereigns	1,758,540	18,997	207	0	8	537	1,442
Corporate customers – large corporates	45,469,584	838,861	357,885	3,978	75,887	127,524	884,568
Corporate customers – mid market	2,735,906	184,054	72,485	18,529	7,851	5,353	214,278
Retail customers – private individuals	26,105,125	1,210,562	281,508	113,290	5,995	6,645	622,891
Retail customers – small and medium-sized entities	2,244,340	157,396	29,686	8,036	1,499	7,127	180,638
Total	**100,815,183**	**2,409,897**	**741,797**	**143,834**	**91,240**	**147,186**	**1,903,816**

Non-performing exposure not failed (NPE)

This chapter represents exclusively exposure without any reason for default according to Article 178 CRR. In the corporate division, the group distinguishes for loans, when terms or loan conditions are altered in favor of the customer, between modified and foreborne loans according to the valid definition of the EBA document „Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures)".

The crucial aspect deciding a loan is forborne is the financial situation of a customer at the time the terms and conditions are altered. Loans are defined as foreborne loans if at the time of altering the terms and conditions of a loan the customer, due to its creditworthiness (considering the internal rating and other information available at this point of date), is assessed to be in financial difficulties and the modification is assessed as concession. If this modification consequently leads to a further concession or to substantial overdue of more than 30 days, the credit exposure is considered as non-performing exposure (NPE), independent if a reason for default according to Article 178 CRR exists.

In the division retail customers restructured loans are subject to an observation period of at least three months in order to be sure that the customer meets the newly agreed terms. In those cases where the concerned customer meets the newly agreed terms and credit exposure was not overdue for 180 days before the new agreement, it is transferred from the portfolio in observation to the living portfolio. Those credit exposure already overdue for 180 days before the new agreements or those customers who did not meet the newly agreed terms, remain in the portfolio which is fully impaired.

The following table shows the non-performing exposure not failed according to asset classes:

in € thousand	2014	Share
Corporate customers	781,547	72.3%
Retail customers	298,776	27.6%
Banks	624	0.1%
Sovereigns	0	0.0%
Total	**1,080,948**	**100.0%**

In the Group, the regulations for forbearance pursuant to EBA/ITS/2013/03 from 21 October 2013 (final EBA draft of ITS for the regulatory reporting for forbearance and non-performing loans pursuant to Article 99 para 4, number 575/2013 CRR) are implemented. The first-time reporting to the Authority was carried out in the course of FINREP reporting in the third quarter 2014. For non-retail customers, financial difficulties are measured by means of an internal early warning system which is based on numerous representative and accepted input factors for customer risk classification (e.g. due days, rating downgrade etc.). IAS 39 requires that impairments must be derived from an incurred loss event; defaults according to Article 178 CRR are still the main indicators for individual and portfolio-based loan loss provisions. The transfer of forborne exposure to the living portfolio is not automatically done after the determined monitoring period. Additionally, an expertise has to be obtained confirming that the circumstances of the concerned customers have improved.

Failed non-performing loans and provisioning

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.

The following table shows the exposure of non-performing loans failed in the defined asset classes loans and advances to banks and loans and advances to customers as reported in the statement of financial position (excluding items off the statement of financial position):

in € thousand	As at 1/1/2014	Change in consolidated group/ Exchange differences	Additions/disposals	As at 31/12/2014
Corporate customers	6,231,760	(409,540)	942,160	6,764,379
Retail customers	3,011,895	(367,634)	43,681	2,687,943
Sovereigns	29,122	(1,707)	(27,185)	229
Total non-banks	**9,272,777**	**(778,881)**	**958,656**	**9,452,552**
Banks	153,469	(397)	(23,163)	129,909
Total	**9,426,246**	**(779,278)**	**935,492**	**9,582,461**

in € thousand	As at 1/1/2013	Change in consolidated group/ Exchange differences	Additions/disposals	As at 31/12/2013
Corporate customers	5,193,127	225,339	813,295	6,231,760
Retail customers	3,053,804	(2,274)	(39,634)	3,011,895
Sovereigns	57,216	(898)	(27,197)	29,122
Total non-banks	**8,304,146**	**222,167**	**746,464**	**9,272,777**
Banks	201,666	(2,321)	(45,876)	153,469
Total	**8,505,813**	**219,845**	**700,588**	**9,426,246**

The following table shows the share of NPL in the defined asset classes loans and advances to customers and loans and advances to banks as reported in the statement of financial position (excluding items off the statement of financial position):

	NPL		NPL ratio		NPL coverage ratio	
in € thousand	2014	2013	2014	2013	2014	2013
Corporate customers	6,764,379	6,231,760	12.4%	11.2%	62.4%	59.5%
Retail customers	2,687,943	3,011,895	8.5%	9.1%	78.6%	71.7%
Sovereigns	229	29,122	0.0%	1.6%	439.2%	17.6%
Total non-banks	**9,452,552**	**9,272,777**	**10.8%**	**10.2%**	**67.0%**	**63.1%**
Banks	129,909	153,469	0.7%	0.7%	88.2%	72.6%
Total	**9,582,461**	**9,426,246**	**9.0%**	**8.3%**	**67.3%**	**63.5%**

In 2014, in the asset class corporate customers, non-performing loans increased 8.5 per cent, or € 532,619 thousand, to € 6,764,379 thousand (2013: € 6,231,760 thousand). The ratio of non-performing loans to credit exposure rose 1.2 percentage points to 12.4 per cent; the NPL coverage ratio went up 2.9 percentage points to 62.4 per cent.

In the retail portfolio, NPL sank 10.8 per cent, or € 323,952 thousand, to € 2,687,973 thousand (2013: € 3,011,895 thousand). The ratio of non-performing loans to credit exposure decreased to 8.5 per cent, however the NPL coverage ratio went up 6.9 percentage points to 78.6 per cent.

The portfolio of NPL in the division financial institutions amounted to € 129,909 thousand (2013: € 153,469 thousand) at year-end, the NPL coverage ratio increased 15.6 percentage points to 88.2 per cent.

The following table shows the development of impairment losses on loans and provisions for liabilities off the statement of financial position and the corresponding items from the statement of financial position:

in € thousand	As at 1/1/2014	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 31/12/2014
Individual loan loss provisions	**5,569,339**	**123,032**	**2,493,223**	**(620,507)**	**(1,139,744)**	**(337,141)**	**6,088,202**
Loans and advances to banks	111,447	0	3,219	(1,910)	(4,951)	3,962	111,768
Loans and advances to customers	5,358,144	137,463	2,443,517	(579,839)	(1,127,624)	(338,425)	5,893,237
Off-balance sheet obligations	99,748	(14,431)	46,487	(38,759)	(7,170)	(2,678)	83,197
Portfolio-based loan loss provisions	**565,680**	**1,005**	**275,553**	**(328,345)**	**(39)**	**(42,936)**	**470,918**
Loans and advances to banks	6,697	(154)	2,146	(5,834)	0	15	2,869
Loans and advances to customers	513,493	1,145	260,288	(294,362)	(39)	(41,428)	439,097
Off-balance sheet obligations	45,490	14	13,120	(28,149)	0	(1,523)	28,952
Total	**6,135,019**	**124,037**	**2,768,776**	**(948,853)**	**(1,139,783)**	**(380,077)**	**6,559,120**

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

in € thousand	As at 1/1/2013	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 31/12/2013
Individual loan loss provisions	**4,918,921**	**223,326**	**2,024,899**	**(761,872)**	**(1,042,382)**	**206,447**	**5,569,339**
Loans and advances to banks	145,805	(15,678)	168	(4,584)	(11,464)	(2,800)	111,447
Loans and advances to customers	4,666,434	241,487	1,954,191	(702,598)	(1,020,436)	219,065	5,358,144
Off-balance sheet obligations	106,682	(2,484)	70,540	(54,690)	(10,482)	(9,818)	99,748
Portfolio-based loan loss provisions	**949,763**	**27,406**	**331,159**	**(380,134)**	**(139)**	**(362,374)**	**565,680**
Loans and advances to banks	11,914	0	3,869	(4,391)	(1,903)	(2,791)	6,697
Loans and advances to customers	891,076	27,406	310,857	(350,587)	(7,663)	(357,596)	513,493
Off-balance sheet obligations	46,773	0	16,433	(25,156)	9,428	(1,987)	45,490
Total	**5,868,684**	**250,732**	**2,356,058**	**(1,142,007)**	**(1,042,521)**	**(155,927)**	**6,135,019**

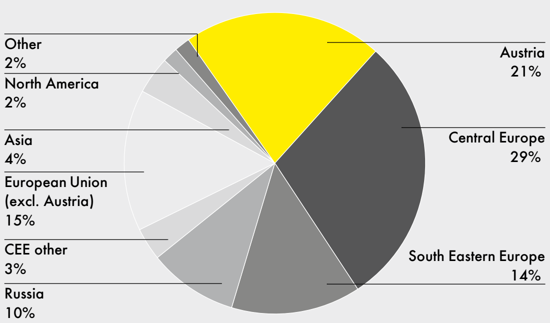
1 Allocation including direct write-downs and income on written down claims.
2 Usage including direct write-downs and income on written down claims.

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.

Credit exposure to customers by region



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.

Concentration risk

The credit portfolio of the Group is well diversified in terms of geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by limits and regular reporting. As a consequence portfolio granularity is high.

The regional breakdown of the loans reflects the broad diversification of credit business in the Group's markets. The following table shows the regional distribution of the credit exposure of all asset classes by the borrower's home country grouped by regional segments.

in € thousand	2014	Share	2013	Share
Central Europe	**50,940,338**	**28.9%**	**48,159,425**	**27.1%**
Poland	14,659,932	8.3%	14,246,773	8.0%
Czech Republic	14,388,059	8.2%	12,324,884	6.9%
Slovakia	11,969,633	6.8%	11,773,261	6.6%
Hungary	8,482,656	4.8%	8,077,861	4.5%
Other	1,440,057	0.8%	1,736,645	1.0%
Austria	**37,504,959**	**21.3%**	**38,433,287**	**21.6%**
European Union	**26,635,834**	**15.1%**	**22,113,773**	**12.4%**
Germany	7,149,349	4.1%	6,066,318	3.4%
Great Britain	6,070,394	3.4%	4,293,542	2.4%
France	4,914,629	2.8%	5,176,954	2.9%
Netherlands	2,029,952	1.2%	1,642,053	0.9%
Other	6,471,510	3.7%	4,934,906	2.8%
Southeastern Europe	**24,377,561**	**13.8%**	**24,854,619**	**14.0%**
Romania	9,067,092	5.2%	8,758,075	4.9%
Croatia	5,234,062	3.0%	5,474,792	3.1%
Bulgaria	3,693,408	2.1%	3,920,575	2.2%
Serbia	1,658,269	0.9%	2,271,884	1.3%
Other	4,724,730	2.7%	4,429,293	2.5%
Russia	**16,824,614**	**9.6%**	**20,459,443**	**11.5%**
Far East	**7,790,563**	**4.4%**	**9,043,686**	**5.1%**
China	3,206,966	1.8%	4,208,192	2.4%
Singapore	1,336,725	0.8%	1,516,166	0.9%
Other	3,246,872	1.8%	3,319,329	1.9%
CEE Other	**6,140,212**	**3.5%**	**7,515,668**	**4.2%**
Ukraine	4,007,324	2.3%	5,551,917	3.1%
Other	2,132,889	1.2%	1,963,751	1.1%
North America	**2,908,376**	**1.7%**	**4,146,217**	**2.3%**
Rest of World	**2,932,613**	**1.7%**	**2,915,249**	**1.6%**
Total	**176,055,069**	**100.0%**	**177,641,367**	**100.0%**

The Group does not own any banking subsidiaries that are incorporated in the so-called European periphery countries. Nonetheless, some of the bank's loans and advances are to customers domiciled in these countries and result from credit financing and capital market activities. All in all, the bank has almost no exposure to government bonds in these countries (except for the Republic of Italy).

Risk policies and credit portfolio management in the Group take into account the industry class of customers as well. Banking and insurance represents the largest industry class, which, however, is mostly attributed to exposures to members of the Austrian Raiffeisen Sector (central liquidity balancing function). The second largest industry class is private households, primarily consisting of loans to retail customers in Central and Eastern European countries.

The following table shows the maximum credit exposure of the Group by the customers' industry classification:

in € thousand	2014	Share	2013	Share
Banking and insurance	46,625,646	26.5%	44,206,576	24.9%
Private households	32,939,943	18.7%	34,044,851	19.2%
Wholesale trade and commission trade (except car trading)	14,795,106	8.4%	16,228,821	9.1%
Other manufacturing	12,200,627	6.9%	12,515,506	7.0%
Public administration and defence and social insurance institutions	16,686,853	9.5%	12,524,818	7.1%
Real estate activities	10,945,609	6.2%	11,872,665	6.7%
Construction	6,149,403	3.5%	7,038,070	4.0%
Other business activities	4,680,255	2.7%	5,931,700	3.3%
Retail trade except repair of motor vehicles	3,886,802	2.2%	4,175,289	2.4%
Electricity, gas, steam and hot water supply	3,426,153	1.9%	4,267,679	2.4%
Manufacture of basic metals	2,642,640	1.5%	2,556,694	1.4%
Manufacture of food products and beverages	2,333,702	1.3%	2,439,261	1.4%
Other transport	2,191,544	1.2%	2,037,154	1.1%
Land transport, transport via pipelines	2,031,234	1.2%	2,123,686	1.2%
Manufacture of machinery and equipment	1,279,642	0.7%	1,489,316	0.8%
Extraction of crude petroleum and natural gas	1,235,157	0.7%	1,218,276	0.7%
Sale of motor vehicles	1,244,178	0.7%	1,201,126	0.7%
Other industries	10,760,576	6.1%	11,769,881	6.6%
Total	**176,055,069**	**100.0%**	**177,641,367**	**100.0%**

Structured credit portfolio

The Group's strategy for the structured credit portfolio is to reduce these investments step-by-step. This will be achieved either through repayment at maturity date or through assets sales depending on the market situation. The size of the structured credit portfolio is shown under (37) Securitization. Around 72.0 per cent of this portfolio is rated A or better by external rating agencies. The pools mainly contain exposures to European customers.

Counterparty credit risk

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

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

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

Market risk

The Group defines market risk as the risk of possible losses arising from changes in market prices of trading and banking book positions. Market risk estimates are based on changes in exchange rates, interest rates, credit spreads, equity and commodity prices, and other market parameters (e.g. implied volatilities).

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

Organization of market risk management

All market risks are measured, monitored and managed on Group level.

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

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

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

Limit system

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

- Value-At-Risk (VaR) confidence level 99 per cent, risk horizon 1 day

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

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

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

- Stop Loss

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

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

Value-at-Risk (VaR)

The following tables show the VaR (99 per cent, 1 day) for individual markets risk categories of the trading and banking book. The Group's VaR mainly results from long-termed equity positions, structural interest rate risks, and credit spread risks of bonds, which are held as liquidity buffer.

Trading book VaR 99% 1d in € thousand	VaR as at 31/12/2014	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2013
Currency risk[1]	114,464	68,940	35,018	192,979	41,481
Interest rate risk	5,940	3,332	1,318	10,828	3,373
Credit spread risk	4,583	5,066	2,330	13,248	4,931
Share price risk	1,294	1,369	801	1,762	876
Vega risk	632	472	229	1,675	348
Total	108,571	73,209	43,906	192,144	45,937

1 Exchange rate risk on total bank level also includes equity positions of subsidiaries denominated in foreign currency.

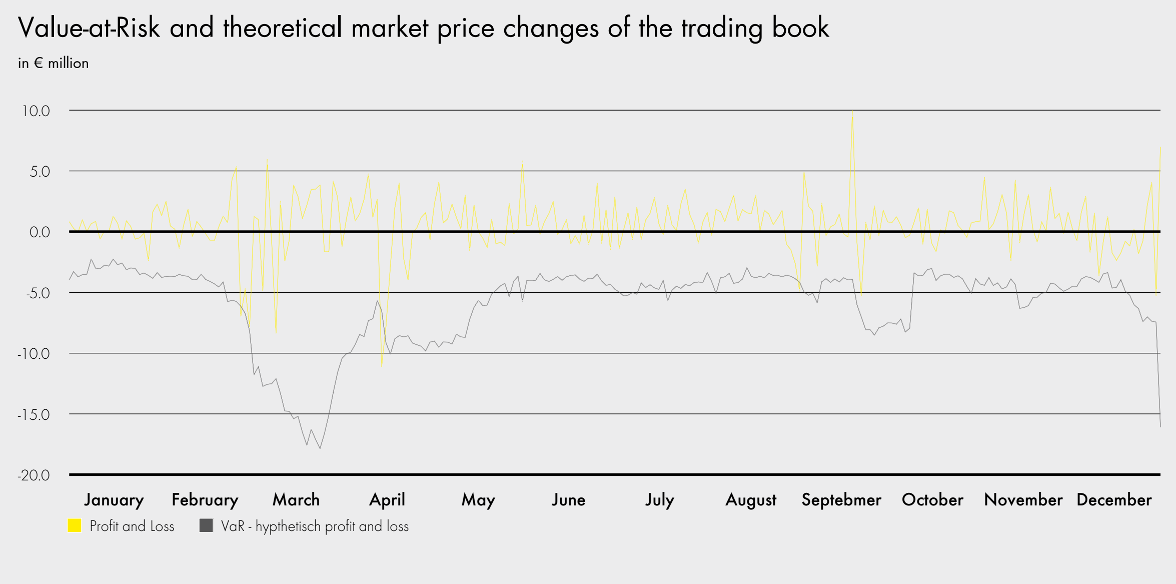
Banking book VaR 99% 1d in € thousand	VaR as at 31/12/2014	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2013
Interest rate risk	53,119	10,953	4,398	54,479	8,598
Credit spread risk[1]	20,161	12,035	6,491	27,855	16,874
Vega risk	940	601	350	1,028	423
Total	69,390	20,302	11,515	69,390	19,984

Total VaR 99% 1d in € thousand	VaR as at 31/12/2014	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2013
Currency risk[1]	109,282	68,765	35,019	186,230	41,478
Interest rate risk	52,492	12,337	5,078	54,672	10,140
Credit spread risk	19,164	15,220	8,658	35,034	21,512
Share price risk	1,294	1,369	801	1,762	876
Vega risk	914	757	220	1,352	219
Total	127,986	82,435	51,601	211,217	56,937

1 Exchange rate risk on total bank level also includes equity positions of subsidiaries denominated in foreign currency.

The risk measurement approaches employed are verified – besides analyzing returns qualitatively – on an ongoing basis through backtesting and statistical validation techniques. If model weaknesses are identified, then they are improved accordingly. In the reporting period, there was no backtesting violation for the trading book as shown in the backtesting chart. This chart compares VaR and theoretical profits and losses on a daily basis. VaR denotes the maximum loss that will not be exceeded with 99 per cent confidence level on the next day. It is compared to the theoretical profits and losses, which shows the hypothetical returns that the bank would have realized due to the actual changes in market parameters on the next day. It is possible to see that the model correctly reproduces market volatility regimes and quickly reacts to changed market conditions. Due to the good forecast quality of the internal model, a factor reduction to 3.2 was approved as of 1 November 2014.

The geopolitical crisis (occupation of Crimea, Ukrainian war, political sanctions to Russia) and other related market movements are the reason for the increased market risk, above all for the increase of the structural foreign currency risk (Ukrainian hryvnia and Russian rouble).



Exchange rate risk and capital (ratio) hedge

Market risk in the Group results primarily from exchange rate risk, which stems from foreign-currency denominated equity investments made in foreign Group units and the corresponding hedging positions entered into by the Group Asset/Liability Committee. The following table shows all material open foreign exchange rate positions as of 31 December 2014 and the corresponding values for the previous year. Those numbers include both trading positions as well as equity stakes in subsidiaries with foreign currency denominated statements of financial position.

in € thousand	2014	2013
ALL	98,707	267,954
BAM	167,381	259,148
BGN	158,633	64,118
BYR	178,372	199,771
CNY	161,123	272,150
CZK	204,720	776,202
HRK	542,274	700,082
HUF	(37,341)	369,969
PLN	949,633	1,702,785
RON	567,552	675,266
RSD	436,143	493,711
RUB	701,043	2,546,995
UAH	32,471	948,398
USD	(14,418)	(216,223)

In a narrow sense, exchange rate risk denotes the risk that one suffers losses due to open foreign exchange positions. Exchange rate fluctuations also influence current revenues and expenses. However, they also influence regulatory capital requirements of assets denominated in foreign currencies, even if they are refinanced in the same currency and thus do not create an open foreign exchange position.

The Group holds several large participations located outside the euro area with their equity denoted in the corresponding local currency. Also, a significant share of risk-weighted assets in the Group is denominated in foreign currencies. Changes in foreign exchange rates thus lead to a change of consolidated capital in the Group and to changes in the total capital requirement for credit risks as well.

Basically, there are two different approaches for managing exchange rate risks:

- Preserve equity: With this hedging strategy an offsetting capital position is held on Group level for local currency denominated equity positions. However, the necessary hedging positions cannot be established in all currencies in the required size. Moreover, these hedges might be inefficient for some currencies if they carry a high interest rate differential.
- Stable capital ratio: The goal of this hedging strategy is to balance tier 1 capital and risk-weighted assets in all currencies according to the targeted tier 1 ratio (i.e. reduce excess capital or deficits in relation to risk-weighted assets for each currency) such that the tier ratio remains stable even if foreign exchange rates change.

The Group aims at stabilizing its capital ratio when managing exchange rate risks. Changes in foreign exchange rates thus lead to changes in the consolidated equity amount; however, the regulatory capital requirement for credit risks stemming from assets denoted in foreign currencies also changes correspondingly. This risk is managed on a monthly basis in the Group Asset/Liability Committee based on historical foreign exchange volatilities, exchange rate forecasts, and the sensitivity of the tier 1 ratio to changes in individual foreign exchange rates.

Interest rate risk in the trading book

The following tables show the largest present value changes for the trading book of the Group given a one-basis-point interest rate increase for the whole yield curve in € thousand for the reporting dates 31 December 2014 and 31 December 2013. Currencies where the total interest rate sensitivity exceeds € 1 thousand are shown separately. There are only minor changes in the risk factors within the reporting period.

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	> 20y
ALL	(31)	(1)	(3)	(1)	(4)	(5)	(10)	(7)	0	0	0	0
BGN	(4)	0	0	(1)	(1)	(2)	0	0	(1)	0	0	0
CHF	(8)	3	(6)	1	1	(2)	3	(4)	(1)	(1)	(1)	(1)
CNH	(3)	0	0	(2)	(1)	0	0	0	0	0	0	0
CNY	1	1	0	0	0	0	0	0	0	0	0	0
CZK	5	(2)	(4)	3	0	4	(6)	13	1	(3)	0	0
EUR	(131)	8	(51)	12	(65)	(52)	60	21	(42)	(2)	(6)	(15)
GBP	(1)	(1)	0	0	0	0	0	0	0	0	0	0
HRK	(11)	0	0	(1)	(8)	(1)	(1)	0	0	0	0	0
PLN	(6)	0	(14)	22	(6)	(6)	3	(4)	0	0	0	0
RON	7	0	3	3	0	0	1	0	0	0	0	0
RUB	4	(3)	3	(9)	(2)	(3)	10	0	2	7	0	0
USD	(25)	7	7	(25)	(7)	42	(28)	35	(31)	(25)	(13)	12
Other	(2)	(1)	2	0	0	(1)	3	0	1	1	0	0

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	> 20y
ALL	(40)	(1)	(4)	(3)	(4)	(4)	(9)	(15)	0	0	0	0
BGN	(9)	0	0	0	(2)	(2)	(5)	0	0	0	0	0
CHF	(15)	(3)	12	(25)	4	1	(8)	6	0	0	(1)	(1)
CNH	2	0	0	2	0	0	0	0	0	0	0	0
EUR	(222)	(22)	(2)	24	(172)	(73)	(37)	92	(28)	8	(26)	14
GBP	(1)	(1)	0	0	0	0	0	0	0	0	0	0
HRK	(16)	0	0	(4)	(7)	(3)	(2)	0	0	0	0	0
HUF	(3)	0	6	(14)	0	0	4	0	0	1	0	0
JPY	(3)	(1)	0	(2)	0	0	0	0	0	0	0	0
PLN	3	7	(2)	(9)	6	3	(3)	(2)	3	0	0	0
RON	(3)	0	0	2	0	0	1	(2)	(4)	0	0	0
RUB	(142)	(6)	(5)	(1)	(46)	(5)	(42)	(20)	(16)	(1)	0	0
USD	13	(6)	9	23	(21)	(33)	(5)	11	(40)	(5)	83	(3)
Other	2	(1)	2	0	(4)	(9)	12	1	4	(3)	0	0

Interest rate risk in the banking book

Different maturities and repricing schedules of assets and the corresponding liabilities (i.e. deposits and refinancing on debt and capital markets) cause interest rate risk in the Group. This risk arises in particular from different interest rate sensitivities, rate adjustments, and other optionality of expected cash flows. Interest rate risk in the banking book is material for Euro and US-Dollar as major currencies as well as for local currencies of Group units located in Central and Eastern Europe.

This risk is mainly hedged by a combination of transactions on and off the statement of financial position where in particular interest rate swaps and – to a smaller extent – also interest rate forwards and interest rate options are used. Management of the statement of financial position is a core task of the central Global Treasury division and of individual network banks, which are supported by asset/liability management committees. They base their decisions on various interest income analyses and simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is not only measured in a value-at-risk framework but also managed by the traditional tools of nominal and interest rate gap analyses. Since 2002, interest rate risk is subject to quarterly reporting in the context of the interest rate risk statistic submitted to the banking supervisor. This report shows the change in the present value of the banking book as a percentage of total capital in line with the CRR requirements. Maturity assumptions needed in this analysis are defined as specified by regulatory authorities or based on internal statistics and empirical values.

In 2014, the changes in present value of banking book positions after an interest rate shock of 200 basis points were always lower than the regulatory reporting threshold of 20 per cent of eligible total capital.

The following table shows the change in the present value of the Group's banking book given a one-basis-point interest rate increase for the whole yield curve in € thousand for reporting dates 31 December 2014 and 31 December 2013. Currencies where the total interest rate sensitivity exceeds € 1 thousand are shown separately.

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

The representation of currencies has changed year on year depending on the absolute value of the interest rate sensitivity.

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	> 20y
ALL	(14)	1	(1)	9	(12)	(1)	(7)	(1)	(2)	0	0	0
BAM	16	(2)	0	2	8	2	2	0	2	2	0	0
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	628	(8)	(6)	64	50	(173)	645	151	(14)	70	(58)	(93)
HRK	(83)	(3)	1	(4)	(5)	(29)	(17)	(13)	(13)	0	0	0
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)	(3)	(3)	(9)	(2)	(1)	0	0	0	0	0
RUB	(163)	(8)	(3)	(15)	(16)	(95)	84	(48)	(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	44	116	1	(73)	(68)	(10)	(52)	3	2	(2)
Other	(1)	11	15	15	(49)	1	9	(2)	(1)	0	0	0

Credit spread risk

The market risk management framework uses time-dependent bond and CDS-spread curves as risk factors in order to measure credit spread risks. This market risk category thus captures the specific interest rate risk of all securities in the trading and banking book. The value-at-risk report covers this risk category, where a major part of securities positions of the Group are booked.

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

Short-term liquidity risk

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

in € thousand	2014			2013		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	17,310,547	17,351,162	18,412,917	16,638,135	13,990,213	13,856,512
Liquidity ratio	150%	133%	117%	146%	125%	113%

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 funds itself's by money and capital market transactions, on the one hand, and from the network banks' retail business on the other hand. It is the central liquidity clearing unit for the Austrian Raiffeisen Banking Group and 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 largest single institution, but also individually by different banking subsidiaries. Those efforts are coordinated and optimized through a joint funding plan. Moreover, the Group 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.

The following table shows a breakdown of cash flows according to the contractual maturity of financial liabilities:

2014 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative liabilities	**127,986,007**	**137,832,310**	**79,375,240**	**18,801,918**	**28,496,102**	**11,159,049**
Deposits from banks	33,200,342	37,733,486	20,439,340	4,866,712	9,570,745	2,856,688
Deposits from customers	75,167,744	77,847,371	54,997,874	11,148,920	9,004,817	2,695,759
Debt securities issued	12,490,223	13,407,738	1,776,307	2,039,157	7,619,517	1,972,758
Other liabilities	2,820,133	3,066,650	1,963,523	410,103	382,579	310,446
Subordinated capital	4,307,565	5,777,065	198,196	337,026	1,918,444	3,323,398
Derivatives	**6,387,785**	**15,634,743**	**4,570,906**	**2,501,509**	**4,454,140**	**4,108,188**
Derivatives in the trading book	5,612,965	12,585,882	3,188,336	2,070,696	3,390,304	3,936,546
Hedging derivatives	200,549	171,563	3,722	16,681	42,375	108,785
Other derivatives	574,248	2,877,275	1,378,848	414,109	1,021,461	62,857
Credit derivatives	23	23	0	23	0	0
Contingent liabilities	**10,632,268**	**1,404,358**	**734,258**	**488,702**	**181,097**	**301**
Credit guarantees	6,297,589	214,424	76,645	106,279	29,993	1,507
Other guarantees	2,323,032	327,191	208,357	74,544	45,496	(1,206)
Letters of credit (documentary business)	1,396,379	862,100	449,256	307,236	105,608	0
Other contingent liabilities	615,268	643	0	643	0	0
Commitments	**10,436,892**	**10,683,572**	**3,726,369**	**1,584,629**	**4,880,189**	**492,385**
Irrevocable credit lines	10,423,451	10,647,432	3,722,925	1,566,857	4,865,265	492,385

2013 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative liabilities	**130,225,828**	**138,649,757**	**80,414,283**	**17,998,445**	**29,198,487**	**11,038,544**
Deposits from banks	33,732,544	36,021,102	19,821,409	4,274,176	9,611,153	2,314,364
Deposits from customers	75,660,310	78,778,259	54,594,031	11,577,455	9,878,586	2,728,189
Debt securities issued	13,452,100	15,213,280	3,328,832	1,429,798	7,884,642	2,570,007
Other liabilities	3,200,125	3,287,778	2,258,416	466,216	493,700	69,447
Subordinated capital	4,180,749	5,349,338	411,595	250,800	1,330,406	3,356,537
Derivatives	**4,362,618**	**13,761,004**	**6,950,436**	**2,522,583**	**3,319,028**	**968,958**
Derivatives in the trading book	3,964,712	10,551,703	4,430,744	2,267,373	2,992,685	860,901
Hedging derivatives	132,536	166,465	44,752	11,062	50,755	59,897
Other derivatives	265,091	2,665,662	2,097,766	244,148	275,588	48,160
Credit derivatives	279	377,174	377,174	0	0	0
Contingent liabilities	**11,552,813**	**3,022,174**	**1,776,121**	**881,333**	**215,849**	**148,872**
Credit guarantees	6,233,037	596,783	168,782	289,872	70,766	67,363
Other guarantees	2,660,200	463,302	207,262	144,423	41,758	69,859
Letters of credit (documentary business)	2,188,542	1,583,943	1,027,105	441,863	103,325	11,650
Other contingent liabilities	471,034	378,146	372,972	5,174	0	0
Commitments	**10,752,599**	**10,891,734**	**4,478,529**	**1,352,640**	**4,803,963**	**256,601**
Irrevocable credit lines	10,752,599	10,837,547	4,478,529	1,333,363	4,769,053	256,601

Adaptions of previous year figures due to higher detailing

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 assessment, 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 in relation to profits. 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 credit institution group. Operational risk reduction is initiated by business managers who decide on preventive actions like risk mitigation or risk transfer. Progress and success of these actions is monitored by risk controlling. The former also define contingency plans and nominate responsible persons or departments for initiating the defined actions if losses in fact occur. In addition, several dedicated organizational units provide support to business units for reducing operational risks. An important role is taken on by 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.

(45) Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria are as follows:

in € thousand	2014	2013
Assets	104,845,446	112,889,296
Liabilities	84,182,699	82,807,550

(46) Fiduciary business

Fiduciary business not recognized in the statement of financial position was concluded with the following volumes on the reporting date:

in € thousand	2014	2013
Loans and advances to banks	7,939	9,402
Loans and advances to customers	273,375	339,554
Financial investments	9,235	11,429
Other fiduciary assets	69,616	94,690
Fiduciary assets	**360,166**	**455,075**
Deposits from banks	138,292	131,957
Deposits from customers	148,223	223,067
Other fiduciary liabilities	73,651	100,051
Fiduciary liabilities	**360,166**	**455,075**

Fiduciary income and expenses break down as follows:

in € thousand	2014	2013
Fiduciary income	12,796	13,476
Fiduciary expenses	315	288

The following table contains the funds managed by the Group:

in € thousand	2014	2013
Retail investment funds	**23,332,586**	**22,418,639**
Equity-based and balanced funds	10,698,817	9,972,746
Bond-based funds	11,826,575	12,223,530
Money market funds	5,480	0
Other	801,715	222,363
Special funds	**9,982,767**	**8,456,055**
Property-based funds	**255,768**	**254,384**
Total	**33,571,121**	**31,129,079**

(47) Finance leases

in € thousand	2014	2013
Gross investment value	**5,296,086**	**5,313,799**
Minimum lease payments	4,797,172	4,778,041
Up to 3 months	605,519	670,669
More than 3 months, up to 1 year	914,844	856,588
More than 1 year, up to 5 years	2,523,792	2,188,683
More than 5 years	753,017	1,062,102
Non-guaranteed residual value	498,914	535,758
Unearned finance income	**700,852**	**683,597**
Up to 3 months	52,460	55,549
More than 3 months, up to 1 year	139,212	130,785
More than 1 year, up to 5 years	355,542	331,443
More than 5 years	153,637	165,821
Net investment value	**4,595,235**	**4,630,202**

As of 31 December 2014, write-offs on unrecoverable minimum lease payments totaled € 67,122 thousand (2013: € 61,592 thousand).

Assets under finance leases break down as follows:

in € thousand	2014	2013
Vehicles leasing	1,895,779	1,850,097
Real estate leasing	1,902,459	2,043,835
Equipment leasing	796,997	736,270
Total	**4,595,235**	**4,630,202**

(48) Operating leases

Operating leases from view of lessor

Future minimum lease payments under non-cancelable operating leases are as follows:

in € thousand	2014	2013
Up to 1 year	40,458	43,355
More than 1 year, up to 5 years	91,127	90,605
More than 5 years	17,364	21,935
Total	**148,948**	**155,895**

Operating leases from view of lessee

Future minimum lease payments under non-cancelable operating leases are as follows:

in € thousand	2014	2013
Up to 1 year	90,902	104,190
More than 1 year, up to 5 years	158,761	182,046
More than 5 years	38,329	14,307
Total	**287,992**	**300,544**

(49) Other disclosures according to BWG

Geographical markets

2014 Monetary values in € thousand	Operating income	hereof net interest income	Profit/loss before tax	Current income taxes	Employees as at reporting date
Central Europe	**1,519,314**	**1,021,540**	**(65,581)**	**(92,244)**	**14,526**
Czech Republic	327,866	227,982	93,952	(19,758)	2,720
Hungary	459,893	307,367	109,192	(25,396)	5,462
Poland	481,052	318,599	145,490	(38,095)	3,816
Slovakia	18,801	13,574	(24,848)	(198)	230
Slovenia	231,748	153,766	(389,366)	(8,797)	2,298
Southeastern Europe	**1,283,307**	**835,356**	**348,468**	**(52,435)**	**15,216**
Albania	110,782	79,580	39,275	(5,791)	1,326
Bosnia and Herzegovina	103,825	68,885	24,266	(3,679)	1,434
Bulgaria	168,683	124,280	27,745	(2,720)	2,751
Croatia	250,325	151,242	71,528	(10,721)	2,127
Kosovo	46,506	39,021	18,409	(2,087)	705
Romania	462,053	273,891	118,943	(22,062)	5,292
Serbia	142,163	99,619	48,302	(5,376)	1,581
Russia	**1,081,515**	**834,581**	**435,975**	**(95,750)**	**8,252**
CEE Other	**451,637**	**385,818**	**(253,446)**	**27,424**	**13,663**
Belarus	176,982	112,277	90,434	(27,711)	2,176
Kazakhstan	1,502	1,844	892	138	9
Ukraine	273,153	271,698	(344,772)	54,997	11,478
Asia	**142,202**	**134,287**	**(194,593)**	**(41,122)**	**239**
Austria	**2,298,720**	**1,594,013**	**65,382**	**(244,876)**	**4,126**
Rest of World	**27,079**	**32,202**	**(38,684)**	**(5,114)**	**190**
Reconciliation	**(1,065,379)**	**(813,684)**	**(225,698)**	**0**	**0**
Total	**5,738,394**	**4,024,113**	**71,824**	**(504,117)**	**56,212**

Securities admitted for trading on a stock exchange

	2014		2013	
in € thousand	listed	unlisted	listed	unlisted
Bonds, notes and other fixed-interest securities	11,323,726	501,731	11,432,308	1,016,947
Shares and other variable-yield securities	380,759	138,402	452,517	99,252
Equity participations	3,405	161,772	1,287	92,341

Volume of the securities trading book

in € thousand	2014	2013
Securities, equity investments	6,338,851	4,305,067
Other financial instruments	174,445,762	157,971,605
Total	**180,784,613**	**162,276,672**

Subordinated assets

in € thousand	2014	2013
Loans and advances to banks	4,140	4,141
Loans and advances to customers	270,052	218,719
Trading assets	8,425	2,963
Financial investments	53,359	53,047
Total	**335,976**	**278,870**

(50) Capital management and regulatory total capital according to CRR/CRD IV and BWG respectively

Capital management

Capital was and is an integral part of the Group's control mechanism. RZB as an international Group considers several control levels.

Regulatory values are defined on a consolidated and an individual basis by the Austrian Banking Act (BWG) based on adequate guidelines of the EU and on the applicable regulation of the European Parliament. Moreover Raiffeisenbank International (RBI) as subgroup of RZB is supervised according to Article 11 paragraph 5 CRR (Capital Requirement Regulation) based on FMA (Finanzmarkt Austria) decision from 24 October 2014. There are also – often deviating with regard to content – guidelines in the several countries in which the Group operates. Such guidelines have to be adhered to by the local Group units.

The Group uses target values for internal regulation, which comprise all risk types. Control on a Group level is exerted by Risk Controlling in coordination with the financial division. The individual Group units are responsible for the observation of the capital targets in coordination with central departments responsible for the participation management of the respective unit.

The main focus in the control is on the regulatory (minimum) capital ratios and the economic capital within the framework of ICAAP (Internal Capital Adequacy Assessment Process). Moreover, the optimal mixture of capital instruments (e.g. additional tier 1 capital and tier 2 capital) plays an important role and is continuously analized and optimized.

Besides that, the risk taking capacity is calculated in the framework of regulatory limits. It is defined as the maximum loss which the bank or the banking group may encounter during the next 12 months without falling short of the regulatory minimum capital ratios.

The determination of the target values in relation to the compulsory minimum requirements needs additional internal control calculations. The department Risk Controlling calculates the value-at-risk in comparison with the above defined risk taking capacity. Moreover, a balance between economic capital and internal capital is drawn. The economic capital is integral part of the planning and control of the Group. Further details regarding this calculation are stated in the risk report.

Current regulatory developments and passed capital measures

Basel III was implemented in the European Union via a regulation (CRR) and a directive (CRD IV). Both regulations were published on 27 June 2013 in the EU Official Journal and are therefore effective.

As of 1 January 2014, the CRR is directly applicable law for all EU member states. The CRD IV became effective on 17 July 2013 and had to be transferred into national law until 31 December 2013. As of beginning of 2014, the new regulations – CRR and CRD IV – have to be therefore applied under consideration of several transitional periods.

After phase-out of the several transitional periods CRR and CRD IV respectively provides harder specifications for the regulatory capital with a minimum of common equity tier 1 of 4.5 per cent, tier 1 capital of 6 per cent and total capital of 8 per cent. Moreover, all banks are obliged to hold a so-called "capital conservation buffer" of 2.5 per cent comprising common equity tier 1 in addition to the new minimum requirements. This brings the requirement for total common equity tier 1 to 7 per cent, for tier 1 to 8.5 per cent and for total capital to 10.5 per cent (each including capital conservation buffer). A violation of the capital conservation buffer induces constraints of e.g. dividend distribution and coupon payments for certain capital instruments.

An additional buffer, the so called "countercyclical buffer", can be implemented by the member states in order to stem excess lending growth. Moreover, national supervisors can determine systemic risk buffers (1 to 5 per cent) as well as additional capital add-ons for systemic banks (0 to 3.5 per cent). In case systemic risk buffers as well as add-ons for systemic banks are determined for a banking institute, only the higher of the two values is applicable.

The impacts of CRR and CRD IV respectively are displayed and analyzed in scenario calculations by Risk Controlling and the effects are included in planning and steering.

From 2014 on, the European Central Bank (ECB) takes over supervision of large banks in the euro area, whose total assets exceeds € 30 billion or 20 per cent of the country's economic performance. RZB fullfils the criteria and is indirectly supervised by the ECB from 4 November 2014 on.

As of 21 February 2014, Raiffeisen Zentralbank as the superordinated credit institution received an offical notification from the Financial Market Supervison (Finzanzmarktaufsicht) corresponding with the decision together with other responsible authorities that RZB has to dispose of a minimum total capital requirement of 13.77 per cent on a consolidated basis from 30 June 2014 on. This specified total capital ratio which is valid til the adequate following decision of ECB has been adhered since this effective date. In February 2014, RBI AG as subgroup of RZB carried out a capital increase of € 2.78 billion which enabled the redemption of the total participation capital of € 2.5 billion. This was an important step to strengthen and optimize the Group´s capital structure. According to CRR/CRD IV, the participation capital was no longer eligble common tier 1 capital and from 2018 on it would fully loose eligibility.

Further expected regulatory changes or developments are displayed and analyzed in scenario calculations by Risk Controlling in coordination with the financial division. Possible effects are included in planning and steering, if necessary.

The determination of eligible total capital in accordance with the applicable regulations is based on international accounting standards. The consolidated total capital of RZB and the superordinated financial holding Raiffeisen-Landesbanken-Holding are shown as follows.

Calculation of total capital of RZB

The total capital as of year-end 2014 broke down as follows. Further details can be found in the regulatory Disclosure report according to Article 431 ff CRR.

in € thousand	2014
Paid-in capital	2,352,241
Earned capital	2,724,273
Non-controlling interests	3,488,651
Common equity tier 1 (before deductions)	**8,565,166**
Intangible fixed assets/goodwill	(443,439)
Provision shortage for IRB positions	(8,787)
Deduction securitizations	(5,121)
Deduction deferred tax assets	0
Deduction insurance and other investments	(74,010)
Common equity tier 1 (after deductions)	**8,033,808**
Additional tier 1	353,002
Deduction securitizations	0
Intangible fixed assets/goodwill	(408,937)
Provision shortage for IRB positions	(17,575)
Deduction insurance and other investments	0
Non-controlling interests	73,510
Tier 1	**8,033,809**
Provision excess of internal rating approach positions	183,009
Hidden reserve	231,137
Long-term subordinated capital	3,222,927
Deduction securitizations	0
Deduction insurance and other investments	0
Non-controlling interests	143,163
Tier 2 (after deductions)	**3,780,236**
Total capital	**11,814,044**
Total capital requirement	**6,296,232**
Common equity tier 1 ratio (transitional)	10.2%
Common equity tier 1 ratio (fully loaded)	8.5%
Tier 1 ratio	10.2%
Total capital ratio (transitional)	15.0%
Total capital ratio (fully loaded)	13.5%

After phase-out of the transitional regulations, a common equity tier 1 ratio (fully loaded) of 8.5 per cent and a total capital ratio (fully loaded) of 13.5 per cent would be accounted.

The total capital requirement was composed as follows:

in € thousand	2014
Risk-weighted assets (total RWA)	**78,702,899**
Total capital requirement for credit risk	5,313,383
Internal rating approach	2,674,450
Standardized approach	2,598,452
CVA risk	40,481
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	255,185
Total capital requirement for operational risk	727,663
Total capital requirement	**6,296,232**

Risk-weighted assets for the credit risk according to asset classes broke down as follows:

in € thousand	2014
Risk-weighted assets according to standardized approach	**32,480,645**
Central governments and central banks	1,537,985
Regional governments	35,856
Public administration and non-profit organizations	26,600
Multilateral development banks	0
Banks	456,078
Corporate customers	12,813,331
Retail customers	10,567,065
Equity exposures	3,414,098
Covered bonds	35,388
Mutual funds	127,859
Securitization position	0
Other positions	3,466,383
Risk-weighted assets according to internal rating approach	**33,430,627**
Central governments and central banks	266,180
Banks	2,579,650
Corporate customers	25,518,828
Retail customers	4,686,208
Equity exposures	125,284
Securitization position	254,477
CVA risk	506,017
Total	**66,417,288**

The own funds (calculated according to Austrian Banking Act 1993/Amendment 2006 – Basel II) as of year-end 2013 broke down as follows:

in € thousand	2013
Paid-in capital	2,327,243
Earned capital	3,303,904
Non-controlling interests	4,346,212
Hybrid tier 1 capital	441,252
Intangible fixed assets	(723,717)
Core capital (tier 1 capital)	**9,694,893**
Deductions from core capital	(407,902)
Eligible core capital (after deductions)	**9,286,991**
Supplementary capital according to Section 23 (1) 5 BWG	64,950
Provision excess of internal rating approach positions	223,593
Hidden reserves	10,773
Long-term subordinated capital	3,109,648
Additional own funds (tier 2 capital)	**3,408,964**
Deduction items: participations, securitizations	(407,902)
Eligible additional own funds (after deductions)	**3,001,062**
Deduction items: insurance companies	0
Tier 2 capital available to be redesignated as tier 3 capital	357,016
Short term subordinated capital (tier 3)	**357,016**
Total own funds	**12,645,069**
Total own funds requirement	**7,126,524**
Excess own funds	5,518,545
Excess cover ratio	77.4%
Core tier 1 ratio, total	9.9%
Tier 1 ratio, credit risk	12.6%
Tier 1 ratio, total	10.4%
Own funds ratio	14.2%

The total own funds requirement was composed as follows:

in € thousand	2013
Risk-weighted assets according to section 22 BWG	**73,692,450**
of which 8 per cent minimum own funds for the credit risk according to Sections 22a to 22h BWG	5,895,396
Standardized approach	2,914,161
Internal rating approach	2,981,235
Settlement risk	7
Own funds requirement for position risk in bonds, equities and commodities	297,108
Own funds requirement for open currency positions	59,908
Own funds requirement for operational risk	874,105
Total own funds requirement	**7,126,524**

Risk-weighted assets for the credit risk according to asset classes broke down as follows:

in € thousand	2013
Risk-weighted assets according to standardized approach	**36,427,013**
Central governments and central banks	1,849,713
Regional governments	91,038
Public administration and non-profit organizations	24,688
Multilateral development banks	0
Banks	571,638
Corporate customers	16,505,700
Retail customers	12,570,413
Covered bonds	23,288
Mutual funds	189,300
Securitization position	0
Other positions	4,601,238
Risk-weighted assets according to internal rating approach	**37,265,438**
Central governments and central banks	317,425
Banks	3,160,363
Corporate customers	29,221,575
Retail customers	4,293,663
Equity exposures	179,500
Securitization position	92,913
Total	**73,692,450**

Calculation of total capital of Raiffeisen-Landesbanken-Holding Group

According to Article 11 paragraph 2 CRR, institutions controlled by a parent financial holding, are to be included into the calculation of regulatory capital. The following tables refer to the total capital of Raiffeisen-Landesbanken-Holding Group.

The total capital requirement broke down as follows:

in € thousand	2014
Paid-in capital	2,346,437
Earned capital[1]	1,781,919
Non-controlling interests	4,257,081
Common equity tier 1 (before deductions)	**8,385,437**
Intangible fixed assets/goodwill	(426,027)
Provision shortage for IRB positions	(8,787)
Deduction securitizations	(5,121)
Deduction deferred tax assets	0
Deduction insurance and other investments	(90,241)
Common equity tier 1 (after deductions)	**7,855,260**
Additional tier 1	353,002
Deduction securitizations	0
Intangible fixed assets/goodwill	(426,350)
Provision shortage for IRB positions	(17,575)
Deduction insurance and other investments	0
Non-controlling interests	90,923
Tier 1	**7,855,260**
Provision excess of internal rating approach positions	182,992
Hidden reserve	231,137
Long-term subordinated capital	3,222,927
Deduction securitizations	0
Deduction insurance and other investments	0
Non-controlling interests	216,027
Tier 2 (after deductions)	**3,853,083**
Total capital	**11,708,343**
Total capital requirement	**6,299,073**
Common equity tier 1 ratio (transitional)	10.0%
Tier 1 ratio	10.0%
Total capital ratio (transitional)	14.9%
Common equity tier 1 ratio (fully loaded)	8.2%

1 Including consolidated profit/loss.

The total capital requirement was composed as follows:

in € thousand	2014
Risk-weighted assets (total RWA)	**78,738,417**
Total capital requirement for credit risk	5,316,225
Internal rating approach	2,674,222
Standardized approach	2,601,521
CVA risk	40,481
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	255,185
Total capital requirement for operational risk	727,663
Total capital requirement	**6,299,073**

Risk-weighted assets for the credit risk according to asset classes broke down as follows:

in € thousand	2014
Risk-weighted assets according to standardized approach	**32,519,016**
Central governments and central banks	1,537,985
Regional governments	35,856
Public administration and non-profit organizations	26,600
Multilateral development banks	0
Banks	494,394
Corporate customers	12,813,387
Retail customers	10,567,065
Equity exposures	3,414,098
Covered bonds	35,388
Mutual funds	127,859
Securitization position	0
Other positions	3,466,383
Risk-weighted assets according to internal rating approach	**33,427,774**
Central governments and central banks	266,180
Banks	2,579,650
Corporate customers	25,515,976
Retail customers	4,686,208
Equity exposures	125,284
Securitization position	254,477
CVA risk	506,017
Total	**66,452,807**

The own funds (calculated according to Austrian Banking Act 1993/Amendment 2006 – Basel II) as of year-end 2013 broke down as follows:

in € thousand	2013
Paid-in capital	2,973,567
Earned capital	1,468,494
Non-controlling interests	5,535,645
Hybrid tier 1 capital	441,252
Intangible fixed assets	(723,717)
Core capital (tier 1 capital)	**9,695,241**
Deductions from core capital	(407,902)
Eligible core capital (after deductions)	**9,287,339**
Supplementary capital according to Section 23 (1) 5 BWG	64,950
Provision excess of internal rating approach positions	223,593
Hidden reserve	10,773
Long-term subordinated capital	3,109,648
Additional own funds (tier 2 capital)	**3,408,964**
Deduction items: participations, securitizations	(407,902)
Eligible additional own funds (after deductions)	**3,001,062**
Deduction items: insurance companies	0
Tier 2 capital available to be redesignated as tier 3 capital	357,016
Short term subordinated capital (tier(3))	**357,016**
Total own funds	**12,645,417**
Total own funds requirement	**7,129,577**
Excess own funds	5,515,840
Excess cover ratio	77.4%
Core tier 1 ratio, total	9.9%
Tier 1 ratio, credit risk	12.6%
Tier 1 ratio, total	10.4%
Own funds ratio	14.2%

The total capital requirement was composed as follows:

in € thousand	2013
Risk-weighted assets according to section 22 BWG	**73,730,613**
of which 8 per cent minimum own funds for the credit risk according to Sections 22a to 22h BWG	5,898,449
Standardized approach	2,917,339
Internal rating approach	2,981,110
Settlement risk	7
Own funds requirement for position risk in bonds, equities and commodities	297,108
Own funds requirement for open currency positions	59,908
Own funds requirement for operational risk	874,105
Total own funds requirement	**7,129,577**

Risk-weighted assets for the credit risk according to asset classes broke down as follows:

in € thousand	2013
Risk-weighted assets according to section 22 BWG on standardized approach	**36,466,738**
Central governments and central banks	1,849,713
Regional governments	91,038
Public administration and non-profit organizations	24,688
Multilateral development banks	0
Banks	611,363
Corporate customers	16,505,700
Retail (including small and medium-sized entities)	12,570,413
Covered bonds	23,288
Mutual funds	189,300
Securitization position	0
Other positions	4,601,238
Risk-weighted assets on internal rating approach	**37,263,875**
Central governments and central banks	317,425
Banks	3,160,363
Corporate customers	29,220,013
Retail customers	4,293,663
Equity exposures	179,500
Securitization position	92,913
Total	**73,730,613**

The following table provides an overview on the calculation methods that are applied to determine total capital requirements in the subsidiaries:

Unit	Credit risk Non-Retail	Retail	Market risk	Operational risk
Raiffeisen Bank International AG, Vienna (Austria)	IRB[1]	n.a.	Internal model[2]	STA[3]
RBI Finance (USA) LLC, New York (USA)	IRB	STA[3]	STA	STA
Raiffeisenbank a.s., Prague (Czech Republic)	IRB	IRB	STA	STA
Raiffeisen Bank Zrt., Budapest (Hungary)	IRB	IRB	STA	STA
Tatra banka a.s., Bratislava (Slovakia)	IRB	IRB	STA	STA
Raiffeisen Bank S.A., Bucharest (Romania)	IRB	IRB	STA	STA
Raiffeisenbank Austria d.d., Zagreb (Croatia)	IRB[4]	STA	STA	STA
Raiffeisenbank Russia d.d., Moscow (Russia)	IRB[4]	STA	STA	STA
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	IRB	IRB	STA	STA
All other units	STA	STA	STA	STA

1 IRB = internal ratings-based approach.
2 Only for risk of open currency positions and general interest rate risk in the trading book.
3 STA = standardized approach.
4 Only on consolidated level.

(51) Average number of staff

Full-time equivalents	2014	2013
Salaried employees	57,026	58,829
Wage earners	773	857
Total	**57,799**	**59,686**

Full-time equivalents	2014	2013
Austria	3,685	3,283
Foreign	54,114	56,403
Total	**57,799**	**59,686**

(52) Related parties

Companies can carry out business with related parties that may affect the entity's asset, financial and earnings position. The information about related parties refers to the top of the consolidated group of Raiffeisen-Landesbanken-Holding GmbH.

The parent companies are Raiffeisen-Landesbanken-Holding GmbH, Vienna, and its subsidiary R-Landesbanken-Beteiligung GmbH, Vienna, which are majority shareholders in Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna.

Companies with significant influence are primarily Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, as the largest indirect shareholder, and its parent company Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna. Affiliated companies are the 350 subsidiaries not included in the consolidated financial statements for reasons of materiality.

Disclosures on RZB relations to key management are reported under (53) Relations to key management.

2014 in € thousand	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	0	2,602,772	0	206,915	2,255,636
Loans and advances to customers	0	0	779,582	26,362	162,985
Trading assets	0	39,767	47	1,604	0
Financial investments	0	5,081	183,239	0	23,248
Investments in associates	0	0	0	10,061	0
Other assets (incl. derivatives)	4	0	48,974	2,075	110
Deposits from banks	0	3,214,396	30,027	3,673,391	336,193
Deposits from customers	7,408	0	165,487	623,845	188,753
Debt securities issued	0	0	1,473	0	0
Provisions for liabilities and charges	0	0	495	0	0
Trading liabilities	0	0	14,300	12,801	42
Other liabilities including derivatives	0	12,655	7,745	2	549
Subordinated capital	0	0	0	0	0
Guarantees given	0	859	231,953	1,147	8,936
Guarantees received	0	32,943	6,100	178,273	37,258

2013 in € thousand	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	0	2,317,909	39,455	246,802	120,847
Loans and advances to customers	0	0	1,034,229	103,269	299,507
Trading assets	0	34,456	1,229	1,345	2,147
Financial investments	0	30,617	467,440	2,373	181,939
Investments in associates	0	0	0	1,601,343	0
Other assets (incl. derivatives)	9	5,443	11,427	598	153
Deposits from banks	3,333	4,836,614	0	4,163,436	203,957
Deposits from customers	522	0	147,445	779,389	761,412
Debt securities issued	0	0	1,029	0	0
Provisions for liabilities and charges	0	0	1	0	30,206
Trading liabilities	0	0	16,058	0	288
Other liabilities including derivatives	0	13,312	57,217	2,521	77
Subordinated capital	0	0	0	0	0
Guarantees given	0	3,285	323,756	167,970	32,187
Guarantees received	0	13,209	6,100	200,903	40,379

2014 in € thousand	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Interest income	0	1,023	16,150	4,929	2,155
Interest expenses	167	(4,279)	3,654	(25,253)	(1,261)
Dividends income	0	0	17,780	75,296	9,700
Fee and commission income	0	2,111	12,754	1,467	82
Fee and commission expense	0	(29)	(12)	(296)	(595)

2013 in € thousand	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Interest income	0	860	14,793	7,169	3,169
Interest expenses	141	(70,251)	(18,911)	(30,269)	(2,102)
Dividends income	0	0	11,560	166,518	11,164
Fee and commission income	0	2,099	11,853	2,468	168
Fee and commission expense	0	(139)	(455)	(213)	(430)

(53) Relations to key management

Group relations of key management

Key management refers to the members of the Management Board and Supervisory Board of the Group parent Raiffeisen Zentralbank Österreich Aktiengesellschaft and the managers of the holding company Raiffeisen-Landesbanken-Holding GmbH. Relations of key management to RZB are as follows (at fair values):

in € thousand	2014	2013
Sight deposits	11	7
Bonds	1,256	1,343
Shares	452	726
Savings deposits	53	63
Loans liabilities	377	0
Leasing liabilities	591	578

The following table shows relations of close family members of key management to RZB:

in € thousand	2014	2013
Sight deposits	0	3
Bonds	21	41
Time deposits	45	0
Savings deposits	77	68
Leasing liabilities	33	33

The Group has no further relations with key management.

Remuneration of members of the Management Board

The following table shows total remuneration of the members of the Management Board according to IAS 24.17. The expenses according to IAS 24 were recognized on an accrual basis and according to the rules of the underlying standards (IAS 19 and IFRS 2).

in € thousand	2014	2013
Short-term employee benefits	3,478	3,382
Post-employment benefits	2,973	2,343
Other long-term benefits	(39)	608
Termination benefits	0	0
Share based payments	31	97
Total	**6,443**	**6,430**

Short-term employee benefits shown in the above table contain salaries and benefits in kind and other benefits, remunerations for membership of board in affiliated companies and those parts of the bonuses which become due for the short term. Furthermore, changes possibly arising from the difference between the bonus provision and the later awarded bonus are also contained.

Post-employment beneifts comprise payments to pension funds, business insurances and payments according to Retirement Plan Act (Mitarbeitervorsorgegesetz) as well as net allocations to provisions for retirement benefits and severance payments.

Other long-term benefits contain portions of the provision for bonus payments regarding deferred bonus portions in cash and retained portion payable in instruments. For the latter, valuation changes due to currency fluctuations are taken into account. It also contains allocations to provisions for anniversary bonuses.

One member of the Management Board received all remuneration from an affiliated company; no additional remuneration was paid for his activities at RZB. For the function in that company the bonus calculation is linked to the achievement of objectives regarding the profit after tax, Return on Risk Adjusted Capital (RORAC) and cost/income ratio and to the achievement of personal objectives that are agreed upon annually. Payments are made pursuant to the prevailing regulations of BWG.

Furthermore, the item share-based remuneration included, for this member of the Management Board, the adaptions of share-based remunerations which were launched in a subsidiary in 2013 and will be payable from 2016 to 2018.

In the financial year, to former members of the Management Board and to their surviving dependants € 621 thousand (2013: € 615 thousand) was paid.

Remuneration of other boards

The members of the Supervisory Board and other boards are remunerated as follows:

in € thousand	2014	2013
Supervisory board	430	430
Federal Advisory Board (Länderkuratorium)	145	140

Moreover, no contracts subject to approval within the meaning of Section 95 (5) Z 12 of the Austrian Stock Corporation Act (AktG) were concluded with the members of the Supervisory Board in the financial year 2014.

(54) Boards

In accordance with Section 70 (1) of the Austrian Joint Stock Company Act (AktG), the members of the Management Board are personally responsible for leading the company to the best benefit of Raiffeisen Zentralbank and its Group, taking into account shareholders' and employees' interests as well as public interests.

According to Austrian Joint Stock Company Act, the Supervisory Board is responsible for monitoring and supporting the Management Board in fundamental strategic company decisions. The Supervisory Board established the Personnel Committee, Audit Committee, Working Committee, Remuneration Committee, Nomination Committeee and Risk Committee as sub-committees and staffed these from its own ranks.

The authorizations of the Supervisory Board's Personnel Committee stretch to the legal relationships between the company and the active as well as the retired members of the Management Board, but exclude their appointment or their termination of contract.

The Supervisory Board's Audit Committee supervises the accounting process, the effectiveness of the internal control system, the company's internal audit system and risk management system as well as the annual statutory audit and the consolidated financial statements audit. It prepares the recommendation of the Supervisory Board for the selection of the external auditor and bank auditor. The Audit Committee checks and supervises the independence of the Group's auditor and bank auditor, particularly with respect to the additional work performed for the audited company. The Audit Committee is also responsible for auditing the annual financial statements and preparing its findings, assessing the profit appropriation proposal, management report and, if required, corporate governance report as well as reporting on the audit results to the Supervisory Board and auditing the consolidated financial statements and management report, including reporting on the audit results to the Supervisory Board of the parent company.

The Supervisory Board's Working Committee holds a monitoring and authorization function. This particularly applies when taking on risks arising from banking transactions (including the acquisition and sale of securities). It also authorizes risk limits for customers or a group of related customers as from a limit specified by the articles of association. This also applies when establishing, discontinuing or closing subsidiaries and when acquiring investments, directly or indirectly, if the limits set in the articles of association are exceeded.

- The Supervisory Board's Remuneration Committee monitors the remuneration policy, remuneration practices and remuneration-related incentive structures, each in connection with steering, monitoring and limitation of risks pursuant to Section 39 (2b) 1 to 10 Austrian Banking Act (BWG), with the capital adequacy and liquidity. Also the long-term interests of shareholders, investors and employees of the company had to be taken into account. The Supervisory Board's Remuneration Committee approves the general regulations of the remuneration policy, reviews them on a regular basis and is responsible for the implementation of the remuneration policy and practices approved as well as the direct review of the remuneration of higher management in the risk management and in compliance functions.

- The Supervisory Board's Nomination Committee is responsible for the evaluation of the structure, size, composition and performance of the Management Board and the Supervisory Board and for preparing suggestions for modifications if necessary. At least annually, the Nomination Committee evaluates the knowledge, abilities and experience for both individual members of the Management Board and Supervisory Board as well as the boards as a whole and reports then to the Supervisory Board. Moreover, it is responsible for monitoring the procedure of the Management Board regarding the selection of the higher management and the determination of target rates as well as the strategy for female rate. Furthermore, the Nomination Committee has to pay attention to the decision finding process of the Mangement Board and the Supervisory Board that this is not dominated by only one person or a smaller group of persons in the matter of running contrary to the company's interests.

- The Supervisory Board's Risk Committee advises the Management Board concerning the current and future risk disposition and strategy and monitors the implementation. In addition it reviews the pricing of offered services and products insofar as they adequately take into account the business model. Furthermore, the Risk Committee judges if the internal remuneration system adequately considers risk. The head of risk management department participates in the meetings of the Risk Committee and he reports the current risk situation and material developments.

Finally, the Supervisory Board authorizes the appointments of members of the Management Board and employees of the Bank to the bodies of associated companies and in the case of the Management Board, it also issues authorizations to suspend the non-competition clause regarding the acceptance of Supervisory Board memberships within the company, which are unconnected to the Group or in whose operations the company does not participate within the meaning of Section 228 (1) of the Austrian Commercial Code (UGB). The conclusion of special employment contracts with pension commitments – with exception of the legal relationship stated for the Supervisory Board in Section 7 para 4 lid d of the rules of procedure – also requires the approval of the Supervisory Board.The Federal Advisory Board (Länderkuratorium) of the Supervisory Board has been set up as an additional body in accordance with the articles of association. It has an advisory function and is authorized to submit proposals to the Supervisory Board at any time.

Management Board

- Walter Rothensteiner, since1 January 1995, Chairman and CEO; Chairman of the Austrian Raiffeisen Association
- Johannes Schuster, since 10 October 2010
- Johann Strobl, since 1 October 2007

Supervisory Board

Executive Committee

- Erwin Hameseder, since 23 May 2012, President, PersA, PrüfA, AA, VergA, NA, RA, Chairman of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.
- Martin Schaller, since 10 October 2013, first Vice President, PersA, PrüfA, AA, VergA, NA, RA, General Director of Raiffeisen-Landesbank Steiermark AG
- Heinrich Schaller, since 23 May 2012, second Vice President, PersA, PrüfA, AA, VergA, NA, RA, General Director of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
- Hannes Schmid, since 1 August 2013, third Vice President, PersA, PrüfA, AA, VergA, NA, RA, Spokesman of the Management Board of Raiffeisen-Landesbank Tirol AG

Members

- Klaus Buchleitner, since 25 June 2003, General Director of Raiffeisenlandesbank Niederösterreich-Wien AG
- Andreas Brandstetter, since 25 June 2013, Director of the Managment Board of UNIQA Versicherungen AG
- Peter Gauper, since 24 June 2008, Spokesman of the Management Board of Raiffeisenlandesbank Kärnten – Rechenzentrum und Revisionsverband, reg. Gen.m.b.H.
- Wilfried Hopfner, since 18 June 2009, Chairman of the Managment Board of Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband reg. Gen.m.b.H.
- Günther Reibersdorfer, since 23 June 2005, General Director of Raiffeisenverbandes Salzburg reg. Gen.m.b.H.
- Rudolf Könighofer, since 1 August 2013, General Director of Raiffeisenlandesbank Burgenland und Revisionsverband reg. Gen.m.b.H.
- Reinhard Wolf, since 23 May 2012, Director of the Management Board of RWA Raiffeisen Ware Austria AG

All of the above members of the Supervisory Board have been appointed until the Annual General Meeting regarding the 2018 financial year.

Delegated by the Works Council

- Gebhard Muster, since 20 November 2008, since 14 June 2011 Chairman of the Works Council, PrüfA, AA, VergA, NA, RA
- Désirée Preining, since 14 June 2011 Deputy Chairwoman of the Works Council, PrüfA, AA, VergA, NA, RA
- Walter Demel, since 28 November 2013
- Doris Reinsperger, since 14 June 2011

State Commissioner

- Alfred Lejsek, since 1 September 1996, State Commissioner
- Gerhard Popp, since 1 Dezember 2009, Deputy State Commissioner

Federal Advisory Board (Länderkuratorium)

- Wilfried Thoma, since 25 June 2003; since 3 June 20141 Chairman, President of the Supervisory Board of Raiffeisen-Landesbank Steiermark AG
- Walter Hörburger, since 22 June 2010, since 3 June 2014[1] Deputy Chairman, Chairman of the Supervisory Board of Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband reg. Gen.m.b.H.
- Jakob Auer, since 13 June 2000, President of the Supervisory Board of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
- Karl Donabauer, til 3 June 2014, Chairman of the Supervisory Board of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.
- Josef Graber, til 3 June 2014, Chairman of the Supervisory Board of Raiffeisen-Landesbank Tirol AG
- Robert Lutschounig, since 12 June 2009, Chairman of the Supervisory Board of Raiffeisenlandesbank Kärnten- Rechenzentrum und Revisionsverband, reg. Gen.m.b.H.
- Michael Misslinger, since 3 June 2014, Chairman of the Supervisory Board of Raiffeisen Landesbank Tirol AG
- Sebastian Schönbuchner, since 20 June 2002, Chairman of Raiffeisenverband Salzburg reg. Gen.m.b.H.
- Helmut Tacho, since 3 June 2014, Chairman oft he Supervisory Board of Raiffeisen Holding Niederösterreich-Wien reg. Gen.m.b.H.
- Erwin Tinhof, since 20 June 2007, President of the Supervisory Board of Raiffeisenlandesbank Burgenland und Revisionsverband reg. Gen.m.b.H.

PersA Member of the Personnel Committee
PrüfA Member of the Audit Committee
AA Member of the Working Committee
VergA Member of the Remuneration Committee

NA Member of the Nomination Committee

RA Member of the Risk Committee

1 A new Chairman and his/her Deputy are appointed each year.

(55) Subsequent events

Strategic measures in RBI to strengthen capital ratios

In February 2015, RBI resolved to take a number of steps to increase capital buffers. The measures are intended to facilitate an improvement in the CET1 ratio (fully loaded) to 12 per cent by the end of 2017, compared to 10 per cent at the end of 2014. The planned steps will affect a number of operations across RBI Group, in particular those areas which generate low returns, have high capital consumption or are of limited strategic fit.

The measures to be implemented include sale of the operations in Poland and Slovenia, as well as the direct banking unit ZUNO. Exposure to the Russian market is to be reduced, with a risk-weighted asset (total RWA) reduction of approximately 20 per cent planned by the end of 2017 (total RWA as at 31/12/2014: € 8.4 billion). A reduction in exposure is also foreseen in Ukraine, where total RWA will be decreased by approximately 30 per cent by the end of 2017 (total RWA as at 31/12/2014: € 3.0 billion). In Hungary further optimization of the operation will be undertaken. As part of the drive to increase Group focus on the CEE region, operations are to be significantly scaled back or exited in Asia by the end of 2017 and in the US by the end of 2016.

The implementation of these measures will result in an aggregate gross RWA reduction in the selected markets of approximately € 16 billion by the end of 2017 (total RWA as at 31/12/2014: € 68.7 billion). The total gross reduction from the end of the third quarter 2014 to the end of 2017 will amount to approximately € 26 billion.

The reduction is expected to be partially offset by growth in other business areas.

Currency devaluations at the beginning of 2015

At the beginning of 2015, changes to the Ukrainian National Bank's monetary policy led to a slump. By the end of February, the Ukrainian hyvrnia had lost 37 per cent. This will have an effect on RZB's loan portfolio; however, this has only little impact on RZB's capital position.

At the beginning of the year, Belarus devalued the Belarusian rouble (BYR) by around 20 per cent. This was a result of the currency turbulence in Russia at the end of 2014. The Belarusian economy is strongly linked to the Russian's. As Priorbank's capital is partly secured through an economic hedge this has little impact on the capital position.

The appreciation of the Swiss franc (CHF) against the euro, following the withdrawal of the Swiss National Bank's exchange rate peg, had a negative effect on RZB's CHF-denominated foreign currency loans. RZB's portfolio of these loans is approximately € 4 billion, € 2.8 billion of which are in Poland. Overall, the short-term impact on RZB is deemed low.

(56) Group composition

Consolidated group

Number of units	Fully consolidated 31/12/2014	Fully consolidated 31/12/2013	Equity method 31/12/2014	Equity method 31/12/2013
As at beginning of period	**360**	**341**	**9**	**14**
Included for the first time in the financial period	32	40	1	1
Merged in the financial period	(5)	(6)	0	0
Excluded in the financial period	(50)	(15)	0	(6)
As at end of period	**337**	**360**	**10**	**9**

Of the 337 entities in the Group, 169 are domiciled in Austria (2013: 171) and 168 abroad (2013: 189). They comprise 28 banks (2013: 31), 194 financial institutions (2013: 200), 29 companies rendering bank-related ancillary services (2013: 32), 17 financial holding companies (2013: 17) and 69 other companies (2013: 80).

Included units

Name	Share	Included as of	Reason
Financial institutions			
RB International Markets (USA) LLC, New York, (US)	60.8%	1/1	Purchase
RB International Investment Asia Limited, Labuan, (MY)	60.8%	1/1	Purchase
Compass Variety Funding Limited, Dublin (IE)	0.0%	1/1	Purchase
Raiffeisen Wohnbauleasing Gesellschaft m.b.H., Vienna (AT)	75.5%	1/1	Purchase
Raiffeisen-Wohnbauleasing Österreich GmbH, Vienna (AT)	75.5%	1/1	Purchase
FWR Russia Funding B.V., Amsterdam (NL)	0.0%	1/7	Purchase
Abade Immobilienleasing GmbH, Eschborn (DE)	100.0%	1/9	Purchase
Abade Immobilienleasing GmbH & Co Projekt Lauterbach KG, Eschborn (DE)	6.0%	1/9	Purchase
Abakus Immobilienleasing GmbH & Co Projekt Leese KG, Eschborn (DE)	6.0%	1/9	Purchase
Abutilon Immobilienleasing GmbH & Co. Projekt Autohof Ibbenbüren KG, Eschborn (DE)	6,0%	1/9	Purchase
Abura Immobilienleasing GmbH & Co. Projekt Seniorenhaus Boppard KG, Eschborn (DE)	6.0%	1/9	Purchase
Adiantum Immobilienleasing GmbH & Co. Projekt Schillerhöhe Weimar KG, Eschborn (DE)	6.0%	1/9	Purchase
Infrastruktur Heilbad Sauerbrunn GmbH, Vienna (AT)	55.7%	1/9	Purchase
Infrastruktur Heilbad Sauerbrunn RBI-Leasing GmbH & Co.KG., Bad Sauerbrunn (AT)	55.7%	1/9	Purchase
Lentia Immobilienleasing GmbH & Co. Albert-Osswald-Haus KG, Eschborn (DE)	6.0%	1/9	Purchase
Orestes Immobilienleasing GmbH & Co. Projekt Wiesbaden KG, Eschborn (DE)	6.0%	1/9	Purchase
RL Flussschifffahrts GmbH & Co KG, Vienna (AT)	0.4%	1/9	Purchase
Styria Immobilienleasing GmbH & Co. Projekt Ahlen KG, Eschborn (DE)	6.0%	1/9	Purchase
Vindobona Immobilienleasing GmbH & Co. Projekt Autohaus KG, Eschborn (DE)	6.0%	1/9	Purchase
Other companies			
Objekt Linser Areal Immoblilienerrichtungs GmbH & Co. KG, Vienna (AT)	5.3%	1/1	Materiality
Objekt Linser Areal Immobilienerrichtungs GmbH, Vienna (AT)	5.3%	1/1	Materiality
Raiffeisen Real Estate Fund, Budapest (HU)	0.0%	1/6	Materiality
AMYKOS RBI Leasing-Immobilien GmbH, Vienna (AT)	55.7%	1/12	Materiality
Raiffeisen-Wagramer Straße 120 Projektentwicklungs GmbH, Vienna (AT)	76.0%	1/12	Materiality
Kepler Fonds 777, Vienna (AT)	0.0%	1/12	Foundation
RL-Epsilon Holding GmbH, Vienna (AT)	100.0%	1/12	Materiality
RL-Epsilon Sp.z.o.o., Warsaw (PL)	100.0%	1/12	Materiality
RL-Gamma Holding GmbH, Vienna (AT)	100.0%	1/12	Materiality
RL Gamma d.o.o., Zagreb (HR)	100.0%	1/12	Materiality
RL-Jota Holding GmbH, Vienna (AT)	100.0%	1/12	Materiality
RL-Jota Sp.z o.o., Warsaw (PL)	100.0%	1/12	Materiality
ROOF Poland Leasing 2014 Ltd, Dublin (IE)	0.0%	1/12	Start of operations

Excluded units

Name	Share	Excluded as of	Reason
Financial institutions			
A-Leasing Finance S.r.l., Conegliano (IT)	39.4%	31/1	Immaterial
ROOF Consumer Bulgaria 2007 - 1 B.V., Amsterdam (NL)	78.6%	31/1	Immaterial
RLRE Beta Property, s.r.o., Prague (CZ)	59.1%	31/1	Immaterial
RLRE Hotel Ellen, s.r.o., Prague (CZ)	78.6%	31/1	Immaterial
RLRE Eta Property, s.r.o., Prague (CZ)	59.1%	31/1	Immaterial
Iris Property, s.r.o., Prague (CZ)	0.0%	31/1	Immaterial
RLRE Jota Property, s.r.o., Prague (CZ)	50.0%	31/1	Immaterial
RLRE Orion Property s.r.o., Prague (CZ)	100.0%	31/1	Immaterial
Sirius Property, s.r.o., Prague (CZ)	100.0%	31/1	Immaterial
RLRE Ypsilon Property, s.r.o., Prague (CZ)	59.1%	31/1	Immaterial
RZB Finance (Jersey) II Ltd, St. Helier (JE)	0.0%	31/8	End of operations
AELLO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	50.0%	30/9	Immaterial
AGIOS Raiffeisen-Immobilien Leasing Ges.m.b.H., Vienna (AT)	100.0%	30/9	Immaterial
ARTEMIA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Wien (AT)	100.0%	30/9	Immaterial
Austria Leasing GmbH & Co. KG Immobilienverwaltung Projekt Eberdingen, Eschborn (DE)	59.1%	30/9	Immaterial
HERA Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	78.6%	30/9	Immaterial
HESTIA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	59.1%	30/9	Immaterial
ISIS Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	0.0%	30/9	Immaterial
MIRUS Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	78.6%	30/9	Immaterial
OCTANOS Raiffeisen Immobilien Leasing Ges.m.b.H., Vienna (AT)	59.1%	30/9	Immaterial
ORION Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	78.6%	30/9	Immaterial
PEGA Raiffeisen-Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	59.1%	30/9	Immaterial
RILREU Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	0.0%	30/9	Immaterial
RIL VI Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	50.0%	30/9	Immaterial
RL Leasing Gesellschaft m.b.H., Eschborn (DE)	100.0%	30/9	Immaterial
RL Parkgaragen GmbH, Vienna (AT)	100.0%	30/9	Immaterial
Raiffeisen-Leasing Wärmeversorgungsanlagenbetriebs GmbH, Vienna (AT)	59.1%	30/9	Immaterial
Raiffeisen Wohnbauleasing Gesellschaft m.b.H., Vienna (AT)	0.0%	30/9	Immaterial
Raiffeisen-Wohnbauleasing Österreich GmbH, Vienna (AT)	50.0%	30/9	Immaterial
VANELLA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	100.0%	30/9	Immaterial
Banks			
Raiffeisen Malta Bank plc., Sliema (MT)	100.0%	30/6	Sale
Companies rendering banking-related ancillary services			
LLC "R1", Novosibirsk (RU)	60.8%	30/4	Sale
LLC "R2", Novosibirsk (RU)	100.0%	30/6	Liquidation
Other companies			
Abrawiza Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
Abri Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
Abri Immobilienleasing GmbH & Co. Projekt Hotel Heidelberg KG, Eschborn (DE)	50.0%	31/1	Immaterial
Acridin Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
Adamas Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
Adipes Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
Adorant Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
Adrittura Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
Adular Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
Agamemnon Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
OSTARRICHI Immobilienleasing GmbH, Eschborn (DE)	100.0%	31/1	Immaterial
Phoenix Property, s.r.o., Prague (CZ)	71.6%	31/1	Immaterial
Larus Handels- und BeteiligungsgmbH, Vienna (AT)	60.8%	31/3	Sale
F.J. Elsner & Co. Gesellschaft mbH, Vienna (AT)	60.8%	31/3	Sale
F.J. Elsner Trading Gesellschaft m.b.H., Vienna (AT)	60.8%	31/3	Sale
P & C Beteiligungs Gesellschaft m.b.H., Vienna (AT)	60.8%	30/9	Immaterial
Windpark Nikitsch GmbH, Vienna (AT)	100.0%	31/10	Sale

Mergers

As at 30 April 2014, UQ Assekuranz Holding GmbH, Vienna (AT) was merged into RZB Versicherungsbeteiligung GmbH, Vienna (AT). Raiffeisen Vermögensverwaltungsbank AG, Vienna (AT), was merged into Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung, Vienna (AT), retrospectively as at 1 January 2014. Raiffeisen International Fund Advisory G.m.b.H., Vienna (AT), was merged into Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung, Vienna (AT), as at 30 September 2014. Raiffeisen Factoring Holding GmbH, Vienna (AT), was merged into RZB Sektorbeteiligung GmbH, Vienna (AT), retrospectively as at 1 January 2014. RL FUEGO Immobilienleasing GmbH, Eschborn (DE), was merged into Austria Leasing Beteiligungsgesellschaft mbH, Eschborn (DE), retrospectively as at 1 January 2014.

The following table contains income arising from disposal of group assets:

in € thousand	ELSNER-Group	RBMT	Others	Total
Assets	70,227	102,939	176,039	349,205
Liabilities	57,736	649	165,592	223,977
Total identifiable net assets	**12,491**	**102,290**	**10,447**	**125,228**
Non-controlling interests	0	0	5,278	5,278
Net assets after non-controlling interests	**12,491**	**102,290**	**5,169**	**119,951**
Goodwill	0	0	0	0
Goodwill/Badwill from exchange differences	0	0	0	0
Selling price	1,229	102,790	6,063	110,083
Net income from disposal of group assets	**(11,261)**	**500**	**864**	**(9,898)**

Elsner-Group: Warenhandlesgruppe F.J. Elsner, Vienna (AT).
RBMT: Raiffeisen Malta Bank plc, Sliema (MT).

The liquidity effect of the sold Group units amounted to € 94,885 thousand, mainly resulting from Raiffeisen Malta Bank.

Consolidated subsidiaries where RZB holds, indirectly, less than 50 per cent of the ordinary voting shares

The Group controls the following types of entities, even though it holds less than half of the voting rights.

Structured entities

Name	Share of voting rights	Reason
Raiffeisen Real Estate Fund, Budapest (HU)	0.0%	Fund
Compass Variety Funding Limited, Dublin 2 (IE)	0.0%	SPV
CJSC Mortgage Agent Raiffeisen 01, Moscow (RU)	0.0%	SPV
Roof Russia DPR Finance Company S.A., Luxembourg (LU)	0.0%	SPV
ROOF Poland Leasing 2014 Ltd, Dublin (IE)	0.0%	SPV
Roof Russia S.A., 2520 Luxembourg (LU)	0.0%	SPV
Kepler Fonds 777, Vienna (AT)	0.0%	Fund
FWR Russia Funding B.V., Amsterdam (NL)	0.0%	SPV

The above entities are consolidated as they are either special purpose vehicles (SPV) or funds set up by the Group. The Group is exposed to variability in returns from the vehicles from activities such as holding securities in the vehicles or issuing financial guarantees and the Group has the power to influence the relevant activities of these entities. These entities primarily run on 'auto-pilot' with the day to day business activities being performed by the Group by way of a Service Agreement.

De-facto control

Name	Share of voting rights	Reason
OOO "Kvadro", Tomsk (RU)	0.0%	Management influence
SOLIDA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	49.5%	Management influence

The above entities are consolidated as the Group has de facto control over the entities arising due to the Group's ability to elect members of the management of the entity without contractual agreements and to govern the entity by concluding material business.

Subsidiaries not consolidated where RZB holds, indirectly, more than 50 per cent of the ordinary voting shares

Because of their minor importance in giving a view of the Group's assets, financial and earnings position 350 subsidiaries were not included in the consolidated financial statements (2011: 251). They are recognized at cost under financial investments and are assigned to measurement category available-for-sale. Total assets of the companies not included came to less than 1 per cent of RZB's aggregated total assets.

List of fully consolidated companies

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
"Raiffeisen-Rent" Vermögensberatung und Treuhand Gesellschaft m.b.H., Vienna (AT)	364,000	EUR	100.0%	FI
Abade Immobilienleasing GmbH & Co Projekt Lauterbach KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Abade Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Abakus Immobilienleasing GmbH & Co Projekt Leese KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Abrawiza Immobilienleasing GmbH & Co. Projekt Fernwald KG, Eschborn (DE)	5,000	EUR	6.0%	OT
Abura Immobilienleasing GmbH & Co. Projekt Seniorenhaus Boppard KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Abutilon Immobilienleasing GmbH & Co. Projekt Autohof Ibbenbüren KG, Eschborn (DE)	5,000	EUR	6.0%	FI
ACB Ponava, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Achat Immobilienleasing GmbH & Co. Projekt Hochtaunus-Stift KG, Eschborn (DE)	10,000	EUR	1.0%	FI
Acridin Immobilienleasing GmbH & Co. Projekt Marienfeld KG, Eschborn (DE)	5,000	EUR	100.0%	FI
Adagium Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adamas Immobilienleasing GmbH & Co. Projekt Pflegeheim Werdau KG, Eschborn (DE)	5,000	EUR	100.0%	FI
Adessentia Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adiantum Immobilienleasing GmbH & Co. Projekt Schillerhöhe Weimar KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Adipes Immobilienleasing GmbH & Co. Projekt Bremervörde KG, Frankfurt am Main (DE)	5,000	EUR	100.0%	FI
Adorant Immobilienleasing GmbH & Co. Projekt Heilsbronn und Neuendettelsau KG, Eschborn (DE)	5,000	EUR	6.0%	OT
Adrittura Immobilienleasing GmbH & Co. Projekt Eiching KG, Eschborn (DE)	5,000	EUR	70.0%	FI
Adular Immobilienleasing GmbH & Co. Projekt Rödermark KG, Eschborn (DE)	5,000	EUR	100.0%	FI
Agamemnon Immobilienleasing GmbH & Co. Projekt Pflegeheim Freiberg KG, Eschborn (DE)	5,000	EUR	100.0%	FI
AGITO Immobilien-Leasing GesmbH, Vienna (AT)	36,400	EUR	100.0%	FI
AL Taunussteiner Grundstücks-GmbH & Co KG, Eschborn (DE)	10,000	EUR	88.0%	FI
A-Leasing SpA, Treviso (IT)	80,000,000	EUR	100.0%	FI
AKRISIOS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	50.0%	FI
Am Hafen" Sutterlüty GmbH & Co KG, Vienna (AT)	100,000	EUR	50.0%	FI
AMYKOS RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	55.7%	OT
APUS Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
ARCANA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
A-Real Estate S.p.A., Bozen (IT)	390,000	EUR	100.0%	FI
AURIGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Austria Leasing Beteiligungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Austria Leasing GmbH & Co. Immobilienverwaltung Projekt Hannover KG, Eschborn (DE)	10,000	EUR	100.0%	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung CURA, Eschborn (DE)	10,000	EUR	100.0%	FI
Austria Leasing GmbH, Eschborn (DE)	1,000,000	EUR	100.0%	FI
Austria Leasing Immobilienverwaltungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0%	OT
BAILE Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	60.8%	FI
Baumgartner Höhe RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	55.7%	FI
BL Syndikat Beteiligungs Gesellschaft m.b.H., Vienna (AT)	4,373,558	EUR	77.9%	FH
Bondy Centrum, s.r.o., Prague (CZ)	200,000	CZK	79.1%	OT
BRL Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Eisenstadt (AT)	73,000	EUR	100.0%	FI
BUILDING BUSINESS CENTER DOO NOVI SAD, Novi Sad (RS)	559,220,792	RSD	60.8%	FI
Bukovina Residential SRL, Timisoara (RO)	1,901,600	RON	100.0%	OT
Bulevard Centar BBC Holding d.o.o., Belgrade (RS)	63,708	RSD	60.8%	BR
Burgenländische Kommunalgebäudeleasing Gesellschaft m.b.H., Eisenstadt (AT)	35,000	EUR	100.0%	FI
CADO Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Canopa Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
CARNUNTUM Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	2,820,000	RON	60.8%	BR
Centrotrade Chemicals AG, Zug (CH)	5,000,000	CHF	60.8%	OT
Centrotrade Commodities Malaysia Sdn Bhd, Kuala Lumpur (MY)	1,400,000	MYR	60.8%	OT
Centrotrade Deutschland GmbH, Eschborn (DE)	1,000,000	EUR	60.8%	OT

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Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
Centrotrade Holding AG, Vienna (AT)	3,000,000	EUR	0.0%	OT
Centrotrade Minerals & Metals Inc., Chesapeake (US)	2,000	USD	60.8%	OT
Centrotrade Singapore Pte. Ltd., Singapore (SG)	500,000	SGD	60.8%	OT
CERES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
CINOVA RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	55.7%	FI
CJSC Mortgage Agent Raiffeisen 01, Moscow (RU)	10,000	RUB	0.0%	BR
Closed Joint Stock Company Non-state pension fund Raiffeisen, Moscow (RU)	275,000,000	RUB	45.6%	FI
COL Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Compass Variety Funding Limited, Dublin (IE)	1	EUR	0.0%	FI
CUPIDO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
CURO Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
CZ Invest GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
DANAE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
DAV Holding Ltd., Budapest (HU)	3,020,000	HUF	60.8%	FI
DOROS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Eastern European Invest GmbH, Vienna (AT)	35,000	EUR	60.8%	FI
Eastern European Invest Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FI
ELIOT, a.s., Bratislava (SK)	21,420,423	EUR	47.9%	BR
EPPA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
ETEOKLES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
FCC Office Building SRL, Bucharest (RO)	30,298,500	RON	60.8%	BR
FEBRIS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
First Leasing Service Center GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Floreasca City Center Verwaltung Kft., Budapest (HU)	41,000	HUF	60.8%	FI
FMK Fachmarktcenter Kohlbruck Betriebs GmbH, Eschborn (DE)	30,678	EUR	94.8%	FI
FMZ PRIMUS Ingatlanfejlesztö Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
FWR Russia Funding B.V., Amsterdam (NL)	1	EUR	0.0%	FI
Gaia Property, s.r.o., Prague (CZ)	200,000	CZK	58.1%	OT
GENO Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Golden Rainbow International Limited, Tortola (VG)	1	EUR	60.8%	FI
HABITO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Harmadik Vagyonkezelő Kft., Budapest (HU)	3,100,000	HUF	60.8%	BR
HERMIONE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Hietzinger-Spitz Projektentwicklung GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Hotel Maria Prag Besitz s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
HSL INVEST S.R.L., Ploiesti (RO)	3,000	RON	100.0%	FI
IGNIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Immoservice Polska Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
Infrastruktur Heilbad Sauerbrunn GmbH, Vienna (AT)	35,000	EUR	55.7%	FI
Infrastruktur Heilbad Sauerbrunn RBI-Leasing GmbH & Co.KG., Bad Sauerbrunn (AT)	23,357,237	EUR	55.7%	FI
INPROX Split d.o.o., Zagreb (HR)	100,000	HRK	100.0%	OT
Inprox Zagreb Sesvete d.o.o., Zagreb (HR)	100,000	HRK	100.0%	OT
Jacquingasse 16 Projektentwicklungsges.m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
JLLC "Raiffeisen-leasing", Minsk (BY)	4,300,250,000	BYR	58.5%	FI
JUNO Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Kathrein & Co. Vermögensverwaltung GmbH, Vienna (AT)	125,000	EUR	100.0%	FI
Kathrein Privatbank Aktiengesellschaft, Vienna (AT)	20,000,000	EUR	60.8%	BA
KAURI Handels und Beteiligungs GmbH, Vienna (AT)	50,000	EUR	88.0%	OT
Kepler Fonds 777, Vienna (AT)	0	EUR	100.0%	SC
KHD a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT

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Kiinteistö Oy Automaatiotie 1, Helsinki (FI)	0	EUR	100.0%	OT
Kiinteistö Oy Rovaniemen tietotekniikkakeskus, Helsinki (FI)	100,000	EUR	100.0%	FI
Kiinteistö Oy Seinäjoen Joupinkatu 1, Helsinki (FI)	100,000	EUR	100.0%	FI
Konevova s.r.o., Prague (CZ)	50,000,000	CZK	50.5%	BR
Körlog Logistika Építö és Kivitelezö Korlátolt Feleösségü Társaság, Budapest (HU)	3,000,000	HUF	100.0%	OT
KOTTO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Laomedon Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
LARENTIA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Lentia Immobilienleasing GmbH & Co. Albert-Osswald-Haus KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Lexxus Services Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FH
LIBRA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Limited Liability Company Raiffeisen Leasing Aval, Kyiv (UA)	180,208,527	UAH	60.1%	FI
LLC "ARES Nedvizhimost", Moscow (RU)	10,000	RUB	30.4%	BR
LT Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Lucius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
LYRA Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
LYSSA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
MELIKERTES Raiffeisen-Mobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	80.0%	FI
MOBIX Raiffeisen-Mobilien-Leasing AG, Vienna (AT)	125,000	EUR	95.5%	FI
MOBIX Vermögensverwaltungsges.m.b.H., Vienna (AT)	36,400	EUR	95.5%	FI
MIRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
Niederösterreichische Landes-Landwirtschaftskammer Errichtungs- und Betriebsgesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Objekt Linser Areal Immobilienerrichtungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Objekt Linser Areal Immoblilienerrichtungs GmbH & Co. KG, Vienna (AT)	1,000	EUR	100.0%	OT
ÖKO-Drive Fuhrparkmanagement GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
OOO "Kvadro", Tomsk (RU)	10,000	RUB	0.0%	BR
OOO "Tkatskoye", Moscow (RU)	73,300,000	RUB	60.8%	BR
OOO Raiffeisen-Leasing, Moscow (RU)	1,071,000,000	RUB	65.7%	FI
OOO RB Obligatsii, Moscow (RU)	10,000	RUB	60.8%	FI
OPORA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Orestes Immobilienleasing GmbH & Co. Projekt Wiesbaden KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Ostarrichi Immobilienleasing GmbH & Co. Projekt Langenbach KG, Eschborn (DE)	5,000	EUR	100.0%	FI
PALADIOS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	72,673	EUR	100.0%	FI
Park City real estate Holding d.o.o., Novi Sad (RS)	63,708	RSD	60.8%	BR
PARO Raiffeisen Immobilien Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
PELIAS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
PERSES RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	55.7%	FI
PLANA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Pointon Investment Limited, Limassol (CY)	2,000	RUB	60.8%	BR
Priamos Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Priorbank JSC, Minsk (BY)	412,279,277,350	BYR	53.4%	BA
Propria Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	90.0%	FI
Queens Garden Sp z.o.o., Warsaw (PL)	100,000	PLN	100.0%	FI
R Karpo Immobilien Linie S.R.L., Bucharest (RO)	200	RON	100.0%	OT
R.B.T. Beteiligungsgesellschaft m.b.H, Vienna (AT)	36,336	EUR	100.0%	OT
R.P.I. Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
Raiffeisen Banca pentru Locuinte S.A., Bucharest (RO)	131,074,560	RON	37.3%	BA
Raiffeisen Bank Aval JSC, Kyiv (UA)	3,002,774,908	UAH	58.5%	BA
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	247,167,000	BAM	60.8%	BA
Raiffeisen Bank International AG, Vienna (AT)	893,586,066	EUR	60.8%	BA

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Raiffeisen Bank Kosovo J.S.C., Pristina (KO)	63,000,000	EUR	60.8%	BA
Raiffeisen Bank Polska S.A., Warsaw (PL)	2,256,683,400	PLN	60.8%	BA
Raiffeisen Bank S.A., Bucharest (RO)	1,200,000,000	RON	60.8%	BA
Raiffeisen Bank Sh.a., Tirana (AL)	14,178,593,030	ALL	60.8%	BA
Raiffeisen Bank Zrt., Budapest (HU)	50,000,080,000	HUF	60.8%	BA
Raiffeisen banka a.d., Belgrade (RS)	27,466,157,580	RSD	60.8%	BA
Raiffeisen Banka d.d., Maribor (SI)	46,824,564	EUR	60.7%	BA
Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna (AT)	35,000,000	EUR	51.0%	BA
Raiffeisen Bausparkassen Holding GmbH, Vienna (AT)	10,000,000	EUR	51.0%	FH
Raiffeisen Biztosításközvetítő Kft., Budapest (HU)	5,000,000	HUF	60.8%	BR
Raiffeisen Burgenland Leasing GmbH, Vienna (AT)	38,000	EUR	100.0%	FI
Raiffeisen CEE Region Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FH
Raiffeisen Centrobank AG, Vienna (AT)	47,598,850	EUR	60.8%	BA
Raiffeisen CIS Region Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FH
Raiffeisen Energiaszolgáltató Kft., Budapest (HU)	500,000	HUF	65.7%	OT
Raiffeisen Factor Bank AG, Vienna (AT)	10,000,000	EUR	100.0%	BA
Raiffeisen Factoring Ltd., Zagreb (HR)	15,000,000	HRK	60.8%	FI
Raiffeisen FinCorp, s.r.o., Prague (CZ)	200,000	CZK	58.1%	FI
Raiffeisen Gazdasági Szolgáltató Zrt., Budapest (HU)	20,100,000	HUF	60.8%	FI
Raiffeisen Ingatlan Vagyonkezelő Kft., Budapest (HU)	3,100,000	HUF	60.8%	BR
Raiffeisen Insurance Agency Sp.z.o.o, Warsaw (PL)	200,000	PLN	60.8%	BR
RAIFFEISEN INSURANCE BROKER EOOD, Sofia (BG)	5,000	BGN	60.8%	BR
Raiffeisen International Beteiligungs GmbH, Vienna (AT)	1,000,000	EUR	100.0%	FH
Raiffeisen International Invest Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FH
Raiffeisen International Liegenschaftsbesitz GmbH, Vienna (AT)	35,000	EUR	60.8%	BR
Raiffeisen Investment Advisory GmbH, Vienna (AT)	730,000	EUR	60.8%	FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	70,000	TRY	60.2%	FI
Raiffeisen Investment Ltd., Moscow (RU)	47,904,192	RUB	60.8%	FI
Raiffeisen Investment Polska sp.z.o.o., Warsaw (PL)	3,024,000	PLN	60.8%	FI
Raiffeisen Investment Romania LLC - in liquidation, Bucharest (RO)	159,130	RON	60.8%	FI
Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung, Vienna (AT)	15,000,000	EUR	100.0%	BA
RIRE Holding GmbH, Vienna (AT)	15,405,899	BAM	65.8%	FI
Raiffeisen Leasing Bulgaria OOD, Sofia (BG)	5,900,000	BGN	68.2%	FI
Raiffeisen Leasing d.o.o. Sarajevo, Sarajevo (BA)	15,405,899	BAM	65.8%	FI
Raiffeisen Leasing d.o.o., Belgrade (RS)	226,389,900	RSD	65.7%	FI
Raiffeisen Leasing d.o.o., Ljubljana (SI)	3,738,107	EUR	70.6%	FI
Raiffeisen Leasing IFN S.A., Bucharest (RO)	14,935,400	RON	65.7%	FI
Raiffeisen Leasing Kosovo LLC, Pristina (KO)	642,857	EUR	63.8%	FI
Raiffeisen Leasing sh.a., Tirana (AL)	263,520,134	ALL	63.3%	FI
Raiffeisen Leasing-Projektfinanzierung Gesellschaft m.b.H., Vienna (AT)	72,673	EUR	100.0%	FI
Raiffeisen Lízing Zrt., Budapest (HU)	51,500,000	HUF	65.7%	FI
Raiffeisen Mandatory and Voluntary Pension Funds Management Company Plc., Zagreb (HR)	143,445,300	HRK	60.8%	FI
Raiffeisen ÖHT Beteiligungs GmbH, Vienna (AT)	35,000	EUR	0.0%	OT
Raiffeisen Property Holding International GmbH, Vienna (AT)	35,000	EUR	60.8%	FI
Raiffeisen Property International GmbH, Vienna (AT)	40,000	EUR	60.8%	OT
Raiffeisen Real Estate Fund, Budapest (HU)	0	HUF	0.0%	FI
Raiffeisen Rent DOO, Belgrade (RS)	243,099,913	RSD	70.6%	FI
Raiffeisen RS Beteiligungs GmbH, Vienna (AT)	35,000	EUR	60.8%	FH
Raiffeisen SEE Region Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FH
Raiffeisen stambena stedionica d.d., Zagreb (HR)	180,000,000	HRK	60.8%	BA

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Raiffeisen stavebni sporitelna, a.s., Prague (CZ)	650,000,000	CZK	50.5%	BA
Raiffeisen Windpark Berg GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Windpark GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
Raiffeisen Windpark Scharndorf GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Windpark Trautmannsdorf GmbH, Vienna (AT)	36,400	EUR	100.0%	OT
Raiffeisen Windpark Trautmannsdorf Nord GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Windpark Velm GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Wohnbaubank Aktiengesellschaft, Vienna (AT)	5,100,000	EUR	100.0%	BA
Raiffeisen-Anlagenvermietung Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	603,447,952	BGN	60.8%	BA
Raiffeisenbank a.s., Prague (CZ)	11,060,800,000	CZK	45.6%	BA
Raiffeisenbank Austria d.d., Zagreb (HR)	3,621,432,000	HRK	60.8%	BA
Raiffeisen-Gemeindegebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Invest-Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	FI
Raiffeisen-Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Leasing Aircraft Finance GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Leasing Bank Aktiengesellschaft, Vienna (AT)	5,000,000	EUR	100.0%	BA
Raiffeisen-Leasing Beteiligung GesmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing d.o.o., Zagreb (HR)	30,000,000	HRK	65.7%	FI
Raiffeisen-Leasing Fuhrparkmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
Raiffeisen-Leasing Gesellschaft m.b.H. & Co KG, Vienna (AT)	581,383	EUR	100.0%	FI
Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	363,364	EUR	100.0%	FI
Raiffeisen-Leasing Immobilienmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FH
Raiffeisen-Leasing Immobilienverwaltung Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
Raiffeisen-Leasing International Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	70.6%	FI
Raiffeisen-Leasing Liegenschaftsverwaltung Kraußstraße Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	70.0%	FI
Raiffeisen-Leasing Polska S.A., Warsaw (PL)	150,003,800	PLN	60.8%	FI
RAIFFEISEN-LEASING REAL ESTATE Sp. z o.o., Warsaw (PL)	50,000	PLN	60.8%	FI
Raiffeisen-Leasing Real Estate, s.r.o., Prague (CZ)	10,000,000	CZK	58.1%	FI
Raiffeisen-Leasing Wohnbauerrichtungs GmbH, Raaba (AT)	35,000	EUR	100.0%	OT
Raiffeisen-Leasing, s.r.o., Prague (CZ)	440,000,000	CZK	58.1%	FI
Raiffeisen-RBHU Holding GmbH, Vienna (AT)	236,640	EUR	60.8%	FH
Raiffeisen-Rent Immobilienprojektentwicklung Gesellschaft m.b.H. Objekt Wallgasse 12 KG, Vienna (AT)	5,089,206	EUR	100.0%	OT
Raiffeisen-Rent-ImmobilienprojektentwicklungsgmbH.,Objekt Lenaugasse 11 KG, Vienna (AT)	6,169,924	EUR	100.0%	OT
Raiffeisen-Wagramer Straße 120 Projektentwicklungs GmbH, Vienna (AT)	35,000	EUR	76.0%	OT
RALT Raiffeisen-Leasing Gesellschaft m.b.H. & Co. KG, Vienna (AT)	20,348,394	EUR	100.0%	BR
RALT Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	218,500	EUR	100.0%	FI
RAN elf Raiffeisen-Anlagenvermietung Ges.m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
RAN vierzehn Raiffeisen-Anlagevermietung GmbH, Vienna (AT)	36,336	EUR	100.0%	FI
RAN zehn Raiffeisen-Anlagenvermietung Ges.m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
RB International Finance (Hong Kong) Ltd., Hong Kong (HK)	10,000,000	HKD	60.8%	FI
RB International Finance (USA) LLC, New York (US)	1,510,000	USD	60.8%	FI
RB International Investment Asia Limited, Labuan (MY)	1	USD	60.8%	FI
RB International Markets (USA) LLC, New York (US)	8,000,000	USD	60.8%	FI
RB Kereskedhőáz Kft., Budapest (HU)	4,000,000	HUF	60.8%	BR
RBI KI Beteiligungs GmbH, Vienna (AT)	48,000	EUR	60.8%	FH
RBI IB Beteiligungs GmbH, Vienna (AT)	35,000	EUR	60.8%	FH
RBI LEA Beteiligungs GmbH, Vienna (AT)	70,000	EUR	60.8%	FI
RBI Leasing GmbH, Vienna (AT)	100,000	EUR	55.7%	FI

1 Less own shares.
2 Company type: BA Bank, FI Financial institutions, BR Company rendering banking-related ancilliary services, FH financial holding, OT Other companies, VV Insurance WP Securities firms.

Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
RBI LGG Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FI
REC Alpha LLC, Kyiv (UA)	267,643,204	UAH	60.8%	BR
Regional Card Processing Center s.r.o., Bratislava (SK)	539,465	EUR	60.8%	BR
REMUS Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Rent Impex, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
RI Eastern European Finance B.V., Amsterdam (NL)	400,000	EUR	60.8%	FI
RIL IV Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIL VII Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIL XIII Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIL XIV Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RL Anlagenvermietung Gesellschaft m.b.H., Eschborn (DE)	50,000	DEM	100.0%	FI
RL DANTE Mobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	80.0%	FI
RL Flussschifffahrts GmbH & Co KG, Vienna (AT)	5,000	EUR	0.4%	OT
RL Grundstückverwaltung Klagenfurt-Süd GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL Hotel Palace Wien Besitz GmbH, Vienna (AT)	36,336	EUR	99.1%	FI
RL LUX Holding S.a.r.l., Luxembourg (LU)	12,500	EUR	100.0%	OT
RL Retail Holding GmbH, Vienna (AT)	36,000	EUR	100.0%	FI
RL Thermal Beteiligungen GmbH, Vienna (AT)	35,000	EUR	76.9%	FI
RL Thermal GmbH & Co Liegenschaftsverwaltung KG, Vienna (AT)	1,452,003	EUR	76.9%	FI
RL Thermal GmbH, Vienna (AT)	36,336	EUR	76.9%	FI
RL-ALPHA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-BETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Epsilon Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Gamma Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RLI Holding Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	70.6%	FI
RL-Jota Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Mörby AB, Stockholm (SE)	100,000	SEK	100.0%	FI
RL-Nordic AB, Stockholm (SE)	50,000,000	SEK	100.0%	FI
RL-Nordic Finans AB, Stockholm (SE)	100,000	SEK	100.0%	FI
RL-Nordic OY, Helsinki (FI)	100,000	EUR	100.0%	FI
RL-Pro Auxo Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	FI
RL-PROMITOR Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-PROMITOR Spolka z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RL-Prom-Wald Sp. Z.o.o, Warsaw (PL)	50,000	PLN	100.0%	OT
RLRE Dorado Property, s.r.o., Prague (CZ)	200,000	CZK	58.1%	OT
RLX Dvorak Holding S.A., Luxembourg (LU)	31,000	EUR	100.0%	OT
ROOF Poland Leasing 2014 Ltd, Dublin (IE)	1	EUR	0.0%	FI
Roof Russia DPR Finance Company S.A., Luxemburg (LU)	50,000	EUR	0.0%	FI
Roof Russia S.A., Luxembourg (LU)	31,000	RUB	0.0%	FI
RSC Raiffeisen Service Center GmbH, Vienna (AT)	2,000,000	EUR	51.5%	BR
RUBRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RZB - BLS Holding GmbH, Vienna (AT)	500,000	EUR	100.0%	FH
RZB Finance (Jersey) III Ltd, St Helier (JE)	1,000	EUR	60.8%	FI
RZB Finance (Jersey) IV Limited, St Helier (JE)	2,000	EUR	60.8%	FI
RZB Invest Holding GmbH, Vienna (AT)	500,000	EUR	100.0%	FH
RZB Sektorbeteiligung GmbH, Vienna (AT)	100,000	EUR	100.0%	FH
RZB Versicherungsbeteiligung GmbH, Vienna (AT)	500,000	EUR	100.0%	FH
S.C. PLUSFINANCE ESTATE 1 S.R.L., Bucharest (RO)	13,743,340	RON	60.8%	BR
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H, Vienna (AT)	40,000	EUR	100.0%	FI
SAMARA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI

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Company, domicile (country)	Subscribed capital[1] in local currency		Share[1]	Type[2]
SCTAI Angol Iskola Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	54.9%	FI
SCTE Első Ingatlanfejlesztö és Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
SCTF Szentendre Ingatlanforgalmazó és Ingatlanfejlesztő Kft., Budapest (HU)	3,000,000	HUF	60.8%	FI
SCTJ Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	3,100,000	HUF	60.8%	FI
SCTS Kft., Budapest (HU)	3,100,000	HUF	60.8%	OT
SF Hotelerrichtungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
SINIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	FI
SOLIDA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	49.5%	FI
SPICA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
SOLAR II Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	5,000	EUR	6.0%	FI
'S-SPV'' d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	65.8%	FI
Styria Immobilienleasing GmbH & Co. Projekt Ahlen KG, Eschborn (DE)	5,000	EUR	6.0%	FI
Tatra Asset Management, správ. spol., a.s., Bratislava (SK)	1,659,700	EUR	47.9%	FI
Tatra banka, a.s., Bratislava (SK)	64,326,228	EUR	47.9%	BA
Tatra Residence, s. r. o., Bratislava (SK)	23,143,519	EUR	47.9%	BR
Tatra-Leasing, s.r.o., Bratislava (SK)	6,638,784	EUR	59.2%	FI
THETIS Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
THYMO Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
TOO Raiffeisen Leasing Kazakhstan, Almaty (KZ)	85,800,000	KZT	70.6%	FI
TRITON Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Ukrainian Processing Center PJSC, Kyiv (UA)	180,000	UAH	60.8%	BR
UNIQA Immobilien-Projekterrichtungs GmbH, Vienna (AT)	35,000	EUR	66.7%	FI
Unterinntaler Raiffeisen-Leasing GmbH & Co KG, Vienna (AT)	36,336	EUR	100.0%	FI
URSA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
VERUS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Viktor Property, s.r.o., Prague (CZ)	200,000	CZK	58.1%	OT
Vindalo Properties Limited, Limassol (CY)	1,710	RUB	60.8%	BR
Vindobona Immobilienleasing GmbH & Co. Projekt Autohaus KG, Eschborn (DE)	5,000	EUR	6.0%	FI
WEGA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Wiedner Hauptstraße 94 Errichtungs- und Betriebs GmbH, Vienna (AT)	35,000	EUR	51.0%	BR
ZAO Raiffeisenbank, Moscow (RU)	36,711,260,000	RUB	60.8%	BA
ZHS Office- & Facilitymanagement GmbH, Vienna (AT)	36,336	EUR	98.9%	BR
ZUNO BANK AG, Vienna (AT)	5,000,000	EUR	60.8%	BA

1 Less own shares.
2 Company type: BA Bank, FI Financial institutions, BR Company rendering banking-related ancilliary services, FH financial holding, OT Other companies, VV Insurance WP Securities firms.

Structured units

The following tables show, by type of structured entity, the carrying amounts of the Group's interests recognized in the consolidated statement of financial position as well as the maximum exposure to loss resulting from these interests. The carrying amounts presented below do not reflect the true variability of returns faced by the Group because they do not take into account the effects of collateral or hedges.

Assets

2014 in € thousand	Loans and advances	Equity instuments	Debt instruments	Derivatives
Securitization vehicles	270,214	0	670,325	0
Third party funding entities	159,709	1,841	0	22
Funds	0	26,269	0	0
Total	**429,922**	**28,109**	**670,325**	**22**

Liabilities

2014 in € thousand	Deposits	Equity instuments	Debt securities issued	Derivatives
Securitization vehicles	25,125	0	0	0
Third party funding entities	72,178	0	0	1,321
Total	**97,303**	**0**	**0**	**1,321**

Nature, purpose and extent of the Group's interests in unconsolidated structured entities

The Group engages in various business activities with structured entities which are designed to achieve a specific business purpose. A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

A structured entity often has some or all of the following features or attributes:

- Restricted activities;
- A narrow and well defined objective;
- Insufficient equity to permit the structured entity to finance its activities without subordinated financial support;
- Financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The principal uses of structured entities are to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitizing financial assets. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets by issuing debt and equity securities that are collateralized by and/or indexed to the assets held by the structured entities.

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicate that the structured entities are controlled by the Group.

Below is a description of the Group's involvements in unconsolidated structured entities by type.

Third party funding entities

The Group provides funding to structured entities that hold a variety of assets. These entities may take the form of funding entities, trusts and private investment companies. The funding is collateralized by the asset in the structured entities. The group's involvement involves predominantly lending.

Securitization vehicles

The Group establishes securitization vehicles which purchase diversified pools of assets, including fixed income securities, corporate loans, and asset backed securities (predominantly commercial and residential mortgage-backed securities and credit card receivables). The vehicles fund these purchases by issuing multiple tranches of debt and equity securities, the repayment of which is linked to the performance of the assets in the vehicles.

The Group often transfers assets to these securitization vehicles and provide financial support to these entities in the form of liquidity facilities.

Funds

The Group establishes structured entities to accommodate client requirements to hold investments in specific assets. The Group also invests in funds that are sponsored by third parties. A group entity may act as fund manager, custodian or some other capacity and provide funding and liquidity facilities to both group sponsored and third party funds. The funding provided is collateralized by the underlying assets held by the fund.

Maximum exposure to and size of unconsolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entity. The maximum exposure for loans and trading instruments is reflected by their carrying amounts in the consolidated balance sheet. The maximum exposure for derivatives and off balance sheet instruments such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by the Group, is reflected by the notional amounts. Such amounts do not reflect the economic risks faced by the Group because they do not take into account the effects of collateral or hedges nor the probability of such losses being incurred. At 31 December 2014, the notional related replacement values of derivatives and off balance sheet instruments were € 30,352 thousand and € 136,782 thousand respectively. Size information of Structured Entities is not always publically available therefore the Group has determined that its exposure is an appropriate guide to size.

Financial support

The Group did not provide non-contractual support during the year to unconsolidated structured entities.

Sponsored structured entities

As a sponsor, the Group is often involved in the legal set up and marketing of the entity and supports the entity in different ways such as providing operational support to ensure the entity's continued operation.

The Group is also deemed a sponsor for a structured entity if market participants would reasonably associate the entity with the Group. Additionally, the use of the "Raiffeisen" name for the structured entity often indicates that the Group has acted as a sponsor.

The gross revenues from sponsored entities for the year ending 31 December 2014 was € 175,103 thousand consisting primarily of management fees earned as Investment Manager of a number of funds.

No assets have been transferred to sponsored unconsolidated structured entities in 2014.

(57) List of equity participations

Companies valued at equity

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
ard complete Service Bank AG, Vienna (AT)	6,000,000	EUR	25.0%	KI
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	32,624,283	EUR	33.1%	SU
NOTARTREUHANDBANK AG, Vienna (AT)	8,030,000	EUR	26.0%	KI
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	11,627,653	EUR	31.3%	KI
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	130,000,000	EUR	8.1%	KI
Prva stavebna sporitelna a.s., Bratislava (SK)	66,500,000	EUR	32.5%	KI
Raiffeisen evolution project development GmbH, Vienna (AT)	43,750	EUR	40.0%	SU
Raiffeisen Informatik GmbH, Vienna (AT)	1,460,000	EUR	47.3%	BH
UNIQA Insurance Group AG, Vienna (AT)	309,000,000	EUR	31.5%	VV

1 Company type: BA Bank, FI Financial institutions, BR Company rendering banking-related ancilliary services, FH financial holding, OT Other companies, VV Insurance WP Securities firms.

Other affiliated companies

Company	Subscribed capital in local currency		Share	Type[1]
"A-SPV" d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	FI
"Immobilien Invest" Limited Liability Company, Moscow (RU)	10,000	RUB	100.0%	BR
"K-SPV" d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	FI
Abakus Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Abies Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Abrawiza Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Abri Immobilienleasing GmbH & Co. Projekt Hotel Heidelberg KG, Eschborn (DE)	10,000	EUR	50.0%	OT
Abri Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Abura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Abutilon Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Achat Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Ackja Immobilienleasing GmbH & Co. Projekt Sindelfingen KG, Eschborn (DE)	5,000	EUR	6.0%	OT
Ackja Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Acridin Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adamas Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adiantum Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adipes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adorant Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Ados Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adrett Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adrittura Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Aducar Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adufe Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Adular Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
AELLO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Afrodite Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Agamemnon Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
AGIOS Raiffeisen-Immobilien Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	49.0%	FI
ALT POHLEDY s.r.o., Prague (CZ)	84,657,000	CZK	100.0%	OT
Amfion Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Amfion Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Angaga Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Appolon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
ARTEMIA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Aspius Immobilien Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Astra Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Athena Property, s.r.o. v likvidaci, Prague (CZ)	200,000	CZK	100.0%	OT
Austria Leasing GmbH & Co KG Immobilienverwaltung Projekt EKZ Meitingen, Eschborn (DE)	10,000	EUR	100.0%	OT
Austria Leasing GmbH & Co. KG Immobilienverwaltung Projekt Eberdingen, Eschborn (DE)	10,000	EUR	100.0%	FI
BA Development II., s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
BA Development, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Bandos Handels- und Beteiligungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Beteiligungsverwaltungsgesellschaft mbH, Wels (AT)	500,000	ATS	100.0%	OT
BUTÁR Gazdasági Szolgáltató Kft., Erd (HU)	3,000,000	HUF	100.0%	BR
BUXUS Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Cassie Gain Investments Limited, Road Town (VG)	1	USD	100.0%	FI
Centro Asset Management Limited, St Helier (JE)	10,000	GBP	100.0%	FI
Chronos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
CLIATH Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
CLUPEA Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT

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Company	Subscribed capital in local currency		Share	Type[1]
CORE Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
CP Inlandsimmobilien-Holding GmbH, Vienna (AT)	364,000	EUR	100.0%	OT
CP Linzerstraße 221(227) Projektentwicklungs GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
CP Logistikcenter Errichtungs- und Verwaltungs GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
CP Projekte Muthgasse Entwicklungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Credibilis a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT
CRISTAL PALACE Property s.r.o., Prague (CZ)	595,027	CZK	100.0%	FI
Dafne Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
DAV Management Kft., Budapest (HU)	3,010,000	HUF	100.0%	BR
DAV-ESTATE Kft., Budapest (HU)	3,010,000	HUF	100.0%	BR
DAV-LAND Kft., Budapest (HU)	3,010,000	HUF	100.0%	BR
DAV-OUTLET Kft., Budapest (HU)	3,010,000	HUF	100.0%	FI
DAV-PROPERTY Kft., Budapest (HU)	3,000,000	HUF	100.0%	BR
Decius Unternehmensbeteiligungs GmbH in Liqu., Vienna (AT)	72,680	EUR	100.0%	OT
Dike Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Dione Property s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Dobre Byvanie s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Dom-office 2000, Minsk (BY)	2,834,781,000	BYR	100.0%	OT
Doplnková dôchodková spolocnost Tatra banky, a.s., Bratislava (SK)	1,659,700	EUR	100.0%	FI
DORISCUS ENTERPRISES LTD., Limassol (CY)	18,643,400	EUR	86.6%	OT
Dr. Gottfried Korn GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Dubravcice, s.r.o., Bratislava (SK)	5,000	EUR	100.0%	FI
Elektrarna Dynin s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Eris Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
'E-SPV'' d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	FI
EUDOXUS s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Euro Green Energy Fejlesztő és Szolgáltató Kft., Budapest (HU)	21,000,000	HUF	100.0%	OT
Eurolease RE Leasing, s. r. o., Bratislava (SK)	6,125,256	EUR	100.0%	FI
Euros Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Exit 90 SPV s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Expo 2000 Real Estate EOOD, Sofia (BG)	10,000	BGN	100.0%	OT
FAGUS Beteiligungs GmbH in Liqu., Vienna (AT)	35,000	EUR	100.0%	OT
Extra Year Investments Limited, Tortola (VG)	80,000	EUR	100.0%	FH
FARIO Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
Faru Handels- und Beteiligungs GmbH, Vienna (AT)	80,000	EUR	100.0%	OT
FMZ SEKUNDUS Ingatlanfejlesztö kft., Budapest (HU)	3,000,000	HUF	70.0%	OT
FOC PISA S.r.l., Bolzano (IT)	10,000	EUR	51.0%	OT
Forkys Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
FORZA SOLE s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
FURIAE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
FVE Cihelna s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Gala Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Gergely u. Ingatlanfejlesztő Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Golfanlagen Schönborn Betriebsgesellschaft m.b.H. & Co. KG., Vienna (AT)	20,880,000	ATS	100.0%	OT
GS55 Sazovice s.r.o., Prague (CZ)	15,558,000	CZK	100.0%	OT
Hebe Property, s.r.o., Prague (CZ)	200,000	CZK	95.0%	OT
HERA Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	49.0%	FI
Hermes Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
HESTIA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	49.5%	FI
Holeckova Property s.r.o., Prague (CZ)	210,000	CZK	100.0%	FI

1 Company type: BA Bank, FI Financial institutions, BR Company rendering banking-related ancilliary services, FH financial holding, OT Other companies, VV Insurance WP Securities firms.

Company	Subscribed capital in local currency		Share	Type[1]
Humanitarian Fund ''Budimir Bosko Kostic'', Belgrade (RS)	30,000	RSD	100.0%	OT
HYPO Capital Management AG, Vienna (AT)	1,000,000	EUR	100.0%	FI
ICS Raiffeisen Leasing s.r.l, Chisinau (MD)	8,307,535	MDL	100.0%	FI
ICTALURUS Handels- und Beteiligungs GmbH, Vienna (AT)	36,336	EUR	100.0%	FI
IDUS Handels- und Beteiligungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
INFRA MI 1 Immobilien Gesellschaft mbH, Vienna (AT)	1,000,000	EUR	100.0%	OT
Ino Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Invest Vermögensverwaltungs-GmbH, Vienna (AT)	73,000	EUR	100.0%	OT
Iris Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
ISIS Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Janus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
JV Developer Invest Ltd., Mogilev (BY)	2,400,000	BYR	99.0%	FI
Kalypso Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Kathrein & Co Life Settlement Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
Kathrein & Co. I Vermögensverwaltungs GmbH - in liquidation, Munich (DE)	25,000	EUR	100.0%	OT
Kathrein & Co. Trust Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
KIWANDA Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Leasing Poland Sp.z.o.o., Warsaw (PL)	19,769,500	PLN	100.0%	FI
LENTIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Leto Property, s.r.o., Prague (CZ)	200,000	CZK	77.0%	OT
Limited Liability Company European Insurance Agency, Moscow (RU)	120,000	RUB	100.0%	OT
Limited Liability Company REC GAMMA, Kyiv (UA)	49,015,000	UAH	100.0%	BR
Lincoln Leasing B.V. & Co. KG, Frankfurt am Main (DE)	10,000	EUR	5.2%	OT
Logisticky areal Hostivar, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
LOTA Handels- und Beteiligungs-GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Luna Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Maharal Hotels, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Mall Varna EAD, Sofia (BG)	146,700,000	BGN	100.0%	OT
MAMONT GmbH, Kyiv (UA)	44,000	UAH	100.0%	OT
Médea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
MENARAI Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Michalka - Sun s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
MIRUS Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	50.0%	FI
MORHUA Handels- und Beteiligungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
MOVEO Raiffeisen-Leasing GmbH, Vienna (AT)	35,000	EUR	51.0%	FI
MP Real Invest a.s., Bratislava (SK)	140,000,000	EUR	100.0%	OT
Na Starce, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
NAURU Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
NC Ivancice s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Neptun Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Nike Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Niobe Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Nußdorf Immobilienverwaltung GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
OCTANOS Raiffeisen Immobilien Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	99.2%	FI
Onyx Energy Projekt II s.r.o., Prague (CZ)	210,000	CZK	100.0%	OT
Onyx Energy s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
OOO "Cplus", Moscow (RU)	20,000	RUB	100.0%	SC
OOO "Vneshleasing", Moscow (RU)	131,770	RUB	100.0%	FI
OOO Raiffeisen Capital Asset Management Company, Moscow (RU)	225,000,000	RUB	100.0%	FI
OOO SB "Studia Strahovania", Minsk (BY)	349,236,967	BYR	99.2%	OT

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Company	Subscribed capital in local currency		Share	Type[1]
Orchideus Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Orestes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
ORION Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
OSTARRICHI Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Ötödik Vagyonkezelő Kft., Budapest (HU)	3,010,000	HUF	100.0%	FI
P & C Beteiligungs Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
PEGA Raiffeisen-Immobilien Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Perun Capital GmbH & Co KG, CEE Value Creation, Vienna (AT)	20,000	EUR	100.0%	OT
Perun Capital GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Perun Capital GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Phoenix Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon Energie s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 10 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 11 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 3 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 4 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 6 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Photon SPV 8 s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
PHOXIUS Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
PILSENINEST, uzavreny investicni fond, a.s., Prague (CZ)	212,000,000	CZK	100.0%	OT
PLUSFINANCE LAND S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
PLUSFINANCE OFFICE S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
PLUSFINANCE RESIDENTIAL S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
PMC SPINDLERUV MLYN s.r.o., Hradec Kralove (CZ)	100,000	CZK	100.0%	OT
Pontos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Priapos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Pro Invest da Vinci e.o.o.d., Sofia (BG)	5,000	BGN	100.0%	OT
PRODEAL, a.s., Bratislava (SK)	796,654	EUR	100.0%	OT
Production unitary enterprise "PriortransAgro", Minsk (BY)	500,000,001	BYR	100.0%	OT
PROKNE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Pyrit Property, s.r.o. v likvidaci, Prague (CZ)	200,000	CZK	100.0%	OT
PYRRHOS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
PZ PROJEKT a.s., Prague (CZ)	2,000,000	CZK	100.0%	OT
R LUX IMMOBILIEN LINIE S.R.L., Timisoara (RO)	50,000	RON	100.0%	OT
R MORMO IMMOBILIEN LINIE S.R.L., Bucharest (RO)	50,000	RON	100.0%	OT
R.L.H. Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen (Beijing) Investment Management Co., Ltd., Beijing (CN)	2,000,000	CNH	100.0%	FI
Raiffeisen Asset Management (Bulgaria) EAD, Sofia (BG)	250,000	BGN	100.0%	FI
Raiffeisen Assistance D.O.O., Beograd, Belgrade (RS)	4,307,115	RSD	100.0%	OT
Raiffeisen Assistance doo Sarajevo, Sarajevo (BA)	4,000	BAM	100.0%	BR
Raiffeisen Autó Lízing Kft., Budapest (HU)	3,000,000	HUF	100.0%	FI
Raiffeisen Befektetési Alapkezelõ Zrt., Budapest (HU)	100,000,000	HUF	100.0%	FI
Raiffeisen Bonus Ltd., Zagreb (HR)	200,000	HRK	100.0%	BR
Raiffeisen Capital a.d. Banja Luka, Banja Luka (BA)	355,000	BAM	100.0%	BR
Raiffeisen consulting d.o.o., Zagreb (HR)	105,347,000	HRK	100.0%	FI
Raiffeisen Financial Services Polska Sp. z o.o., Warsaw (PL)	4,657,500	PLN	100.0%	FI
RAIFFEISEN FINANCIJSKO SAVJETOVANJE PLUS d.o.o., Zagreb (HR)	20,000	HRK	100.0%	OT
Raiffeisen Future AD Beograd drustvo za upravljanje dobrovoljnim penzijskim fondom, Belgrade (RS)	143,204,921	RSD	100.0%	FI
Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	5,000,000	EUR	100.0%	BA
Raiffeisen Ingatlan Üzemeltető Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT

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Company	Subscribed capital in local currency		Share	Type[1]
Raiffeisen Insurance and Reinsurance Broker S.R.L, Bucharest (RO)	180,000	RON	100.0%	BR
Raiffeisen Insurance Broker Kosovo L.L.C., Pristina (KO)	5,000	EUR	100.0%	BR
RAIFFEISEN INVEST AD DRUSTVO ZA UPRAVLJANJE INVESTICIONIM FONDOVIMA BEOGRAD, Belgrade (RS)	47,662,692	RSD	100.0%	FI
Raiffeisen Invest d.o.o., Zagreb (HR)	8,000,000	HRK	100.0%	FI
Raiffeisen INVEST Sh.a., Tirana (AL)	90,000,000	ALL	100.0%	FI
Raiffeisen investicni spolecnost a.s., Prague (CZ)	40,000,000	CZK	100.0%	SC
Raiffeisen Investment (Bulgaria) EOOD - in liquidation, Sofia (BG)	60,050	BGN	100.0%	FI
Raiffeisen Investment (Malta) Limited - in liquidation, Sliema (MT)	5,000	EUR	99.8%	FI
Raiffeisen Investment s.r.o. - in liquidation, Prague (CZ)	200,000	CZK	100.0%	FI
Raiffeisen Investment Ukraine TOV - in liquidation, Kyiv (UA)	3,733,213	UAH	100.0%	FI
Raiffeisen Invest Drustvo za upravljanje fondovima d.o.o Sarajevo, Sarajevo (BA)	35,000	EUR	100.0%	BR
Raiffeisen Investment Zagreb d.o.o. - in Liquidation, Zagreb (HR)	300,000	HRK	100.0%	OT
Raiffeisen KOIOS Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Raiffeisen Ost Invest Managementgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Ost Invest Unternehmensbeteiligungsges.m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Pension Insurance d.d., Zagreb (HR)	23,100,000	HRK	100.0%	FI
Raiffeisen penzijni spolecnost a.s. - in liquidation, Prague (CZ)	325,000,000	CZK	100.0%	SC
Raiffeisen Property Lízing Zrt, Budapest (HU)	50,100,000	HUF	100.0%	BR
Raiffeisen Property Management Bulgaria EOOD, Sofia (BG)	80,000	BGN	100.0%	OT
Raiffeisen Property Management GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raiffeisen Property Management spol.s.r.o., Prague (CZ)	100,000	CZK	100.0%	OT
RAIFFEISEN Real Estate EOOD, Sofia (BG)	550,000	BGN	100.0%	OT
Raiffeisen Rehazentrum Schruns Immobilienleasing GmbH, Vienna (AT)	36,400	EUR	50.0%	FI
Raiffeisen Research GmbH, Vienna (AT)	55,000	EUR	100.0%	BR
Raiffeisen Salzburg Invest Kapitalanlage GmbH, Salzburg (AT)	2,600,000	EUR	75.0%	BA
RAIFFEISEN SERVICES EAD, Sofia (BG)	3,000,000	BGN	100.0%	BR
Raiffeisen Services SRL, Bucharest (RO)	30,000	RON	100.0%	FI
Raiffeisen Solutions Spółka z ograniczoną odpowiedzialnością, Warszawa (PL)	550,000	PLN	100.0%	FI
RAIFFEISEN SPECIAL ASSETS COMPANY d.o.o. Sarajevo, Sarajevo (BA)	1,982,591	BAM	100.0%	FI
Raiffeisen Torony Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	83.0%	OT
Raiffeisen Verbundunternehmen-IT GmbH, Vienna (AT)	100,000	EUR	99.9%	BR
Raiffeisen Windpark Zistersdorf GmbH, Vienna (AT)	37,000	EUR	100.0%	OT
Raiffeisen Wohnbauleasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing Lithuania UAB, Vilnius (LT)	345,280	LTL	100.0%	FI
Raiffeisen-Leasing Service Ltd., Warsaw (PL)	50,000	PLN	100.0%	OT
Raiffeisen-Leasing Wärmeversorgungsanlagenbetriebs GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen-Wohnbauleasing Österreich GmbH, Vienna (AT)	35,000	EUR	0.0%	FI
Rail-Rent-Holding GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Raines Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Ratio Holding Gesellschaft mit beschränkter Haftung, Vienna (AT)	40,000	EUR	100.0%	OT
RB Russia Finance Limited, Dublin (IE)	100	EUR	0.0%	FI
RB Szolgáltató Központ Kft. - RBSC Kft., Nyíregyháza (HU)	3,000,000	HUF	100.0%	BR
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	150,000	EUR	100.0%	FI
RBI Private Equity Holding GmbH, Vienna (AT)	100,000	EUR	100.0%	FI
RBI Vajnoria spol.s.r.o., Bratislava (CZ)	5,000	EUR	100.0%	OT
RBM Rosenhügel Projekt GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RBM Wohnbau Ges.m.b.H., Vienna (AT)	37,000	EUR	100.0%	OT
RCR Ukraine LLC, Kyiv (UA)	282,699	UAH	100.0%	BR
REAL ESTATE RENT 1 DOO, Belgrade (RS)	39,960	RSD	100.0%	FI
REAL ESTATE RENT 2 DOO, Belgrade (RS)	40,386	RSD	100.0%	FI

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Company	Subscribed capital in local currency		Share	Type[1]
Real Estate Rent 4, Belgrade (RS)	40,310	RSD	100.0%	FI
Realplan Alpha Liegenschaftsverwaltung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
Rent CC, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
Rent GRJ, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Rent PO, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
Residence Park Trebes, s.r.o., Prague (CZ)	20,000,000	CZK	100.0%	OT
RGS Wohnbau Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
Rheia Property, s.r.o., Prague (CZ)	200,000	CZK	95.0%	OT
RI Inwestycje Sp. z o.o., Warszawa (PL)	50,000	PLN	100.0%	OT
RIL VI Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
RILREU Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
RIRBRO ESTATE MANAGEMENT S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
RL Gamma d.o.o., Zagreb (HR)	20,000	HRK	100.0%	OT
RL Heart Sp.Z o o, Warsaw (PL)	50,000	PLN	100.0%	FI
RL Jankomir d.o.o., Zagreb (HR)	20,000	HRK	100.0%	OT
RL Leasing Gesellschaft m.b.H., Eschborn (DE)	25,565	EUR	70.0%	FI
RL Parkgaragen GmbH, Vienna (AT)	40,000	EUR	100.0%	FI
RL- Properties 1 AB, Stockholm (SE)	100,000	SEK	100.0%	OT
RL Schiffvermietungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL Service Member of Raiffeisen Group d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	OT
RL Skand AB, Stockholm (SE)	100,000	SEK	50.0%	FI
RL-Assets Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RL-ATTIS Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Attis Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RL-Balkan Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Delta Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Epsilon Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RL-ETA d.o.o., Zagreb (HR)	20,000	HRK	100.0%	OT
RL-ETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-FONTUS Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Fontus Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RL-Heart Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-Jota Sp.z o.o., Warsaw (PL)	50,000	PLN	100.0%	OT
RL-Lamda s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
RL-Lux Ingatlan Kft., Budapest (HU)	3,100,000	HUF	100.0%	OT
RL-NEDVISHIMOSTI EOOD, Sofia (BG)	5,000	BGN	100.0%	OT
RLOL ESTATE 1 d.o.o. Belgrad (SCG), Belgrade (RS)	43,186	RSD	100.0%	FI
RL-Opis Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
RL-OPIS SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Warsaw (PL)	50,000	PLN	100.0%	OT
RLRE Alpha Property s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Beta Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Carina Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Epsilon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Eta Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Hotel Ellen, s.r.o., Prague (CZ)	100,000	CZK	100.0%	FI
RLRE Jota Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Lyra Property s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Orion Property s.r.o., Prague (CZ)	465,000	CZK	100.0%	FI
RLRE Ypsilon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RL-Theta Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	OT

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Company	Subscribed capital in local currency		Share	Type[1]
RLX Dvorak S.A., Luxembourg (LU)	31,000	EUR	100.0%	OT
Robert Károly Körút Irodaház Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Rogofield Property Limited, Nicosia (CY)	2,174	USD	100.0%	OT
ROOF Consumer Romania 2008 (1) B.V., Amsterdam (NL)	0	EUR	0.0%	FI
RPM Budapest KFT, Budapest (HU)	3,000,000	HUF	100.0%	OT
RPN Verwaltungs GmbH, Vienna (AT)	37,464	EUR	100.0%	OT
RVCM GmbH in Liqu., Vienna (AT)	35,000	EUR	50.0%	OT
RWV 2 Raiffeisen Veranlagungs Ges.m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	10,656,000	RON	100.0%	FI
SAM-House Kft, Budapest (HU)	3,000,000	HUF	100.0%	BR
SASSK Ltd., Kiev (UA)	152,322,000	UAH	88.7%	OT
SCT Beruházás Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	3,600,000	HUF	100.0%	FI
SCT Kárász utca Ingatlankezelő Kft., Budapest (HU)	3,000,000	HUF	100.0%	FI
SCT Tündérkert Kft., Budapest (HU)	500,000	HUF	100.0%	BR
SCT Zivatar utca Ingatlanfejlesztő Kft., Budapest (HU)	3,100,000	HUF	100.0%	OT
SCTB Ingatlanfejlesztés Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
SCTP Biatorbágy Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	75.3%	OT
Selene Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Sen Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Sirius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Sky Solar Distribuce s.r.o., Hodejovice (CZ)	200,000	CZK	77.0%	OT
Sky Tower Immobilien- und Verwaltung Kft, Budapest (HU)	41,000	HUF	100.0%	OT
Skytower Building SRL, Bucharest (RO)	126,661,500	RON	100.0%	OT
Somlói út Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
SORANIS Raiffeisen Portfolio Management GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
SPV Krautland Nord Ingatlanforgalmazó Kft., Budapest (HU)	510,000	HUF	100.0%	OT
St. Marx-Immobilien Verwertungs- und Verwaltungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
Stadtpark Hotelreal GmbH, Vienna (AT)	6,543,000	EUR	100.0%	OT
Stadtpark Liegenschaftsbeteiligung GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
STYRIA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Szentkiraly utca 18 Kft., Budapest (HU)	5,000,000	HUF	100.0%	OT
T.L.S. building construction s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Tatra Office, s.r.o., Bratislava (SK)	185,886	EUR	100.0%	BR
TAURUS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
TB Invest Ingatlanforgalmazó Zrt., Budapest (HU)	20,000,000	HUF	50.0%	OT
TelPol 3 S.A. in liquidation, Warsaw (PL)	100,000	PLN	100.0%	OT
Theia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Studio Invest, s.r.o., Prague (CZ)	25,000	EUR	100.0%	OT
Thetis Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Timur Holding GmbH, Passau (DE)	25,000	EUR	100.0%	OT
TL leasing, s.r.o., Bratislava (SK)	331,939	EUR	100.0%	FI
Trade Center Pleven EOOD, Sofia (BG)	1,220,000	BGL	100.0%	OT
Transaction System Servis, s.r.o., Prague (CZ)	200,000	CZK	0.0%	BR
Trojske vyhledy s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
UMBRA Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
Unitary insurance enterprise "Seventh line", Minsk (BY)	29,418,000,000	BYR	100.0%	IN
UPC Real, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
VANELLA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Verto Invest GmbH in Liqu., Vienna (AT)	35,000	EUR	100.0%	OT
Villa Atrium Bubenec, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT

1 Company type: BA Banks, FI Financial institution, BR Company rendering bank-related ancillary services, FH Financial holding company, OT Other companies, VV Insurance, WP Securities firms.

Company	Subscribed capital in local currency		Share	Type[1]
VINAGRIUM Borászati és Kereskedelmi Kft., Eger (HU)	500,000	HUF	100.0%	OT
VINDOBONA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
VN-Industrie Immobilien GmbH, Vienna (AT)	35,000	EUR	74.0%	OT
VN-Wohn Immobilien GmbH, Vienna (AT)	35,000	EUR	74.0%	OT
VUWG Verwaltung und Verwertung von Gewerbeimmobilien GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Zefyros Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Zethos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
ZRB 17 Errichtungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT

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Other unconsolidated subsidiaries and equity participations

Company	Subscribed capital in local currency		Share	Type[1]
Accession Mezzanine Capital II L.P., Bermuda (BM)	2,613	EUR	5.7%	OT
Accession Mezzanine Capital III L.P., Hamilton (BM)	134,125,000	EUR	3.7%	OT
Accession Mezzanine Capital L.P. in Liquidation, Bermuda (BM)	1,147	EUR	2.6%	OT
ACG Bor Glasworks, Bor (RU)	418,956,270	RUB	7.4%	OT
Adoria Grundstückvermietungs Gesellschaft m.b.H., Vienna (AT)	36,360	EUR	24.5%	FI
Agricultural Open Joint Stock Company Illintsi Livestock Breeding Enterprise, Illinci (UA)	703,100	UAH	4.7%	OT
AIL Swiss-Austria Leasing AG, Glattbrug (CH)	5,000,000	CHF	50.0%	FI
ALCS Association of Leasing Companies in Serbia, Belgrade (RS)	853,710	RSD	12.5%	OT
Alpenbank Aktiengesellschaft, Innsbruck (AT)	10,220,000	EUR	0.0%	FI
Am Hafen" Garagenerrichtungs- und Betriebs GmbH & Co KG, Bregenz (AT)	3,660,000	EUR	0.3%	FI
ARR Rail Rent Transportmittel Vermietungs Gesellschaft m.b.H., Perchtoldsdorf (AT)	500,000	ATS	50.0%	OT
ASC Logistik GmbH in Liqu., Vienna (AT)	35,000	EUR	15.2%	OT
A-Trust Gesellschaft für Sicherheitssysteme im elektronischen Datenverkehr GmbH, Vienna (AT)	5,290,013	EUR	12.1%	OT
Aventin Grundstücksverwaltungs Gesellschaft m.b.H., Horn (AT)	36,400	EUR	24.5%	FI
AVION-Grundverwertungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Aviso Gamma GmbH, Vienna (AT)	35,000	EUR	0.0%	OT
Bankart d.o.o., Ljubljana (SI)	2,000,083	EUR	1.7%	BR
bat-groupware GmbH, Vienna (AT)	50,000	EUR	1.0%	BR
Belarussian currency and stock exchange JSC, Minsk (BY)	48,717,430,230	BYR	0.0%	SC
Biroul de Credit S.A., Bucharest (RO)	4,114,615	RON	12.9%	FI
BRD-Groupe Société Générale S.A., Bucharest (RO)	696,901,518	RON	0.0%	BA
BTS Holding a.s. "v likvidácii", Bratislava (SK)	35,700	EUR	19.0%	OT
Bucharest Stock Exchange, Bucharest (RO)	76,741,980	RON	1.0%	SC
Budapest Stock Exchange, Budapest (HU)	541,348,100	HUF	0.0%	SC
Burza cennych papierov v. Bratislave, a.s., Bratislava (SK)	11,404,927,296	EUR	0.0%	SC
Cards & Systems EDV-Dienstleistungs GmbH, Vienna (AT)	75,000	EUR	42.0%	OT
CASA DE COMPENSARE S.A., Bucharest (RO)	6,835,850	RON	0.1%	SC
Cash Service Company AD, Sofia (BG)	12,500,000	BGN	20.0%	BR
CEE PRIVATE EQUITY FUND LIMITED PARTNERSHIP, St Helier (JE)	10,284	EUR	14.7%	FI
CEESEG Aktiengesellschaft, Vienna (AT)	18,620,720	EUR	7.0%	SC
CELL MED Research GmbH, Krems-Lerchenfeld (AT)	1,718,907	EUR	5.8%	OT
Central Depository and Clearing Company, Inc., Zagreb (HR)	22,500,000	HRK	0.1%	FI
Closed Joint Stock Company Vinegar-yeast Factory, Uzyn (UA)	9,450,000	UAH	33.8%	OT
Commodity Exchange Crimean Interbank Currency Exchange, Simferopol (UA)	440,000	UAH	4.5%	SC
Commodity Exchange of the Agroindustrial Complex of Central Regions of Ukraine, Cherkassy (UA)	90,000	UAH	11.1%	OT
CONATUS Grundstückvermietungs Ges.m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
CREF CZ 1 s.r.o., Prague (CZ)	200,000	CZK	0.0%	OT
CREF CZ 2 s.r.o., Prague (CZ)	200,000	CZK	0.0%	OT
CREF CZ 3 s.r.o, Prague (CZ)	200,000	CZK	0.0%	OT
CREF CZ 4 s.r.o., Prague (CZ)	200,000	CZK	0.0%	OT
CREF CZ 5 s.r.o., Prague (CZ)	200,000	CZK	0.0%	OT
Csörsz utca Kft, Budapest (HU)	3,000,000	HUF	0.0%	OT
CULINA Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	25.0%	FI
Czech Real Estate Fund (CREF) B.V., Amsterdam (NL)	18,000	EUR	20.0%	FI
D. Trust Certifikačná Autorita, a.s., Bratislava (SK)	331,939	EUR	10.0%	OT
Die Niederösterreichische Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	35.0%	OT
Die Niederösterreichische Leasing GmbH & Co KG, Vienna (AT)	72,673	EUR	40.0%	FI
DILIGENTA Holding GmbH in Liqu., Graz (AT)	71,429	EUR	24.5%	OT
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (DE)	3,646,266,910	EUR	0.1%	BA
Easdaq NV, Leuven (BE)	128,526,849	EUR	0.0%	OT

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Company	Subscribed capital in local currency		Share	Type[1]
Einlagensicherung der Banken und Bankiers Gesellschaft m.b.H., Vienna (AT)	70,000	EUR	0.1%	FI
EMCOM Beteiligungs GmbH, Vienna (AT)	37,000	EUR	33.6%	OT
EMERGING EUROPE GROWTH FUND II, L.P., Delaware (US)	370,000,000	USD	1.9%	OT
Epsilon - Grundverwertungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	24.0%	FI
ERR Rail Rent Vermietungs GmbH, Vienna (AT)	60,000	EUR	15.0%	OT
ESQUILIN Grundstücksverwaltungs GmbH, Vienna (AT)	36,336	EUR	24.5%	FI
Euro Banking Association (ABE Clearing S.A.S.), Paris (FR)	62,000	EUR	1.6%	FI
European Investment Fund S.A., Luxembourg (LU)	3,000,000,000	EUR	0.2%	FI
Export and Industry Bank Inc., Makati City (PH)	4,734,452,540	PHP	9.5%	BA
FACILITAS Grundstücksvermietungs GmbH, St. Pölten (AT)	36,360	EUR	50.0%	FI
Ferrell Premier Investments Limited, Port Louis (MU)	111,089,074	SGD	18.0%	OT
Flex-space Plzen I, s.r.o., Prague (CZ)	200,000	CZK	0.0%	OT
Fondul de Garantare a Creditului Rural S.A., Bucharest (RO)	15,940,890	RON	33.3%	FI
FORIS Grundstückvermietungs Ges.m.b.H., Vienna (AT)	36,360	EUR	24.5%	FI
G + R Leasing Gesellschaft m.b.H. & Co. KG., Graz (AT)	72,673	EUR	50.0%	FI
G + R Leasing Gesellschaft m.b.H., Graz (AT)	36,400	EUR	0.0%	OT
Garantiqa Hitelgarancia ZRt., Budapest (HU)	4,811,600,000	HUF	8.5%	FI
GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H., Vienna (AT)	36,336	EUR	0.2%	OT
Gersthoferstraße 100 Bauprojektentwicklungs GmbH, Vienna (AT)	0	EUR	0.0%	OT
Golfanlagen Schönborn Betriebsgesellschaft m.b.H., Göllersdorf (AT)	36,340	EUR	25.0%	FI
Green Energie vetrny park Bilcice, s.r.o., Prague (CZ)	200,000	CZK	50.0%	OT
Greenix Limited, Tortola (VG)	100,000	USD	25.0%	OT
HOBEX AG, Salzburg (AT)	1,000,000	EUR	8.5%	OT
Hrvatski registar obveza po kreditima d.o.o., Zagreb (HR)	13,500,000	HRK	10.5%	BR
Intereuropa d.d., Koper (SI)	27,488,803	EUR	10.4%	OT
International Factors Group S.C., Brussels (BE)	69,650	EUR	2.9%	FI
INVESTOR COMPENSATION FUND, Bucharest (RO)	344,350	RON	0.4%	SC
Island Capital Ltd., Hamilton (BM)	901,067	USD	0.7%	IN
Joint Stock Company "Interagroinvest", Moscow (RU)	18,600,000	RUB	8.3%	OT
K & D Progetto s.r.l., Bozen (IT)	50,000	EUR	25.0%	FI
Kathrein & Co. Private Equity I AG, Vienna (AT)	190,000	EUR	36.8%	OT
Kommunal-Infrastruktur & Immobilien Zeltweg GmbH, Zeltweg (AT)	35,000	EUR	20.0%	FI
KVG Immobilien GmbH, Perchtoldsdorf (AT)	36,350	EUR	4.5%	FI
Lead Equities Mittelstandsfinanzierungs AG, Vienna (AT)	89,422	EUR	2.0%	FI
Leasing 439 GmbH, Vienna (AT)	36,400	EUR	50.0%	FI
Open Joint Stock Company Kyiv Special Project and Design Bureau Menas, Kiev (UA)	36,360	EUR	24.5%	OT
Limited Liability Company Scientific-Production Enterprise Assembling and Implementation of Telecommunication Sytems, Dnepropetrovsk (UA)	500,000	UAH	10.0%	OT
LITUS Grundstückvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
LLC "Insurance Company 'Raiffeisen Life", Moscow (RU)	240,000,000	RUB	25.0%	IN
Lumiten AB, Stockholm (SE)	100,000	SEK	30.0%	OT
LUXTEN LIGHTING COMPANY S.A., Bucharest (RO)	42,126,043	RON	0.0%	OT
MasterCard Inc, New York (US)	13,518	USD	0.0%	BA
Medicur - Holding Gesellschaft m.b.H., Vienna (AT)	4,360,500	EUR	25.0%	OT
N.Ö. Kommunalgebäudeleasing GmbH, Vienna (AT)	37,400	EUR	33.3%	FI
N.Ö. Gemeindegebäudeleasing GmbH, Vienna (AT)	37,400	EUR	33.3%	FI
NATA Immobilien Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	32.5%	FI
National Settlement Dipositary, Moscow (RU)	1,180,675,000	RUB	0.0%	OT
NÖ Hypo Leasing und Raiffeisen-Immobilien-Leasing Traisenhaus GesmbH & Co OG, St. Pölten (AT)	0	EUR	0.0%	FI
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna (AT)	50,000	EUR	26.0%	FI
NÖ Raiffeisen-Leasing Gemeindeprojekte Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	1.0%	FI

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Company	Subscribed capital in local currency		Share	Type[1]
NOC Kft., Budapest (HU)	3,000,000	HUF	50.0%	FI
NÖ-KL Kommunalgebäudeleasing GmbH, Vienna (AT)	37,400	EUR	33.3%	FI
O.Ö. Gemeindegebäude-Leasing Ges.m.b.H., Linz (AT)	36,400	EUR	25.0%	FI
O.Ö. Leasing für Gebietskörperschaften Ges.m.b.H., Linz (AT)	510,000	ATS	16.7%	FI
O.Ö. Leasing für öffentliche Bauten Ges.m.b.H., Linz (AT)	510,000	ATS	16.7%	FI
ÖAMTC-Leasing GmbH & Co KG, Vienna (AT)	14,535	EUR	49.0%	FI
ÖAMTC-Leasing GmbH, Vienna (AT)	36,400	EUR	49.0%	OT
Oberpinzg. Fremdenverkehrförderungs- und Bergbahnen AG, Vienna (AT)	3,297,530	EUR	0.0%	OT
OOO "MAZ-KUPAVA", Minsk (BY)	36,089,000	BYR	7.6%	OT
Open Joint Stock Company Volodymyr-Volynskyi Sugar Refinery, Volodymyr-Volynskyi (UA)	13,068,010	UAH	2.6%	OT
Orka Energy ehf., Reykjavik (IS)	833,332	ISK	10.0%	OT
Österreichische Raiffeisen-Einlagensicherung eGen, Vienna (AT)	3,100	EUR	32.3%	OT
Österreichische Volksbanken-Aktiengesellschaft, Vienna (AT)	577,328,623	EUR	0.9%	BA
Österreichische Wertpapierdaten Service GmbH, Vienna (AT)	36,336	EUR	25.3%	OT
OT-Optima Telekom d.d., Zagreb (HR)	535,587,570	HRK	4.0%	OT
OVIS Raiffeisen-Immobilien-Leasing GesmbH, Vienna (AT)	36,400	EUR	1.0%	FI
Pannon Lúd Kft, Mezokovácsháza (HU)	852,750,000	HUF	0.0%	OT
Petrom S.A., Bucharest (RO)	5,664,410,834	RON	0.0%	OT
Polish Real Estate Investment Limited, Limassol (CY)	911,926	EUR	11.2%	OT
Pompejus AB, Stockholm (SE)	100,000	SEK	15.0%	OT
Private Joint Stock Company First All-Ukrainian Credit Bureau, Kiev (UA)	11,750,000	UAH	5.1%	OT
Closed Joint Stock Company Truskavets Valeological Innovative Centre, Truskavets (UA)	3,700,000	CZK	0.0%	OT
Private Joint Stock Company Ukrainian Interbank Currency Exchange, Kiev (UA)	36,000,000	UAH	3.1%	SC
PRK Sigma 06, s.r.o., Prague (CZ)	3,700,000	CZK	0.0%	OT
PSA Payment Services Austria GmbH, Vienna (AT)	285,000	EUR	11.2%	OT
Public Joint Stock Company Bird Farm Bershadskyi, Viytivka (UA)	6,691,141	UAH	0.5%	OT
Public Joint Stock Company National Depositary of Ukraine, Kiev (UA)	103,200,000	UAH	0.0%	BR
Public Joint Stock Company Settlement Center for Servicing of Contracts in Financial Markets, Kiev (UA)	153,100,000	UAH	0.0%	FI
Public Joint Stock Company Stock Exchange PFTS, Kiev (UA)	32,010,000	UAH	0.2%	SC
Public Joint Stock Company Sumy Enterprise Agrotechservice, Sumy (UA)	1,545,000	UAH	0.6%	OT
PV Cekanice, s.r.o., Prague (CZ)	200,000	CZK	0.0%	OT
PV Rosice, s.r.o., Prague (CZ)	200,000	CZK	0.0%	OT
QUIRINAL Grundstücksverwaltungs GmbH, Vienna (AT)	37,063	EUR	33.3%	FI
Raiffeisen CIV (Jersey) Ltd., St Helier (JE)	23,102	EUR	26.0%	OT
Raiffeisen e-force GmbH, Vienna (AT)	145,346	EUR	27.9%	OT
Raiffeisen Salzburg Leasing GmbH, Salzburg (AT)	35,000	EUR	19.0%	FI
Raiffeisen Software Solution und Service GmbH, Vienna (AT)	773,000	EUR	16.4%	OT
Raiffeisen-Bezirksbank - Jennersdorf registrierte Genossenschaft mit beschränkter Haftung, Jennersdorf (AT)	716,757	EUR	35.4%	BA
Raiffeisenbezirksbank Mattersburg reg.Gen.m.b.H., Mattersburg (AT)	836,523	EUR	20.4%	BA
Raiffeisenbezirksbank Oberpullendorf eGen, Oberpullendorf (AT)	693,922	EUR	30.8%	BA
Raiffeisen-IMPULS-Immobilien Leasing Ges.m.b.H., Linz (AT)	500,000	ATS	25.0%	FI
Raiffeisen-IMPULS-Liegenschaftsverwaltung Ges.m.b.H., Linz (AT)	500,000	ATS	25.0%	FI
Raiffeisen-Impuls-Zeta Immobilien GmbH, Linz (AT)	58,333	EUR	40.0%	OT
Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung, Klagenfurt (AT)	7,018,500	EUR	5.8%	BA
Raiffeisen-Leasing Anlagen und KFZ Vermietungs GmbH, Vienna (AT)	35,000	EUR	17.0%	FI
Raiffeisen-Leasing BOT s.r.o., Prague (CZ)	100,000	CZK	20.0%	OT
Raiffeisen-Leasing Management GmbH, Vienna (AT)	300,000	EUR	50.0%	FI
Raiffeisen-Leasing Mobilien und KFZ GmbH, Vienna (AT)	35,000	EUR	15.0%	FI
RB Szolgáltató Központ Korlátolt Felelısségő, Nyíregyháza (HU)	0	HUF	0.0%	BR
RC Gazdasági és Adótanácsadó Zrt., Budapest (HU)	20,000,000	HUF	22.2%	FI

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Company	Subscribed capital in local currency		Share	Type[1]
Realplan Beta Liegenschaftsverwaltung GmbH, Vienna (AT)	36,400	EUR	50.0%	FI
Registry of Securities in FBH, Sarajevo (BA)	2,052,300	BAM	1.4%	OT
Rehazentrum Kitzbühel Immobilien-Leasing GmbH, Innsbruck (AT)	35,000	EUR	19.0%	OT
REPEF Holding GmbH in Liquidation, Vienna (AT)	400,000	EUR	3.5%	OT
RLB-Stmk Verwaltung eGen, Graz (AT)	44,374,553,300	EUR	0.0%	BA
RLKG Raiffeisen-Leasing GmbH, Vienna (AT)	40,000	EUR	12.5%	FI
RSAL Raiffeisen Steiermark Anlagenleasing GmbH, Graz (AT)	38,000	EUR	19.0%	OT
RSIL Immobilienleasing Raiffeisen Steiermark GmbH, Graz (AT)	38,000	EUR	19.0%	OT
RSV Beteiligungs GmbH, Vienna (AT)	120,000	EUR	33.3%	OT
RVS, a. s., Bratislava (SK)	6,852,480	EUR	0.7%	OT
S.C. DEPOZITARUL CENTRAL S.A., Budapest (RO)	25,291,953	RON	2.6%	OT
Sarajevska berza-burza vrijednosnih papira dd Sarajevo, Sarajevo (BA)	1,975,680	BAM	5.2%	OT
Scanviwood Co. Ltd., Ho Chi Minh City (VN)	2,500,000	USD	6.0%	OT
Seilbahnleasing GmbH, Innsbruck (AT)	36,000	EUR	33.3%	FI
SELENE Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
Semperin AB, Stockholm (SE)	100,000	SEK	20.0%	OT
Slomskova Ustanova, Maribor (SI)	0	EUR	0.0%	OT
Slovak Banking Credit Bureau, s.r.o., Bratislava (SK)	9,958	EUR	33.3%	BR
SN De Transfer De Fonduri Si Decontari SA - Transfond, Bucharest (RO)	6,720,000	RON	2.6%	BR
Society for Worldwide Interbank Financial Telekommunication n.s.c., La Hulpe (BE)	13,827,750	EUR	0.4%	FI
Steirische Gemeindegebäude Leasing Gesellschaft m.b.H., Graz (AT)	36,336	EUR	0.0%	FI
Steirische Kommunalgebäudeleasing GmbH, Graz (AT)	36,336	EUR	50.0%	FI
Steirische Leasing für Gebietskörperschaften Ges.m.b.H., Graz (AT)	36,336	EUR	3.6%	FI
Steirische Leasing für öffentliche Bauten Ges.m.b.H., Graz (AT)	36,336	EUR	50.0%	FI
Studiengesellschaft für Zusammenarbeit im Zahlungsverkehr (STUZZA) GmbH, Vienna (AT)	100,000	EUR	10.7%	OT
SUPRIA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
SWO Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	FI
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0%	OT
The Mobility House GmbH, Salzburg (AT)	36,000	EUR	33.3%	OT
The Zagreb Stock Exchange joint stock company, Zagreb (HR)	40,408,000	HRK	3.3%	SC
Therme Amade Badbetriebsführungsgesellschaft mbH, Altenmarkt (AT)	35,000	EUR	0.0%	OT
Therme Amade Errichtungs- und Betriebsgesellschaft m.b.H., Altenmarkt (AT)	36,000	EUR	1.0%	OT
Tiroler Kommunalgebäudeleasing Gesellschaft m.b.H., Innsbruck (AT)	42,000	EUR	33.3%	FI
Tiroler Landesprojekte Grundverwertungs GmbH, Innsbruck (AT)	39,000	EUR	8.3%	FI
TKL II. Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL III Grundverwertungs GmbH, Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL V Grundverwertungs GmbH, Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VI Grundverwertungs GmbH, Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VII Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	33.3%	FI
TKL VIII Grundverwertungs GmbH, Innsbruck (AT)	39,000	EUR	33.3%	FI
TRABITUS Grundstücksvermietungs Ges.m.b.H., Vienna (AT)	36,360	EUR	25.0%	FI
Transilvania LEASING S.A., Brasov (RO)	51,569,000	RON	0.6%	FI
Trimo inzeniring in proizvodnja montaznih objektov, d.d., Trebnje (SI)	5,077,295	EUR	5.0%	OT
UNDA Grundstücksvermietungs Gesellschaft m.b.H., St. Pölten (AT)	36,360	EUR	25.0%	FI
UNIQA Raiffeisen Software Service Kft., Budapest (HU)	19,900,000	HUF	1.0%	OT
VALET Grundstücksverwaltungsges.m.b.H., St. Pölten (AT)	36,360	EUR	24.5%	FI
Valida Holding AG, Vienna (AT)	5,000,000	EUR	24.7%	OT
VERMREAL Liegenschaftserwerbs- und -betriebs GmbH, Vienna (AT)	36,336	EUR	17.0%	OT
Viminal Grundstückverwaltungs Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	25.0%	FI
VISA Europe Ltd., London (GB)	150,000	EUR	0.0%	BR

1 Company type: BA Banks, FI Financial institution, BR Company rendering bank-related ancillary services, FH Financial holding company, OT Other companies, VV Insurance, WP Securities firms.

Company	Subscribed capital in local currency		Share	Type[1]
Visa Inc., San Francisco (US)	84,598	USD	0.0%	BR
VKL II Grundverwertungs GesmbH, Dornbirn (AT)	42,000	EUR	33.3%	FI
VKL III Gebäudeleasing-Gesellschaft m.b.H., Dornbirn (AT)	42,000	EUR	33.3%	FI
VKL IV Leasinggesellschaft mbH, Dornbirn (AT)	42,000	EUR	33.3%	FI
VKL V Immobilien Leasinggesellschaft m.b.H., Dornbirn (AT)	42,000	EUR	33.3%	FI
Vorarlberger Kommunalgebäudeleasing Ges.m.b.H., Dornbirn (AT)	42,000	EUR	33.3%	FI
W 3 Errichtungs- und Betriebs-Aktiengesellschaft, Vienna (AT)	74,126	EUR	20.0%	OT
WED Holding Gesellschaft m b H, Vienna (AT)	72,673	EUR	9.6%	OT
Wiener Trabrennverein Projektentwicklung GmbH, Vienna (AT)	35,000	EUR	20.0%	OT
Zentrum Puntigam" Errichtungs- und Betriebsgesellschaft m.b.H., Vienna (AT)	35,000	EUR	50.0%	OT
Zhytomyr Commodity Agroindustrial Exchange, Zhitomir (UA)	390,100	UAH	2.6%	OT
Ziloti Holding S.á.r.l., Luxembourg (LU)	4,896,313	EUR	0.6%	OT
ZVEZA BANK, registrirana zadruga z omejenim jamstvom, Bank und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung, Klagenfurt (AT)	6,541,822	EUR	2.2%	BA

1 Company type: BA Banks, FI Financial institution, BR Company rendering bank-related ancillary services, FH Financial holding company, OT Other companies, VV Insurance, WP Securities firms.

Recognition and measurement principles

Financial instruments: Recognition and measurement (IAS 39)

According to IAS 39, all financial assets, financial liabilities and derivative financial instruments are to be recognized in the statement of financial position. A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. On initial recognition, financial instruments are to be measured at fair value, which generally corresponds to the transaction price at the time of acquisition or issue. According to IFRS 13, the fair value is defined as the exit price. This is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For subsequent measurement, financial instruments are recognized in the statement of financial position according to the respective measurement category pursuant to IAS 39, either at (amortized) cost or at fair value.

Categorization of financial assets and financial liabilities and their measurement

The measurement categories for financial instruments pursuant to IAS 39 do not equate to the principal line items in the statement of financial position. Relationships between the principal line items in the statement of financial position and the measurement standard applied are described in the table "Categories of financial instruments according to IFRS7" and in the notes under (1) Income statement according to measurement categories and (13) Statement of financial position according to measurement categories.

1. Financial assets or liabilities at fair value through profit and loss

On initial recognition, the Group categorizes certain financial assets and liabilities as held-for-trading or measured at fair value. These financial assets and liabilities are recognized at fair value and shown as financial assets and liabilities at fair value.

a. Trading assets/liabilities

Trading assets/liabilities are acquired or incurred principally for the purpose of generating profit from short-term fluctuations in market prices. Securities (including short selling of securities) and derivative financial instruments held-for-trading are recognized at their fair values. If securities are listed, the fair value is based on stock exchange prices. Where such prices are not available, internal prices based on present value calculations for originated financial instruments and futures or option pricing models for options are applied. Present value calculations are based on an interest curve which consists of money market rates, future rates and swap rates. Option price formulas Black-Scholes 1972, Black 1976 or Garman-Kohlhagen are applied depending on the kind of option. The measurement for complex options is based on a binominal tree model and Monte-Carlo simulations.

Derivative financial instruments held-for-trading are shown under the item "trading assets" or "trading liabilities". Positive fair values including accrued interest (dirty price) are shown under trading assets. Negative fair values are recorded under trading liabilities. Positive and negative fair values are not netted. Changes in dirty prices are recognized in net trading income. Derivatives that are used neither for trading purposes nor for hedging purposes are recorded under the item "derivatives". Any liabilities from the short-selling of securities are shown in "trading liabilities".

Capital-guaranteed products (guarantee funds and pension plans) are shown as sold put options on the respective funds to be guaranteed. The valuation is based on a Monte-Carlo simulation. The Group has provided capital guarantee obligations as part of the government-funded state-sponsored pension plans according to Section 108h (1) item 3 EStG. The bank guarantees that the retirement annuity, available for the payment amount, is not less than the sum of the amounts paid by the taxpayer plus credits for such taxable premiums within the meaning of Section 108g EStG.

b. Designated financial instruments at fair value

This category comprises mainly all those financial assets that are irrevocably designated as financial instrument at fair value (so-called fair value option) upon initial recognition in the statement of financial position independent of the intention to trade. An entity may use this designation only when doing so results in more relevant information for the user of the financial statements. This is the case for those financial assets, which belong to a portfolio, which is managed and its performance evaluated on a fair value basis.

These instruments are bonds, notes and other fixed-interest securities as well as shares and other variable-yield securities. These financial instruments are valued at fair value under IAS 39. In the statement of financial position, they are shown under the item "financial investments". Current income is shown under net interest income, valuation results and proceeds from disposals are shown in net income from financial investments.

On the other hand, financial liabilities are designated as financial instruments at fair value to avoid valuation discrepancies with related derivatives. The fair value of financial obligations under the fair value option contains all market risk factors, including those related to the credit risk of the issuers.

In 2014, as in 2013, observable market prices were used for the valuation of liabilities of subordinated emissions measured at fair value. The financial liabilities are mostly structured bonds. The fair value of these financial liabilities is calculated by discounting the contractual cash flows with a credit-risk-adjusted yield curve, which reflects the level at which the Group could issue similar financial instruments at the reporting date. The market risk parameters are evaluated according to similar financial instruments that are held as financial assets. Valuation results for liabilities that are designated as a financial instrument at fair value are recognized in income from derivatives and liabilities.

2. Financial assets held-to-maturity

Non-derivative financial assets (securities with fixed or determinable payments and fixed maturities) purchased with the intention and ability to hold them to maturity are reported in "financial investments". They are recognized at amortized cost and differences are amortized over the term to maturity and recognized in the income statement under net interest income. If impairment occurs, it is taken into account when determining the amortized cost and shown in net income from financial investments. Coupon payments are recognized under net interest income. A sale of these financial instruments is only allowed in certain cases explicitly stated in IAS 39.

3. Loans and advances

Non-derivative financial assets with fixed or determinable payment for which there is no active market are allocated to this category. These financial instruments are mainly recorded in the item "loans and advances to banks" and "loans and advances to customers". Moreover, loans and advances relating to finance lease business, which are recognized in accordance with IAS 17, are stated in the item "loans and advances to banks" and "loans and advances to customers".

They are measured at amortized cost. If there is a difference between the amount paid and face value – and this has an interest character – the effective interest method is used and the amount is stated under net interest income. If impairment occurs it is taken account of when determining the amortized cost. Impairment provisions and provisions for losses that have occurred but have not yet been identified are reported in the statement of financial position under the item "impairment losses on loans and advances". Profits from the sale of impaired loans are recognized in the income statement in the item "net provisioning for impairment losses".

Moreover, debt instruments are also allocated to this category if there is no active market for them. Derecognition of financial assets within the framework of securitizations is – after checking if the securitized special purpose entity has to be integrated into the consolidated accounts – done on a risk and rewards or control test according to IAS 39 after identifying loss of control over the contractual rights arising from the financial asset.

4. Financial assets available-for-sale

The category of financial assets available-for-sale contains equity instruments including non-consolidated participations and those financial instruments that did not qualify for any of the other three categories. They are stated at fair value, if a fair value is reliably measurable. Valuation differences are shown directly in equity in other comprehensive income and only recognized in the income statement under net income from financial investments if there is an objective indication of impairment or if the financial asset available-for-sale is sold.

For equity instruments impairment exists, among other indicators, if the fair value is either significantly or permanently below cost. In the Group, equity instruments classified as available-for-sale are impaired when the fair value over the last six months before the reporting date was consistently more than 20 per cent below carrying value, or in the last twelve months, on average, more than 10 per cent below carrying value. In addition to these quantitative indications (trigger events), qualitative indications from IAS 39.59 are considered. It is not permitted to include the appreciation in value in the income statement for equity instruments classified as available-for-sale, but rather this should be recognized in other comprehensive income under the item fair value reserve (available-for-sale financial assets). This means that only impairments or disposals are to be shown in the income statement.

Unquoted equity instruments, for which reliable fair values cannot be assessed regularly, are valued at cost of acquisition less impairment losses and it is not possible to show an appreciation in value. This kind of financial instrument is reported under the item "financial investments".

Interest and dividend income from financial assets available-for-sale are recorded in the item "net interest income".

5. Financial liabilities

Liabilities are predominantly recognized at amortized cost. Discounted debt securities and similar obligations are measured at their present value. Financial liabilities are reported in the statement of financial position under the item "deposits from banks", deposits from customers", "debt securities issued" or "subordinated capital". Financial liabilities measured at fair value are shown in the category "liabilities at fair value through profit and loss". Interest expenses are stated under net interest income.

Derecognition of financial assets and liabilities

Derecognition of financial assets

A financial asset is derecognized when the contractual rights to the cash flows arising from a financial asset have expired, when the Group has transferred the rights to the cash flows, or if the Group has the obligation, in case that certain criteria occur, to transfer the cash flows to one or more receivers. A transferred asset is also derecognized if all material risks and rewards of ownership of the assets are transferred.

Securitization transactions

The Group securitizes several financial assets from transactions with private customers and business customers by selling them to a special purpose entity that issues securities to investors. The assets transferred are derecognized fully or partly. Rights to securitized financial assets can be retained in the form of junior or subordinated tranches, interest claims or other remaining claims (retained rights).

Derecognition of financial liabilities

The Group derecognizes a financial liability if the obligations of the Group have been paid, expired or revoked. The net income or expense from the repurchase of own liabilities is shown in note (6) Net income from derivatives and liabilities. The repurchase of own bonds also falls under derecognition of financial liabilities. Differences on repurchase between the carrying value of the liability (including premiums and discounts) and the purchase price are reported through profit and loss in net income from derivatives and liabilities.

Reclassification

In accordance with IAS 39.50, non-derivative financial instruments classified as trading assets and available-for-sale financial instruments can be reclassified as financial assets held-to-maturity and loans and advances in exceptional circumstances. The effects resulting from such reclassifications are shown in the notes under (20) Financial investments.

Offsetting of financial instruments

Where the borrower and lender are the same, offsetting of loans and liabilities with matching maturities and currencies occurs only if a legal right, by contract or otherwise, exists and offsetting is in line with the actually expected course of the business. Information on offsetting of financial instruments is provided in (40) Offsetting financial assets and liabilities.

Derivatives

Within the operating activity, the Group carries out different transactions with derivative financial instruments for trading and hedging purposes. The Group uses derivatives including swaps, standardized forward contracts, futures, credit derivatives, options and similar contracts. The Group applies derivatives in order to meet the requirements of the clients concerning their risk management, to manage and secure risks and to generate profit in proprietary trading. Derivatives are initially recognized at the time of the transaction at fair value and subsequently revalued to fair value. The resulting valuation gain or loss is recognized immediately in net income from derivatives, unless the derivative is designated as a hedging instrument for hedge accounting purposes and the hedge is effective. Here the allocation of the gain of loss on the hedging instrument will depend on the type of hedging relationship.

Derivatives, which are used for hedging against market risk (excluding trading assets/liabilities) for a non-homogeneous portfolio, do not meet the conditions for IAS 39 hedge accounting. These are recognized as follows: the dirty price is booked under "derivatives" in the statement of financial position (positive fair values on the asset side and negative fair values on the liability side). The change in value of these derivatives, on the basis of the clean price, is shown in net income from derivatives and interest is shown in net interest income.

Credit derivatives, the value of which is dependent on future specified credit (non-)events are shown under "derivatives" (positive fair values on the asset side and negative fair values on the liability side). Changes in valuation are recognized under net income from derivatives.

Additional information on derivatives is provided in the notes under (41) Derivative financial instruments.

Hedge Accounting

If derivatives are held for the purpose of risk management and if the respective transactions meet specific criteria, the Group uses hedge accounting. The Group designates certain hedging instruments as fair value hedges, cash flow hedges or capital hedges. Most of these are derivatives. At the beginning of the hedging relationship, the relationship between underlying and hedging instrument, including the risk management objectives, is documented. Furthermore, it is necessary to regularly document from the beginning and during the lifetime of the hedging relationship that the fair value or cash flow hedge is highly effective.

a. Fair value hedge

Hedge accounting according to IAS 39 applies to those derivatives that are used to hedge the fair values of financial assets and liabilities. The credit business is especially subject to such fair value risks if it deals with fixed-interest loans. Interest-rate swaps that satisfy the prerequisites for hedge accounting are contracted to hedge against the interest-rate risks arising from individual loans or refinancing. Thus, hedges are formally documented, continuously assessed, and tested to be highly effective. In other words, throughout the term of a hedge, it can be assumed that changes in the fair value of a hedged item will be nearly completely offset by a change in the fair value of the hedging instrument and that the actual effectiveness outcome will lie within a band of 80 to 125 per cent.

Derivative instruments held to hedge the fair values of individual items in the statement of financial position (except trading assets/liabilities) are recognized at their fair values (dirty prices) under "derivatives" (on the assets side: positive dirty prices; on the liabilities side: negative dirty prices). Changes in the carrying amounts of hedged items (assets or liabilities) are allocated directly to the corresponding items of the statement of financial position and reported separately in the notes.

Both the effect of changes in the carrying values of positions requiring hedging and the effects of changes in the clean prices of the derivative instruments are recorded under net income from derivatives (net income from hedge accounting).

In RZB, within the management of interest rate risks, the hedging of interest rate risk is also made on the portfolio level. Individual transactions or groups of transactions with similar risk structures, divided into maturities according to the expected repayment and interest rate adjustment date in a portfolio, are hedged. Portfolios can be assets only, liabilities only, or both. For hedge accounting, the change in the value of the hedged asset or liability is shown as a separate item in other assets/liabilities. The hedged amount of the hedged items is determined in the consolidated financial statements including sight deposits (the rules of the EU carve-out are therefore applied).

b. Cash flow hedge

Cash flow hedge accounting according to IAS 39 applies for those derivatives that are used to hedge against the risk of fluctuating future cash flows. Variable-interest liabilities, as well as expected transactions such as expected borrowing or investment, are especially subject to such cash flow risks. Interest rate swaps used to hedge against the risk of fluctuating cash flows arising from specific variable interest-rate items, are recognized as follows: The hedging instrument is recognized at fair value, changes in its clean price are recorded as a separate item in other comprehensive income. Any ineffective portion is recognized in profit or loss in the position net income from derivatives and liabilities.

c. Hedge of a net investment in a foreign operation (capital hedge)

In the Group, foreign exchange hedges of investments in economically independent sub-units (IAS 39.102) are made in order to reduce differences arising from the foreign currency translation of equity. Currency swaps are mainly used as hedging instruments. Where the hedge is effective the resulting gains or losses from foreign currency translation are recognized and shown separately in other comprehensive income. Any ineffective part of this hedge relation is recognized in net trading income. The related interest components are shown in net interest income. There are no deferred taxes calculated for the income from capital hedge due to the applied exception regulations according to IAS 12.39.

Fair value

The fair value is the price that would be received for the sale of an asset or paid for the transfer of a liability, in an orderly business transaction between market participants on the measurement reference date. This applies irrespective of whether the price is directly observable or has been estimated using a valuation method. In accordance with IFRS 13, RZB uses the following hierarchy to determine and report the fair value for financial instruments.

Quotation on an active market (level I)

If market prices are available, the fair value is reflected best by the market price. This category contains equity instruments traded on the stock exchange, debt instruments traded on the interbank market, and derivatives traded on the stock exchange. The valuation is mainly based on external data sources (stock exchange prices or broker quotes in liquid market segments). In an active market, transactions of financial assets and liabilities are traded in sufficient frequency and volumes, so that price information is currently available. Indicators for active markets are the number, the frequency of update or the quality of quotations (e.g. banks or stock exchanges). Moreover, also narrow bid/ask spreads and quotations of market participants within a certain corridor are indicators for an active liquid market.

Measurement techniques based on observable market data (level II)

When current bid and asking prices for financial instruments are unavailable, the prices of similar financial instruments provide evidence of the current fair value or are determined by accepted measurement methods enclosing observable prices or parameters (in particular present value calculation or option price model). These methods concern the majority of the OTC-derivatives and non-quoted debt instruments.

Measurement techniques not based on observable market data (level III)

If no sufficient current verifiable market data is available for the measurement with measurement models, also not observable market data is used. These initial parameters may include data which is calculated in terms of approximated values from historical data (fair value hierarchy level III). The utilization of these models requires assumptions and estimates of the management. The scope of assumptions and estimates depends on the price transparency of the financial instrument, the market and the complexity of the instrument.

For financial instruments valued at amortized cost (this comprises loans and advances, deposits, other short-term borrowings and long-term liabilities), the Group calculates the fair value. In principle, there is low or no trading activity for these instruments, therefore significant assessment by the Management is necessary for determining the fair value.

Further information to measurement methods and quantitative information for determination of fair value is shown in the notes under (42) Fair value of financial instruments.

Amortized cost

The effective interest rate method is a method of calculating the amortized cost of a financial instrument and allocating interest income to the relevant periods. The effective interest rate is the interest rate used to discount the forecast future cash inflows (including all fees which form part of the effective interest rate, transaction costs and other premiums and discounts) over the expected term of the financial instrument or a shorter period, where applicable, to arrive at the carrying amount.

Categories of financial instruments according to IFRS 7

As the nature of the financial instruments is already shown by the classification of the items of the statement of financial position, the formation of categories was built in line with these items, which include financial instruments. Categories of financial instruments on the asset side are primarily cash reserve, loans and advances to banks, loans and advances to customers, trading assets, derivative financial instruments, derivatives for hedge accounting, and financial investments (among this category are separately financial assets not traded on an active market and which are shown at cost of acquisition). Categories of financial instruments on the liability side are most notably trading liabilities, derivative financial instruments, derivatives for hedge accounting, deposits from banks, deposits from customers, debt securities issued and subordinated capital.

Assets/liabilities	Measurement Fair Value	Amortized Cost	Others	Category according IAS 39[1]
Asset classes				
Cash reserve			Nominal value	n/a
Trading assets	X			TA
Derivatives	X			TA
Loans and advances to banks		X		LAR
Loans and advances to customers		X		LAR
of which finance lease business			to IAS 17	n/a
Financial investments	X			AFVTPL
Financial investments	X			AfS
Financial investments		X		HTM
of which not traded on an active market			At Cost	AfS
Positive fair values of derivatives for hedge accounting (IAS 39)	X			n/a
Liability classes				
Trading liabilities	X			TL
Derivatives	X			TL
Deposits from banks		X		FL
Deposits from customers		X		FL
Subordinated capital		X		FL
Debt securities issued		X		FL
Debt securities issued	X			AFVTPL
Negative fair values of derivatives for hedge accounting (IAS 39)	X			n/a

1 AfS Available-for-sale
AFVTPL At fair value through profit and loss
FL Financial liabilities
HTM Held to maturity
LAR Loans and advances
TA Trading assets
TL Trading liabilities

Impairment losses on loans and advances

At each reporting date an assessment is made as to whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred, when:

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

Objective evidence for an impairment may exist when the issuer or the counterparty face considerable financial difficulties, a breach of contract occurs (for example, default or delay in interest or redemption payments) or it can be assumed with high probability that insolvency or other restructuring proceedings will be instituted against the borrower.

Credit risk is accounted for by making individual impairment provisions and portfolio-based impairment provisions. The latter comprise impairment provisions for portfolios of loans with identical risk profiles that are compiled under certain conditions. The underlying rating models for corporate customers are distinguished between "corporate large" and "corporate regular" as well as “SME large” and “SME regular”. Moreover, portfolios under rating model “financial institutions” und those under “project finance” rating model are separately evaluated. A Group-wide uniform calculation of portfolio-based provisions is given in so far as centrally calculated historical Group default rates for each rating class are evaluated and applied. In the retail segment, provisions are built according to product portfolio and past due days and partly taking historical default rates into account. 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.

The entirety of the provision for impairment losses arising from loans reported in the statement of financial position comprising individual loan loss provisions and portfolio-based loan loss provisions is shown as a separate item "Impairment losses on loans and advances" on the assets side below loans and advances to banks and customers.

Genuine sale and repurchase agreements

In a genuine sale and repurchase transaction, the Group sells assets to a third party and agrees at the same time to repurchase these assets at an agreed price and time. The assets remain on the statement of financial position of the Group and are measured like the item in the statement of financial position where they are shown. The securities are not derecognized since all the risks and rewards associated with the ownership of the repurchased securities are retained. Cash inflows arising from a sale and repurchase transaction are recognized in the statement of financial position as deposits from banks or deposits from customers depending on the counterparty.

Under reverse repurchase agreements, assets are acquired with the obligation to sell them in the future. The purchased securities on which the financial transaction is based are not reported in the statement of financial position and accordingly not measured. Cash outflows arising from reverse repurchase agreements are recorded in the statement of financial position under "loans and advances to banks" or "loans and advances to customers".

Interest expense from sale and repurchase agreements and interest income from reverse sale and repurchase agreements are accrued in a straight line over their term to maturity and are shown under net interest income.

Securities lending

RZB concludes securities lending transactions with banks or customers in order to meet delivery obligations or to conduct security sale and repurchase agreements. Securities lending transactions are shown in the same way as genuine sale and repurchase agreements. This means loaned securities continue to remain in the securities portfolio and are valued according to IAS 39. Borrowed securities are not recognized and not valued.

Cash collateral provided by the Group for securities lending transactions are shown as a claim under "Loans and advances to banks" or "Loans and advances to customers" while collateral received is shown as deposits from banks or deposits from customers in the statement of financial position.

Leasing

Leases are classified according to their contractual structure as follows:

Finance leases

When nearly all the risks and rewards of a leased asset are transferred to the lessee, the Group as lessor recognizes a loan to banks or a loan to customers. The loan amount is the amount of the net investment. The proceeds from the finance lease are distributed at a constant periodic rate of the outstanding net investment in the leases. Interest income is reported under "Net interest income".

Under a finance lease the lessee holds assets that are shown under the relevant tangible fixed asset item, which corresponds to a lease liability. Interest expenditure is reported under "Net interest income".

Operating leases

An operating lease occurs when the risks and rewards of ownership remain with the lessor. The leased assets are allocated to the Group under "Tangible fixed assets" and depreciated in accordance with the principles applicable to the type of fixed assets. Rental income from the corresponding lease object is amortized on a straight-line basis over the term of the leasing contract and reported in other net operating income. Expenses for operating leases are generally amortized on a straight-line basis over the term of leasing contract and reported as administrative expenses.

Consolidation principles

Subsidiaries

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

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

Similar to subsidiaries, consolidation of structured entities is necessary, if the Group has control over the entity. In the Group, the need to consolidate structured entities is reviewed as part of the securitization transaction process, where the structured entity is either formed by the Group with or without participation of third parties, or, in which the Group with or without participation of third parties enters into contractual relationships with already existing structured entities. Whether an entity should be consolidated or not is reviewed at least quarterly. All fully consolidated structured entities and interests in not-consolidated structured entities are to be seen in the notes under (56) Group composition.

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

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

If voting rights are relevant, the Group has control over an entity, in which it directly or indirectly holds more than 50 per cent of the voting rights; except when there are indicators that another investee has the ability to determine unilaterally the relevant activities of the entity. One or more of the following points may be such an indicator:

- Another investor has control over more than half of the voting rights due to an agreement with the Group.
- Another investor has the ability to control financial policy and operational activities of the participation due to legal law or an agreement.
- Another investor has control over the participation due to its possibility to appoint and withdraw the majority of members of the Board or members of an equivalent governing body.
- Another investor has control over the entity due to its possibility to dispose of the majority of the delivered voting rights in a meeting of members of the Board or members of an equivalent governing body.

When judging control, also potential voting rights are considered as far as they are material.

The Group assesses evidence of control in cases in which it does not hold the majority of voting rights but has the ability to unilaterally govern the relevant activities of the entity. This ability may occur in cases in which the Group has the ability to control the relevant tasks due to its size and distribution of voting rights of the investees.

In principle, subsidiaries are firstly integrated in the consolidated group on the date when the Group obtains control of the company and are excluded from the date on when it no longer has control of the company. The results from subsidiaries acquired or disposed of during the year are recorded in the consolidated income statement, either from the actual date of acquisition or up to the actual date of disposal. The Group reviews the adequacy of previous decisions on which companies to consolidate at least every quarter. Accordingly, any organizational changes are immediately taken into account. Apart from changes in ownership, these also include the Group's existing or new contractual arrangements with a unit.

Non-controlling interests are shown in the consolidated statement of financial position as part of equity, but separately from Raiffeisen Zentralbank's equity. The profit attributable to non-controlling interests is shown separately in the consolidated income statement.

In debt consolidation, intra-group loans and liabilities are eliminated. Remaining temporary differences are recognized in "other assets/other liabilities" in the consolidated statement of financial position.

Intra-group income and expenses are also eliminated and temporary differences resulting from bank business transactions are included partly in net interest income and partly in net trading income. Other differences are shown in "other net operating income."

Intra-group results are eliminated insofar as they have a material effect on the income statement items. Bank business transactions between Group members are usually executed on an arm's length basis.

Changes in the Group's participation quota of existing subsidiaries

If, in the case of existing control, further shares are acquired or sold without loss of control in subsequent consolidation, such transactions are recognized directly in equity. The carrying amount of the shares hold by the Group and the non-controlling interests are adjusted in the way that they reflect the changes of the participation quota of the existing subsidiaries. Any difference between the amount which is adjusted for the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is assigned to the shareholders of the parent company.

If the company loses control over a subsidiary, the income/loss from disposal of group assets is shown in the income statement. This is calculated as difference between

- the total amount of fair value of the received consideration and fair value of the shares retained and
- the carrying amount of assets (including goodwill), liabilities of the subsidiary and all non-controlling interests
- all amounts related to the subsidiary shown in other comprehensive income are recognized as in case of sale of the assets, i.e. regrouping into income statement or direct transfer to retained earnings.

All amounts related to these subsidiaries and shown in other comprehensive income are recognized as this would be done in case of sale of group assets. This means the amounts are reclassified to income statement or directly transferred to retained earnings.

Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity in which shares are held. There exists no control or joint management of decision making processes. As a rule, significant influence is assumed, if the Group holds 20 to 50 per cent of the voting rights. When judging, if the Group has the ability to exert a significant influence on another entity, the existence and the effect of potential voting rights which are actually usable or convertible are taken into account. Further parameters for judging significant influence are, for example, the representation in executive committees and supervisory boards (Supervisory Board in Austrian Joint Stock companies) of the entity and material business cases with the entity. Shares in associated companies are valued at equity and shown in the statement of financial positon under "Investments in associates".

Profit or losses of companies valued at equity are netted and recognized in "current income from associates". The rules applicable to companies valued according to the equity method are the same as those for fully consolidated companies (offsetting acquisition costs against proportional fair net asset value). As a rule, the IFRS financial statements of associated companies are used. Changes in the equity of companies valued at equity are included in other comprehensive income in the consolidated financial statements.

Shares in subsidiaries not included in the consolidated financial statements because of their minor significance and shares in companies that have not been valued at equity are included in "financial investments" and are measured at acquisition cost.

At each reporting date, the Group reviews to what extent there is objective evidence for impairment of a participation in an associated company. If there is objective evidence of impairment, an impairment test is carried out to determine the recoverable value of the participation - this is higher of the usable value and the fair value excluding selling costs - and the carrying amount. An impairment made in previous periods is reversed only if the assumptions underlying the determination of the recoverable value have been changed since recognition of the last impairment. In this case the carrying amount is written up to the higher recoverable value.

Business combinations

The acquisition of business operations is recognized according to the acquisition method. The consideration transferred in a business combination is measured at fair value. This is calculated as the aggregate of the acquisition-date fair value of all assets transferred, liabilities assumed from former owners of the acquired business combination and equity instruments issued by the Group in exchange to control of the business combination. Transaction costs related to business combinations are recognized in the income statement when incurred.

Goodwill is measured as the excess of the aggregate of the value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree (if any), and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In case that the difference is negative after further review, the resulting gain is recognized immediately in income statement.

Non-controlling interests currently procuring ownership rights and granting the right to the owner in case of liquidation to receive a proportionate share of net assets of the entity, are measured either at fair value or at the non-controlling interest's proportionate share of net assets of the acquiree at acquisition date. This accounting policy choice can be newly opted for every business combination. Other components of non-controlling interests are measured at fair value or with measurement values derived from other standards.

If the consideration transferred includes a contingent consideration, this is measured at the acquisition-date fair value. Changes in the fair value of the consideration transferred within the measurement time are adjusted retroactively and are booked against goodwill. Adjustments within the measurement time are corrections to reflect additional information about facts and circumstances already existing at the acquisition date. The measurement time may not exceed one year after the acquisition date.

Recognition of changes in the fair value of the contingent consideration which do not represent corrections within the measurement time is dependent on how the contingent consideration is to be classified. If the contingent consideration is classified as equity, it is not measured on the following reporting date. Its settlement is recognized within equity. A contingent consideration classified as assets or liabilities, is measured on the following reporting dates according to IAS 39 or IAS 37 Provisions for liabilities and charges, contingent liabilities or contingent receivables if applicable and a resulting profit or loss is recognized in the income statement.

Cash reserve

The cash reserve includes cash in hand and balances at central banks that are due on call. They are shown with their nominal value.

Equity participations

Shareholdings in subsidiaries not included in the consolidated financial statements because of their minor significance and shareholdings in companies that are not valued at equity are shown under financial investments and are measured at cost – if no shares prices are available.

Other shareholdings are categorized as "Financial assets available-for-sale" upon initial recognition. Changes in value are therefore recognized in other comprehensive income. Impairment is shown in net income from financial investments.

Intangible fixed assets

Separately acquired intangible fixed assets

Separately acquired intangible fixed assets, i.e. those with a definite useful life not acquired in a business combination, are capitalized at acquisition cost less accumulated amortization and impairment. Amortization is accrued in a straight line over the expected useful and reported as an expense in the income statement. The expected useful life and the depreciation method are reviewed at each reporting date and any possible changes in measurement taken into account prospectively. Separately acquired intangible fixed assets with an indefinite useful life are capitalized at acquisition cost less accumulated impairment. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Internally developed intangible fixed assets – research and development costs

Software is capitalized if it is probable that the future economic benefits attributable to the asset will accrue to the enterprise and the cost of the asset can be measured reliably. Expenses for research are recognized as an expense when they are incurred.

An internally developed intangible fixed asset resulting from development activities or from the development stage of an internal project is capitalized when the following evidence is provided:

- The final completion of the intangible is technically feasible so that it will be available for use or sale.
- It is intended to finally complete the intangible fixed asset and to use or to sell it.
- The capability exists to use or to sell the intangible fixed asset. The intangible fixed asset is likely to generate future economic benefit.
- The availability of adequate technical, financial and other resources in order to complete development and to use or sell the intangible fixed asset is assured.
- The capability exists to reliably determine the expenditure incurred during the development of the intangible fixed asset.

The amount at which an internally developed intangible fixed asset is initially capitalized is the sum of all expenses incurred beginning from the day on which the aforementioned conditions are initially met. If an internally developed intangible fixed asset cannot be capitalized, or if there is as yet no intangible fixed asset, the development costs are reported in the income statement for the reporting period in which they are incurred.

Capitalized development costs are generally amortized in the Group in a straight line over a useful life of five years. The normal useful life of software is between four and six years. The normal useful life for large software projects may extend over a longer period.

Intangible fixed assets acquired in a business combination

Intangible fixed assets acquired in a business combination are reported separately from goodwill and measured at fair value. Goodwill and other intangible fixed assets without definite useful lives are tested for impairment at each reporting date. Impairment tests are performed whenever special events (trigger events) occur during the year. Whenever circumstances indicate that the expected benefit no longer exists, impairment must be made pursuant to IAS 36.

Intangible fixed assets with a definite useful life are amortized over the period during which the intangible fixed asset can be used. The useful life of the acquired customer base was set at 20 years in the retail segment of Raiffeisen Bank Aval JSC. For the customer base of Polbank EFG S.A. a useful life of 10 years based on the purchase price allocation was set.

Group companies use brands to differentiate their services from the competition. According to IFRS 3, brands of acquired companies are recognized separately under the item "intangible fixed assets". Brands have an indeterminable useful life and are therefore not subject to scheduled amortization. Brands have to be tested annually for impairment and additionally whenever indications of impairment arise. Details on impairment testing can be found in the notes under (22) Intangible fixed assets

Tangible fixed assets

The land and buildings as well as office furniture and equipment reported under tangible fixed assets are measured at cost of acquisition or conversion less depreciation. Depreciation is recorded under item "General administrative expenses". The straight-line method is used for depreciation and is based on the following useful life figures:

Useful life	Years
Buildings	25–50
Office furniture and equipment	5–10
Hardware	3–5

Land is not subject to depreciation.

Expected useful lives, residual values and depreciation methods are reviewed annually. Any necessary future change of estimates is taken into account. Any anticipated permanent depreciation is reported in the income statement and shown under item "General administrative expenses". In the event that the reason for the write-down no longer applies, a write-up will take place up to a maximum of the amount of the amortized cost of the asset.

An intangible fixed asset is derecognized on retirement or when no future economic benefit can be expected from the continued use of the asset. The resulting gain or loss from the sale or retirement of any asset is determined as the difference between the proceeds and the carrying value of the asset and is recognized in other net operating income.

Investment property

This means property that is held to earn rental income and/or for capital appreciation. Investment property is reported at amortized cost using the cost model permitted by IAS 40 and is shown under tangible fixed assets because of minor importance. Straight line depreciation is applied on the basis of useful life. The normal useful life of investment property is identical with that of buildings recognized under tangible fixed assets. Depreciation is recorded under item "General administrative expenses".

Investment property is derecognized on retirement or when it is no longer to be used and no future economic benefit can be expected from retirement. The resulting gain or loss from the retirement is determined as the difference between the proceeds from the disposal and the carrying value of the asset and is recognized in other net operating income in the relevant reporting period.

Impairment of non-financial assets (tangible fixed assets, investment property and intangible fixed assets)

Impairment test for goodwill

On each reporting date, goodwill is examined with a view to its future economic utility on the basis of cash generating units (CGUs). A cash generating unit is defined by the management and represents the smallest identifiable group of assets of a company that generates cash inflows from operations. Within RZB, all segments according to segment reporting are determined as cash generating units. Legal entities within the segments form their own CGU for the purpose of impairment testing of goodwill. The carrying value of the relevant entity (including any assigned goodwill) is compared with its recoverable amount. This is, as a general principle, defined as the amount resulting from its value in use and based on expected potential dividends discounted using rate of interest reflecting the risk involved. The estimation of the future results requires an assessment of previous as well as future performance. The latter must take into account the likely development of the relevant markets and the overall macroeconomic environment.

Impairment tests for cash-generating units are based on a multi-year plan drawn up by the relevant management team and approved by the bodies responsible. This covers the CGU's medium-term prospects for success taking into account its business strategy, overall macroeconomic conditions (gross domestic product, inflation expectations, etc.) and the specific market circumstances. The data is then used to capture the terminal value on a going concern concept. Discounting of the earnings relevant for the measurement, i.e. potential dividends, is made using risk-adapted and country-specific equity capital cost rates determined by means of the capital asset pricing model. The individual interest rate parameters (risk-free interest rate, inflation difference, market risk premium, country-specific risks and beta factors) were defined by using external information sources. The entire planning horizon is divided into three phases with phase I covering the management planning period of three years. Detailed planning, including macroeconomic planning data, is extrapolated in phase II, which takes another two years. The terminal value is then calculated in phase III based on the assumption of a going-concern. Details on impairment testing can be found under item (22) Intangible fixed assets

Inventory

Inventories are measured at the lower of cost or net realizable value. Write-downs are made if the acquisition cost is above the net realizable value as of the reporting date or if limited usage or longer storage periods have impaired the value of the inventory.

Non-current assets held for sale and discontinued operations

Non-current assets and discontinued operations are classified as held for sale when the related carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only considered met if the sale is highly probable and the asset (or discontinued operation) is immediately available for sale and furthermore that the management has committed itself to a sale. Moreover, the sale transaction must be due to be completed within 12 months.

Non-current assets and discontinued operations classified as held for sale are valued at the lower amount of their original carrying value or fair value less costs to sell and are reported under other assets. Income from non-current assets held for sale and discontinued operations are reported under other net operating income.

In the event that the Group has committed to a sale involving the loss of control over a subsidiary, all assets and liabilities of the subsidiary concerned are classified as held for sale provided the aforementioned conditions for this are met. This applies irrespective of whether the Group retains a non-controlling interest in the former subsidiary after the sale or not. Results from discontinued business operations are reported separately in the income statement as result from discontinued business operations.

Provisions for liabilities and charges

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and a reliable estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while taking into account the risks and uncertainties underlying the commitment to fulfill the obligation. Risks and uncertainties are taken into account in the estimate. If a provision is made based on cash flows estimated to fulfill an obligation, the cash flows must be discounted if the interest effect is substantial.

These types of provision are reported in the statement of financial position under item "Provisions". Allocation to the various types of provision is booked through different line items in the income statement depending on the nature of the provision. Allocation of loan loss provisions for contingent liabilities are recorded under net provisioning for impairment losses, restructuring provisioning, provisioning for legal risks and other employee benefits are recorded in general administrative expenses. Provision allocations that are not assigned to a corresponding general administrative expense are as a matter of principle booked against other net operating income.

Provisions for pensions and similar obligations

All defined benefit plans relating to so-called social capital (provisions for pensions, provisions for severance payments and provisions for anniversary bonuses) are measured using the Projected Unit Credit Method in accordance with IAS 19 – Employee Benefits. The biometrical basis for the calculation of provisions for pensions, severance payments and anniversary bonuses of Austrian companies is provided by AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance) – Pagler & Pagler, using the relevant parameters for salaried employees. In other countries, comparable actuarial parameters are used for calculation.

Please refer to Provisions for pensions and similar obligations in the notes under (29) Provisions for liabilities and charges.

Defined contribution plans

Under defined contribution plans, the company pays fixed contributions into a separate entity (a fund). These payments are recognized as staff expenses in the income statement.

Employee compensation plans

Variable remuneration – special remuneration policies

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

As of the fiscal year 2011, the general and specific principles for the allocation, the claim and the payment of variable remuneration (including the payment of the deferred portion of the bonus) for board members of RBI AG and certain Group units and identified staff ("risk personnel") are applied:

- 60 per cent and for especially high amounts 40 per cent of the annual bonus respectively will be paid out on a proportional basis as 50 per cent cash immediately (up-front), and 50 per cent through a phantom share plan (see details below), which will pay out after a holding period (retention period) of one year. An exception to this are the Group units in Bulgaria, with 40 per cent up-front portion and a retention period of two years, and in the Czech Republic with a holding period of 1.5 years.
- 40 per cent and 60 per cent of the annual bonus respectively will be deferred according to local law over a period of three (in Austria, five) years (deferral period). Payment will be made on a proportional basis, 50 per cent cash and 50 per cent based on the phantom share plan.

The allocation, the claim and the payment of the variable remuneration (including the payment of a portion of the deferred bonus) depend on the following criteria:

- earning a net profit,
- the achievement of the legally required common equity tier 1 ratio of the Group,
- additionally, in Group units at local level, achieving the legally required local minimum "common equity tier 1 ratio excluding buffers," and
- the performance of the business area and the affected person.

The Group fulfills the obligation arising from Clause 11 of the Annex to Section 39b of the Austrian Banking Act (BWG) which stipulates that at least 50 per cent of the variable remuneration of risk personnel must be paid out in the form of shares or similar non-cash instruments by means of a phantom share plan as follows: 50 per cent of the "up front" and 50 per cent of the "deferred" portion of the bonus are divided by the average closing price of the RBI share on trading days of the Vienna Stock Exchange in the payment year serving as the basis for calculating the bonus. Thereby, a certain amount of phantom shares will be determined. This amount will be fixed for the entire duration of the deferral period. After the expiration of the respective retention period, the amount of specified phantom shares will be multiplied by RBI's share price for the previous fiscal year. The resulting cash amount will be paid when the next available monthly salary is paid.

These rules are valid unless any applicable local laws prescribe a different procedure (e.g. Poland).

Further details of the employee compensation plans are described in the management report.

Share-based compensation

Except for 2010, the Management Board, with approval by the Supervisory Board, of RBI AG has approved the existence of a share incentive program (SIP) for the years 2011, 2012 and 2013 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. In 2014, it was decided not to continue the program due to complexity of the regulatory rules regarding variable compensation.

The number of ordinary shares of RBI AG which will ultimately be transferred depends on the achievement of two performance criteria: the targeted return on equity (ROE) and the performance of the share of the RBI AG compared to the total shareholder return of the shares of companies in DJ EURO STOXX Banks index after a five-year holding period.

All expenses related to the share incentive program are recognized in staff expenses in accordance with IFRS 2 (share-based payment) and charged to equity. They are described in greater detail in the notes under (34) Equity.

Subordinated capital

This item comprises subordinated capital and supplementary capital. Liabilities documented or undocumented are subordinated if, in the event of liquidation or bankruptcy, they can only be met after the claims of the other – not subordinated – creditors have been satisfied. Supplementary capital contains all paid-in own funds which are provided by a third-party and are available for the company for at least eight years, for which interest is paid only from the profit and which can be repaid in the case of solvency only after all other debtors are satisfied.

Net interest income

Interest and interest-like income mainly includes interest income on loans and advances to banks and customers and from fixed-interest securities. In addition, current income from shares and other variable-yield securities (especially dividends), income from equity participations and from investments accounted for at equity, and interest-like income are also reported under net interest income. Dividend income is recognized if the entitlement of the owner for payment exists. Interest expenses and interest-like expenses mainly include interest paid on deposits from banks and customers and on debt securities issued and subordinated capital. Interest income and interest expenses are accrued in the reporting period.

Net fee and commission income

Net fee and commission income mainly includes income and expenses arising from payment transfer business, foreign exchange business and credit business. Fee and commission income and expenses are accrued in the reporting period.

Net trading income

Net trading income comprises the trading margins resulting from the foreign exchange business, results due to foreign exchange revaluations and all realized and unrealized gains and losses from financial assets and liabilities at fair value. In addition, it includes all interest and dividend income attributable to trading activities and related refinancing costs.

General administrative expenses

General administrative expenses include staff and other administrative expenses as well as amortization/depreciation and impairment losses of tangible and intangible fixed assets.

Income taxes

Raiffeisen Zentralbank is the hub of a tax group whose members are 25 subsidiaries and 13 affiliated companies. Current taxes are calculated on the basis of taxable income for the current year taking into account the tax group (in terms of a tax group allocation). The taxable income deviates from the profit of the statement of comprehensive income due to expenses and income which are taxable or tax-deductible in the following years or which are never taxable or tax-deductible. The liability of the Group for current taxes is recognized on the basis of the actual tax rate or the future tax rate which is enacted by the end of the reporting period.

Deferred taxes are calculated and recognized in accordance with IAS 12 applying the liability method. Deferred taxes are based on all temporary differences that result from comparing the carrying amounts of assets and liabilities in the IFRS accounts with the tax bases of assets and liabilities, and which will reverse in the future. Deferred taxes are calculated by using tax rates applicable in the countries concerned. A deferred tax asset should also be recognized on tax loss carry-forwards if it is probable that sufficient taxable profit will be achieved against which the tax loss carry-forwards can be utilized within the same entity. On each reporting date, the carrying amount of the deferred tax assets is reviewed and impaired if it is no longer probable that sufficient taxable income is available in order to partly or fully realize the tax assets. Deferred tax assets and deferred tax liabilities within the same entity are netted. Income tax credits and income tax obligations are recorded separately under the item "other assets" and "tax provisions" respectively.

Current taxes and movements of deferred taxes are recognized in the income statement. In case that they are linked to items which are recognized in other comprehensive income, current and deferred taxes are also directly recognized in other comprehensive income.

Other comprehensive income

Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS. Income and expenses recognized directly in equity that are reclassified in the income statement are reported separately from income and expenses recognized directly in equity that are not reclassified in the income statement. This applies to currency differences resulting from the translation of equity held in foreign currency, changes resulting from the hedging of net investments in a foreign entity (capital hedge), the effective part of a cash flow hedge, changes resulting from valuation of available-for-sale financial assets as well as deferred taxes on the mentioned items. Revaluations of defined benefit plans are reported in other comprehensive income and are not reclassified to the income statement.

Fiduciary business

Transactions arising from the holding and placing of assets on behalf of third parties are not shown in the statement of financial position. Fees arising from these transactions are shown under net fee and commission income.

Financial guarantees

According to IAS 39, a financial guarantee is a contract under which the guarantor is obliged to make certain payments. These payments compensate the party to whom the guarantee is issued to for a loss arising in the event that a particular debtor does not fulfill payment obligations on time as stipulated in the original terms of the debt instrument. At the date of recognition of a financial guarantee, the initial fair value corresponds under market conditions to the premium at the date of signature of the contract. For subsequent measurement the credit commitment has to be presented as provision according to IAS 37.

Insurance contracts

Liabilities arising from insurance contracts change depending on changes in interest rates, income from investments and expenses for pension agreements for which future mortality rates cannot be reliably predicted. IFRS 4 must be applied to the reporting of liabilities resulting from the existence of mortality rate risks and discretionary participation features. All assets associated with pension products are reported in accordance with IAS 39. Liabilities are recorded under other liabilities Please refer to the notes under (32) Other liabilities for more information on insurance contracts.

Contingent liabilities and commitments

The Group has contingent liabilities from guarantees, credit guarantees, letters of credit and loan commitments recognized at face value. Guarantees are used in situations in which the Group guarantees payment to the creditor to fulfill the obligation of a third party. Irrevocable credit lines must be reported when a credit risk may occur. These include commitments to provide loans, to purchase securities or to provide guarantees and acceptances. Loan loss provisions for contingent liabilities and irrevocable loan commitments are reported under provisions for liabilities and charges.

Own shares

Own shares of RBI AG at the reporting date, are deducted directly from equity. Gains and losses on own shares have no impact on the income statement.

Statement of cash flows

The cash flow statement reports the change in the cash and cash equivalents of the company through the net cash from operating activities, investing and financing activities. Cash flows for investing activities mainly include proceeds from the sale, or payments for the acquisition of financial investments and tangible fixed assets. The net cash from financing activities shows all cash flows from equity capital, subordinated capital, and participation capital. All other cash flows are – according to international practices for financial institutions – assigned to operating activities.

Segment reporting

Notes on segment reporting are to be found in chapter segment reporting.

Notes to the nature and extent of risks

Information about risks arising from financial instruments is disclosed in the explanatory notes. The risk report in particular contains detailed information on the issue of credit risk, country risk, concentration risk, market risk and liquidity risk.

Capital management

Information on capital management, regulatory own funds and risk-weighted assets are disclosed in the notes under (50) Capital management and regulatory own funds according to the Austrian Banking Act.

Application of new and revised standards

IAS 32 (Offsetting financial assets and liabilities; entry into force on January 1, 2014)

The amendments of IAS 32 clarify existing application issues relating to the offsetting of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set off" and "simultaneous realization and settlement". The application of the revised version of IAS 32 has no material impact on the consolidated financial statements of RZB.

IAS 27 (Separate financial statements; entry into force on January 1, 2014)

The revised IAS 27 will only be relevant for separate financial statements. The application of the revised version of IAS 27 has no impact on the consolidated financial statements of RZB.

IAS 28 (Investments in associates and joint ventures; entry into force on January 1, 2014)

Joint ventures are added to the scope of the revised IAS 28, since, under IFRS 11, joint ventures may only be included in the consolidated financial statements according to the equity method. The application of the revised version of IAS 28 has no impact on the consolidated financial statements of RZB.

IFRS 10 (Consolidated financial statements; entry into force on January 1, 2014)

IFRS 10 replaces the parts of IAS 27 (Consolidated and Separate Financial Statements) that deal with consolidated financial statements. SIC-12 (Consolidation – Special Purpose Entities) is replaced by IFRS 10. In IFRS 10, there is only one basis for consolidation, namely control. Under IFRS 10, control exists if an investor has all three of the following elements: (a) controlling influence over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in the standard to deal with complex scenarios.

Impacts due to application of IFRS 10

Due to first-time application of IFRS 10, the structured entity Compass Variety Funding Limited, Dublin (IE), was firstly integrated into the group as RZB has control on certain financial assets (leasing claims) according to IFRS 10.B76–IFRS 10.B79 which are separated from the general entity. Due to full integration, the financing obtained by the structured entity of € 18.4 million (2013: € 66.8 million) is shown under deposits from banks.

IFRS 11 (Joint arrangements; entry into force on January 1, 2014)

IFRS 11 replaces IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Ventures). IFRS 11 deals with how a joint arrangement should be classified. Joint arrangements are classified as a contractual agreement in which two or more parties practice joint management. Joint management can extend to a joint venture or a joint operation. In contrast to IAS 31, accounting for jointly controlled assets is no longer addressed separately in IFRS 11; the rules for joint ventures are applied. The classification of a joint arrangement as joint operation or joint venture depends on the rights and obligations of the parties to the agreement. In addition, joint ventures under IFRS 11 must be accounted for using the equity method, whereas jointly controlled entities under IAS 31 can be accounted for using proportionate consolidation or the equity method. The application of IFRS 11 has no impact on the consolidated financial statements of RZB.

IFRS 12 (Disclosures of interests in other entities; entry into force on January 1, 2014)

IFRS 12 is a disclosure standard regarding statements in the notes and is applicable to entities that have interests in subsidiaries, joint arrangements (joint ventures or joint operations), associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are far more extensive than those in the current standards. This additional disclosure is shown in the notes (56) Group composition.

Amendments to IFRS 10, IFRS 11 and IAS 27 (Investment entities; entry into force on January 1, 2014)

These amendments provide an exception to the consolidation requirements of subsidiaries in IFRS 10 (Consolidated Financial Statements). This applies if the parent company meets the definition of an "investment company"(for example, certain mutual funds). These entities measure their investments in particular subsidiaries at fair value through profit or loss in accordance with IFRS 9 (Financial Instruments) or IAS 39 (Financial Instruments: Recognition and Measurement). These amendments have no impact on the consolidated financial statements of RZB.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (Transition guidance; entry into force on January 1, 2014)

As a result of these amendments, the transition guidance in IFRS 10, IFRS 11 and IFRS 12 is clarified and additional relief provided in all three standards. Adjusted comparative information is only required for the preceding comparative period. In addition, in connection with the disclosures in the notes on non-consolidated structured entities there is no obligation to provide comparative information for periods that precede the first-time application of IFRS 12.

Amendments to IAS 36 (Recoverable amount disclosures for non-financial assets; entry into force January 1, 2014)

The changes represent a correction of the disclosure rules that were changed more extensively than intended in connection with IFRS 13. These relate to impaired assets for which the recoverable amount is equivalent to fair value less costs of disposal. At present, the recoverable amount must be disclosed regardless of impairment. The correction now restricts the disclosure to actual impairments, but extends the disclosures to be made in such cases.

Amendments to IAS 39 (Novation of OTC derivatives and continuation of hedging relationship; entry into force January 1, 2014)

As a result of the amendments, derivatives remain designated as hedging instruments in existing hedging relationships despite novation. Novation refers to cases in which the original parties to a derivatives contract agree that a central counterparty shall replace their original counterparty to become the counterparty to each of the original parties. The fundamental requirement is that the use of a central counterparty is required by law or regulation. Moreover, changes to contractual arrangements must be limited to those that are necessary for novation. The objective of the amendments is to avoid any impact on hedge accounting as a consequence of the write-off of the derivative on the conversion of the contract to a central counterparty. These changes have no material impact on the consolidated financial statements of RZB.

IFRIC 21 (Levies; entry into force on January 1, 2014)

IFRIC 21 contains guidance as to when a liability is to be recognized for a levy imposed by a government (e.g. bank levies). The obligating event for the recognition of a liability is identified as the activity that triggers payment according to the relevant legislation. Levies do not have to be recognized until the obligating event has occurred. The obligating event may also occur gradually over a period of time and the liability is therefore recognized progressively.

Standards and interpretations that are not yet applicable (already endorsed by the EU)

The following new or amended standards and interpretations, which have been adopted, but are not yet mandatory, have not been applied early.

IAS 19 (Employee contributions; entry into force July 1, 2014)

The amendments will clarify the provisions that relate to the allocation of employee or third-party contributions linked to service to periods of service. In addition, a solution that simplifies accounting practice is permitted if the amount of the contributions is independent on the number of years of service performed. These amendments have no material impact on the consolidated financial statements of RZB.

Annual Improvements to IFRS – 2010–2012 cycle (entry into force July 1, 2014)

The Annual Improvements to IFRS – 2010–2012 cycle include numerous amendments to various IFRS. The amendments are effective for annual periods beginning on or after January 1, 2014. These amendments have no material impact on the consolidated financial statements of RZB.

Annual Improvements to IFRS – 2011 – 2013 cycle (entry into force July 1, 2014)

The Annual Improvements to IFRS 2011–2013 cycle include numerous amendments to various IFRS. The amendments are effective for annual periods beginning on or after January 1, 2014. These amendments have no material impact on the consolidated financial statements of RZB.

Standards and interpretations not yet applicable (not yet endorsed by the EU)

IFRS 9 (Financial Instruments; entry into force January 1, 2018)

IFRS 9 (financial instruments), issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of IFRS 9 are:

According to IFRS 9, all recognized financial assets must be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are measured at amortized cost at the end of subsequent accounting periods. All other instruments must be measured at fair value.

IFRS 9 also includes an irrevocable option to recognize subsequent changes in the fair value of an equity instrument (not held for trading purposes) in other comprehensive income and to recognize only dividend income in the profit and loss statement. With regard to the measurement of financial liabilities (designated as measured at fair value through profit or loss), IFRS 9 requires that changes in fair value arising out of changes in the default risk of the reporting entity are to be recognized in other comprehensive income. However, this does not apply if recognition of such changes in other comprehensive income was to create or increase an accounting inconsistency in or compared to the profit and loss statement. Changes in fair value attributable to a reporting entity's own credit risk may not be subsequently reclassified to profit or loss. RZB anticipates that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the impact of IFRS 9 until a detailed review has been completed.

The published version of IFRS 9 no longer includes an effective date, as the completion of the outstanding project phases is still pending. In February 2014, the IASB decided that the mandatory date of the initial application of IFRS 9 will be January 1, 2018.

IFRS 15 (Revenue from contracts with customers; entry into force January 1, 2017)

The standard regulates the determination when to recognize revenue and how much revenue to recognize. IFRS 15 replaces IAS 18 "Revenue", IAS 11 "Construction contracts" and a series of revenue-related interpretations. The application of IFRS 15 is obligatory for all IFRS users and is valid for almost all contracts with customers – the material exemptions are leasing contracts, financial instruments and insurance contracts.

IFRS 14 (Regulatory deferral accounts; entry into force January 1, 2016)

Just entities firstly applying IFRS and who recognize regulatory deferrals according to the previous accounting standards are allowed to continue with regulatory deferrals after transition into IFRS. The standard is intended to be a short-term interim solution till the IASB concludes the long-term fundamental project to price-regulated business transactions.

Amendments to IFRS 11 (Joint arrangements; entry into force January 1, 2016)

The amendments to IFRS 11 (Recognition of acquired shares of a joint arrangement) modifies IFRS 11, so that the acquirer of shares of a joint arrangement representing a business operation as defined in IFRS 3, has to apply all principles regarding the recognition of business combinations according to IFRS 3 and other IFRS, as far as they do not contradict other rules of IFRS 11.

Amendments to IAS 16/IAS 38 (Clarification of acceptable methods of depreciation; entry into force January 1, 2016)

These amendments provide guidelines for methods of depreciation on tangible and intangible fixed assets to be used; especially related to revenue-based methods of depreciation.

Amendments to IAS 16/IAS 41 (Agriculture, biological assets; entry into force January 1, 2016)

According to these amendments, IAS 16 is applicable for biological assets which are no longer subject to obvious biological changes; therefore they can be recognized as tangible fixed assets.

Amendments to IAS 27 (Equity-method in separate financial statements; entry into force January 1, 2016)

These amendments allow investors in separate financial statements to use the option of recognizing shares in subsidiaries, joint ventures or associated entities at equity.

Amendments to IFRS 10/IAS 28 (Disposal or contribution of financial assets between an investor and an associated entity or joint venture; entry into force January 1, 2016)

The amendments clarify that revenue recognition of transactions with an associated entity or joint venture is dependent on the fact that the disposed or contributed financial assets represent a business operation.

Annual Improvements to IFRS – 2012–2014 cycle (entry into force January 1, 2016)

Amendments and clarifications to several IFRS.

Vienna, 11 March 2015

The Management Board

Walter Rothensteiner

Johannes Schuster

Johann Strobl

Auditor’s report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Raiffeisen Zentralbank Österreich AG, Vienna, for the year from 1 January 2014 to 31 December 2014. These consolidated financial statements comprise the consolidated statement of financial position as of 31 December 2014, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2014 and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company’s management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to §§ 245a UGB (Austrian Commercial Code) and 59a BWG (Austrian Banking Act). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2014 and of its financial performance and its cash flows for the year from 1 January to 31 December 2014 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 11 March 2015

KPMG Austria AG

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca	Michael Schlenk
Wirtschaftsprüfer	Wirtschaftsprüfer

(Austrian Chartered Accountants)

Management report
Market development

Weak economic growth in Europe – recovery in the US

The euro area economy developed weaker than expected in 2014, and the outlook for 2015 is also subdued. It posted a modest 0.9 per cent year-on-year GDP growth in 2014, following minus 0.4 per cent in the prior year. On the one hand, this was driven by solid growth figures in Germany and by a recovery in a number of countries (Spain, Ireland and Portugal) that had previously posted weaker growth. On the other hand, economic growth in major countries such as Italy and France disappointed. The weak economic trend contributed to a significant decline in inflation. As falling commodity prices further exacerbated this trend, inflation averaged only 0.4 per cent in 2014, after 1.4 per cent in 2013. A decline in consumer goods prices can be expected for at least the beginning of 2015. In a bid to bolster economic growth and prevent deflationary risks, the ECB took additional expansionary and unconventional measures in 2014 as well as in early 2015. The weaker external value of the euro is expected to be supportive for an economic recovery for the euro area in 2015. The major risk factors to economic growth and the financial markets in Europe remain to be the tense geopolitical situation in addition to deflationary tendencies and delayed reforms in a number of euro area countries.

Overall, current signs indicate a strong decoupling of economic cycles between Europe and the US. Last year, the US economy, mirroring its trend from the two previous years, grew 2.4 per cent, driven by private consumption and corporate investment. Private consumption benefitted from positive labor market conditions, moderately increasing wages and a sharp drop in energy prices in the second half of the year. Unlike in the previous three years, fiscal consolidation has had hardly any dampening effect on economic activity in the US. Even though the increase in economic output lagged the momentum of past upswings, the labor market continued its robust recovery. Over the course of the year, unemployment fell from 6.7 per cent to 5.6 per cent, just slightly above the level deemed consistent with full employment.

CEE marked by divergent trends

The formative economic recovery in CEE in 2012 and 2013 weakened in 2014. The CEE region as a whole posted 1.0 per cent economic growth in 2014, only marginally outpacing the euro area. This trend was primarily driven by the situation in Russia and Ukraine, where geopolitical risks coupled with structural weaknesses resulted in stagnation (Russia) or a deep adjustment recession (Ukraine). In 2014, Ukraine received extensive financial help from the International Monetary Fund (IMF) and the EU in order to facilitate necessary structural and institutional restructuring measures and to protect against financial market risks. This financial aid was increased in 2015.

In contrast to the trend – superimposed by Russia – in the region as a whole, the economies in Central Europe (CE) and Southeastern Europe (SEE) noticeably grew in 2014. CE recorded average GDP growth of 2.9 per cent, compared to 1.4 per cent in SEE. In addition to exports, domestic demand also recovered significantly, predominantly in CE countries. The solid economic performance in CE is broad-based. Moreover, all CE countries experienced significantly positive GDP growth rates in 2014, with the Czech Republic, Hungary and Slovenia reversing their stagnation and recession trends of previous years. In the CE region, economic growth particularly stood out in Poland and Hungary in 2014; these countries achieved GDP growth of more than 3.0 per cent. During the same period, economic output in Slovakia and Slovenia expanded roughly 2.5 per cent, and by 2.0 percent in the Czech Republic. The positive trend is expected to continue in 2015, with solid GDP growth of 3.0 per cent expected in CE, mainly driven by continued notable growth in Germany and increasingly strong domestic demand and investment.

In a number of SEE countries, the restructuring efforts of recent years are already showing first results. In 2013 and 2014, GDP growth in SEE was primarily driven by Romania, while other economies remained in stagnation or recession. In light of the natural disasters that heavily impacted a number of SEE countries, economic growth in the region weakened to 1.4 per cent in 2014, following 2.1 per cent in 2013. The weaker-than-expected recovery in the euro area is also dampening growth in SEE – first and foremost in Italy and France, countries of greater importance to SEE. The strongest growth – at 2.9 per cent – was recorded in Romania, which is benefitting from successful structural reforms, but still suffering from weak domestic demand; Albania followed with 2.0 per cent. Economic growth in Bulgaria reached 1.1 per cent despite a short-term bank run in the summer of 2014. Croatia, suffering from deep structural problems, remained in the grip of recession in 2014, marking its sixth consecutive year without growth. While Bosnia-Herzegovina got off lightly with a stagnating economy, Serbia suffered another sharp decline in 2014. In particular, Serbia had to contend with the consequences of the flood disaster, as well as from delays to policy reforms, and suffered a drop in economic output of 1.8 per cent in 2014. In an effort to stabilize its macroeconomic and budgetary situation, Serbia signed a precautionary arrangement with the IMF in the fourth quarter. The agreement set out targets for fiscal consolidation and privatization. Romania has shown by example that cooperation with the IMF can result in sustained structural reform. In this respect, the step can be seen as positive. A moderate, accelerated growth trend is expected in the SEE region in 2015, with GDP set to increase 1.9 per cent and to be led once again by Romania.

The economic momentum in Russia, Ukraine and Belarus, which already showed signs of slowing in 2014, is expected to continue in 2015. Following a de facto stagnation in 2014, Russia looks set to experience a recession in 2015, with GDP projected to decline 4.0 per cent. A similar trend is emerging in Belarus, where at least a slight GDP decline is expected. Barring a further escalation of the geopolitical situation, the Russian economy could return to moderate growth in 2016. In Ukraine, the adjustment recession that began in 2014 is set to continue in 2015, with GDP expected to decline at least 5.5 per cent. If comprehensive reforms are unsuccessful, economic and financial restructuring in Ukraine may prove to be much more difficult to implement. The country is likely to remain dependent on substantial financial support from the international community in both 2015 and 2016.

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

Region/country	2013	2014e	2015f	2016f
Czech Republic	(0.7)	2.0	2.4	3.0
Hungary	1.5	3.5	2.5	2.5
Poland	1.7	3.3	3.5	3.4
Slovakia	1.4	2.4	2.5	3.0
Slovenia	(1.0)	2.6	2.0	2.0
CE	**1.0**	**2.9**	**3.0**	**3.1**
Albania	0.4	2.0	3.0	4.0
Bosnia and Herzegovina	2.5	0.5	2.5	3.0
Bulgaria	0.9	1.1	1.2	2.1
Croatia	(0.9)	(0.4)	0.0	1.0
Kosovo	3.4	0.5	2.0	3.0
Romania	3.4	2.9	3.0	3.0
Serbia	2.5	(1.8)	0.0	2.5
SEE	**2.1**	**1.4**	**1.9**	**2.6**
Russia	**1.3**	**0.6**	**(4.0)**	**0.5**
Belarus	0.9	1.6	(2.0)	1.0
Ukraine	0.0	(6.9)	(5.5)	0.5
CEE Other	**0.3**	**(4.5)**	**(3.9)**	**0.6**
Austria	**0.2**	**0.3**	**0.7**	**1.8**
Germany	**0.2**	**1.6**	**1.6**	**2.2**
Eurozone	**(0.4)**	**0.9**	**1.2**	**1.9**

Economic growth in Austria remains behind expectations

Following a promising second half of 2013, a period of stagnation then took hold that lasted the whole year, implying real gross domestic product growth of 0.3 per cent for 2014 as a whole (2013: 0.2 per cent). Despite stable employment growth, private consumption failed to show signs beyond a tentative recovery. Government spending was only somewhat more dynamic. Corporate investment activity also disappointed, particularly in the second half of the year, while the positive trend at the beginning of the year was attributable to pull-forward effects. In the second half of the year, weak growth in domestic demand was partly offset by foreign trade. Economic growth momentum was also weak at the beginning of 2015.

Global currencies

In the first half of 2014, the euro/US dollar exchange rate fluctuated within a very narrow range of between EUR/USD 1.35 and EUR/USD 1.39. In the second half of the year, the euro went into freefall, pushing the single currency down to EUR/USD 1.21 by the end of the year. At the beginning of the year, the euro's downward trend accelerated again. In early march 2015, the euro was 1.12 against the dollar. The exchange rate was mainly driven by the monetary policies of the ECB and US Federal Reserve. Since the middle of 2014, there have been indications that the US Federal Reserve would begin normalizing its monetary policy, a first step being the end of its bond purchases in November. At the same time, there were indications that the ECB would embark on a similar bond purchasing program in the foreseeable future.

Over the whole of 2014, the Swiss franc fluctuated between nearly 1.20 and 1.24 against the euro, with the average exchange rate at 1.22. At the beginning of the year, the Swiss franc was more or less on the back foot but in the wake of geopolitical uncertainties, returned to its safe haven status in the spring and has been steadily appreciating since. The ECB's expansionary monetary policy and the shrinking interest rate differential between the euro area and Switzerland have also contributed to the Swiss franc's appreciation. Towards the end of the year, appreciation pressure on the Swiss franc against the euro increased to such an extent that the SNB (Swiss National Bank) introduced negative key interest rates. On 15 January 2015, the SNB surprisingly withdrew its minimum exchange rate peg for the EUR/CHF at 1.20; however, it stressed that it would take due account of the exchange rate situation in formulating its monetary policy in future and thus remain active in the foreign exchange market if necessary.

CEE currencies

CEE currencies trended weaker against the euro over the course of 2014. While the other currencies in the CE and SEE region declined within a range of between roughly 0.5 per cent and 3 per cent, the Hungarian forint (down 6.0 per cent) and Serbian dinar (down 5.3 per cent) weakened most significantly against the euro. The strongest devaluations were experienced in the CIS region, where the crisis in eastern Ukraine, the sliding oil price and sanctions against Russia led to hefty devaluations. For example, the Russian rouble fell nearly 36 per cent against the euro in the second half of 2014 (38 per cent for the year) and the Ukrainian hryvnia lost 41 per cent against the euro over the course of 2014. In 2014, the Belarusian rouble remained stable with just 1.4 per cent devaluation against the euro; however, lost almost 20 per cent against the euro up till the end of February in 2015. In the first two months of 2015, the Russian rouble recovered again somewhat against the euro, up by almost 4 per cent; while the Ukrainian hryvnia fell by around 37 per cent against the euro.

Development of the banking sector

Moderate growth and increasing divergence in CEE

Supported by slightly better economic indicators in the second half of 2014, as well as expansionary monetary policy measures and improved growth expectations in CE and SEE, credit growth in both of these regions moderately increased in 2014. This trend should continue in 2015. As a result, non-performing loans (NPLs) also stabilized – or in some cases already peaked – in many CE and SEE countries in 2014. Romania held its first notable NPL portfolio auctions in 2014. However, NPLs remained at high levels, notably in banking markets in SEE, which will weigh on the performance of banking sectors for a continued period. The banking environment in Russia and Ukraine sharply deteriorated in 2014, and the outlook for 2015 remains difficult. Credit growth weakened significantly in both markets, due in part to increasingly difficult local refinancing conditions (lower deposit growth, higher refinancing costs). Nevertheless, credit growth in the Russian banking sector remained in the upper double-digit range in 2014, the liquidity situation continues to be solid, and profitability (return on equity) was also still in the solid double-digit percentage range in 2014. As a result, barring a material deterioration of the geopolitical situation and financing conditions, the Russian banking sector should also remain profitable in 2015. In contrast, the Ukrainian banking sector posted a loss in 2014, and 2015 could also turn out to be another loss-producing year. The earnings situation of Western European banks operating in the region is also negatively impacted by ongoing currency weaknesses in Russia, Ukraine and Belarus.

The highly different regional trends in CEE with respect to asset quality and credit growth are also clearly reflected in divergent profitability ratios of the regional banking sectors. For example, profitability indicators of the CE banking sector remained at encouragingly robust levels, i. e. the average return on equity was in the lower double-digit percentage range in 2014. One exception was Hungary, where the earnings power of the banking sector was negative once again as a result of regulatory measures, however conditions should improve here. Although the Russian banking market suffered somewhat of a decline in profitability in 2014 compared to the previous year, it still boasted one of the highest returns on equity in the CEE region at roughly 13 per cent in 2014. In SEE, profitability was low again in 2014, partly attributable to weak credit demand in new business and, in some cases, still slightly increasing NPLs. The average return on equity in this region was in the low single-digit percentage range, roughly on apar with the euro area level. Despite the positive trends in a number of CEE markets, overall, the average return on equity in the banking sector for the region remains below past levels. This trend is primarily driven by rising regulatory costs, increased equity ratios and costs, a higher degree of local refinancing, and limited opportunities to transform the risk and yield curve owing to the low interest rate environment. The outlook for a prolonged continuation of the current low interest rate environment in major CE and SEE markets, as well as the deterioration of earnings prospects in the Russian banking sector, suggests that the return on equity for the CEE banking sector will not significantly improve in 2015.

Banking sector in Austria

In 2014, European banks were affected by the weak economic growth, low profitability, higher net provisioning for impairment losses and low interest rates. Austrian banks were not immune from these developments, either. In the first half of 2014, consolidated net income for the period after taxes and minority interests was negative at minus € 0.59 billion. This represents a decline of € 1.7 billion on the first half of 2013. Strong pressures were notably felt due to the effects of the continuing low interest rates and in connection with the planned sale of international subsidiaries of Hypo Alpe-Adria and high impairments of another major bank.

CEE business remains an important success factor for Austrian banks. The increased profits of recent years, especially in the Czech Republic, Slovakia and Russia underscore the relevance of a sustainable growth strategy in the region. In the first half of 2014, the CEE subsidiaries of Austrian banks generated an overall net profit of € 1 billion.

Although the capitalization of Austrian banks has improved continuously since 2008, it is still below the average for comparable European banks. Austrian banks will need to continue to build up capital, especially as regards their risk profile (e.g. exposure in CEE, portfolio of foreign currency loans), the challenging economic situation and the low interest rates. Added to this are higher market expectations with regard to capitalization and more stringent regulatory requirements. The liquidity situation of the Austrian banks has shown further improvement, with the increase in the volume of deposits in CEE helping strengthen the refinancing basis of the Austrian subsidiaries. This development is in line with the Supervisory Guidance on Strengthening the Sustainability of the Business Models of Large Internationally Active Austrian Banks issued by the National Bank of Austria (OeNB) and the Austrian Financial Market Authority (FMA).

Regulatory environment

Changes in the regulatory environment

RZB concerned itself intensively with the current and upcoming regulatory developments in the reporting year. One of the main subjects, for which preparations have been made in the past, involved the legislative amendments that are associated with the EU directives under Basel III (CRD IV/CRR) and that came into effect at the beginning of the financial year. With the conversion to the new Basel III rules, in 2014 risk management continued to focus on the ongoing implementation of advanced calculation approaches. These activities comprised the implementation of the internal ratings-based (IRB) approach in the retail and nonretail business division of CEE subsidiaries, as well as further development of the internal market risk model and Group-wide further development of the standard approach for operational risk.

Start of the ECB Supervision

In 2014, the ECB took over direct supervision of 123 key banks in the Eurozone. The Single Supervisory Mechanism (SSM) is a new system of banking supervision which comprises the ECB and the respective national competent authorities of participating countries. Its main aims are to contribute to the safety and soundness of the banks and to the stability of the European financial system while ensuring uniform supervision. As one of these 123 banks, that represents 82 per cent of the banking sector (measured by assets) in the euro area – the RZB is subject to direct supervision by the ECB. RZB expects – in addition to significantly raised reporting requirements – an increased presence of regulatory topics with strategic relevance.

One of the key focal points in the reporting year was the changes pertaining to the SSM, notably the associated Comprehensive Assessment by the ECB, which included an Asset Quality Review and a Europe-wide stress test. The tests conducted by the ECB had a massive impact on the Group's financial resources due to the scope and duration, and the intensive exchange with authorities and external auditors.

Banking Union

As early as July 2013, the European Commission presented its ideas for a Single Resolution Mechanism for the euro area. This is intended to supplement the Single Supervisory Mechanism (SSM). As a second pillar of the Banking Union, the Single Resolution Mechanism (SRM) is intended to ensure that banks which face difficulties can be resolved with lower costs and that a Single Resolution Fund is available for such cases.

The Austrian Federal Act on the Recovery and Resolution of Banks (BaSAG) came into force on 1 January 2015. Payments under this legislation, are based on European rules for carrying out the EU Bank Recovery and Resolution Directive (BRRD), but not yet adopted (expected for 2015), and providing for a mechanism of banks' contributions to resolution funds starting as, or in the course, of 2015.

As of 2016, the Austrian resolution financing mechanism will, along with all other resolution financing mechanisms in the euro area, be transferred to a Single Resolution Fund, which is currently being established for all EU-euro area member states (and for other EU member states on a voluntary basis). It is not yet possible at this stage to quantify the related expense for RZB. For 2015, RZB expects an expense of roughly € 38 million in Austria.

The Deposit Guarantee Directive was published in the Official Journal of the EU in 2014 and is to be implemented in Austrian law by July 2015. The directive concerns the establishment of a Deposit Protection Fund, which is fed by contributions from credit institutions. The targeted volume amounts to 0.8 per cent of covered deposits. The implementation act was not available at the reporting date. Neither the structure, nor the timing, of the first contribution payments by credit institutions are known, therefore, the exact expense in Austria for RZB can not be quantified.

Performance and financials

Introduction and scope of consolidation

The consolidated financial statements of RZB are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU. Raiffeisen Zentralbank also prepares separate financial statements in accordance with the the Austrian Commercial Code (UGB), in conjunction with Austrian Banking Act (BWG) which provide the formal basis of assessment for calculating dividend distributions and taxes. For more information on the disclosures required by the UGB and BWG, please see the relevant sections of this Group management report, including the notes section.

The majority stake of Raiffeisen Zentralbank is held by Raiffeisen-Landesbanken Holding GmbH (RLBHOLD), which makes it part of RLBHOLD Group. In RLBHOLD, the core shareholders – i.e. the Raiffeisen regional banks – hold the majority of their shares on a pooled basis. RLBHOLD held a stake of around 82.4 per cent at the end of 2014; the remaining shares were owned predominantly by other shareholders. As of 31 December 2014, Raiffeisen Zentralbank's scope of consolidation comprised 337 Group units, including 28 banks and a number of financial institutions and bank-related service providers.

Raiffeisen Zentralbank acquired a majority interest in a number of affiliated companies at the end of 2013. Therefore, the comparability of various items in the balance sheet and income statement has been influenced. For information about other changes in the scope of consolidation, please refer to the relevant sections in the notes.

Events in the financial year

RZB clearly passed AQR and stress test

The ECB subjected all banks that since November 2014 have been directly supervised to the Comprehensive Assessment, which mainly comprised an extensive Asset Quality Review (AQR) and a stress test. RZB clearly surpassed the required capital adequacy ratios in both the baseline scenario and the adverse scenario. The ECB's AQR, which preceded the stress test, was based on the financial year 2013 and led to 0.65 percentage point adjustments to the CET1 ratio used by the ECB in its stress test for RZB. The main reason for these adjustments was the fact that the ECB employs a different approach than RZB for portfolio-based loan loss provisions. Moreover, the AQR did not consider loan loss provisions formed by RBI in the 2014 financial year. However, these were mostly allocated in the financial year 2014. The ECB's recommendations were implemented to the extent in which they corresponded with the accounting policies of the IFRS or qualitatively sharpened the applied model.

Institutional Protection Scheme established

In October 2014, the Austrian Financial Market Authority (FMA) passed a resolution approving the Institutional Protection Scheme (IPS) at national level. This federal IPS is based on uniform, joint risk monitoring pursuant to Article 49 CRR (Capital Requirements Regulation). Contractual or statutory liability arrangements were concluded which protect the participating institutions and in particular ensure their liquidity and solvency when required. Based on the RBG's structure, the IPS was designed with two levels (federal and provincial IPS). As the central institute of the RBG, Raiffeisen Zentralbank is a member of the Federal IPS whose members include, in addition to the Raiffeisen regional banks, Raiffeisen-Holding Niederösterreich-Wien, ZVEZA Bank, Raiffeisen Wohnbaubank and Raiffeisen Bausparkasse. The Federal-IPS is its own supervisory legal subject. Consequently, the capital adequacy requirements of the CRR must also be complied with at the level of the Federal IPS. Consequently, no deductions are made for the members of the Federal IPS for their participation in Raiffeisen Zentralbank. Moreover, internal receivables within the IPS can be weighted at zero per cent.

Banks come under Hungarian government's scrutiny

The measures introduced by the Hungarian government against Hungarian banks were associated with negative effects on the results again in 2014. Since the Home Protection Law of 2011, under which the Hungarian government allowed private borrowers to repay foreign currency loans prematurely at favorable terms and which led to losses for RZB, a number of new government programs favoring foreign currency borrowers (Settlement Act) have been drafted and adopted by parliament in 2014. The new legislation resulted in a provision of € 251 million recognized under sundry operating expenses in Hungary in the reporting year. The law related to the foreign exchange margins which can be applied to foreign currency loan disbursements and installments, as well as to unilateral rate changes on consumer loans.

Tensions in eastern Ukraine

The onset of geopolitical tensions in Ukraine, which culminated in the secession of Crimea as well as in military conflict in the Donbass region, had a negative impact on the Ukrainian network bank. This resulted in higher net provisioning for impairment losses in the amount of € 254 million, as well as additional other administrative expenses of € 15 million in the stated regions. This was further accompanied by the closure of a large number of branches and corresponding staff reductions in these regions.

Currency turmoil in Ukraine and Russia

In 2014, the dominant themes in international financial markets remained to be the geopolitical tensions in Ukraine, the introduction of sanctions against Russia and resulting uncertainty. Consequently, the Russian rouble and Ukrainian hryvnia depreciated significantly against the US dollar and euro. Overall, exchange differences recognized in equity amounted to € 1.3 billion, with a negative effect on the common equity tier 1 ratio of 89 basis points, the bulk of which originated from units in Russia (47 basis points) and in Ukraine (19 basis points).

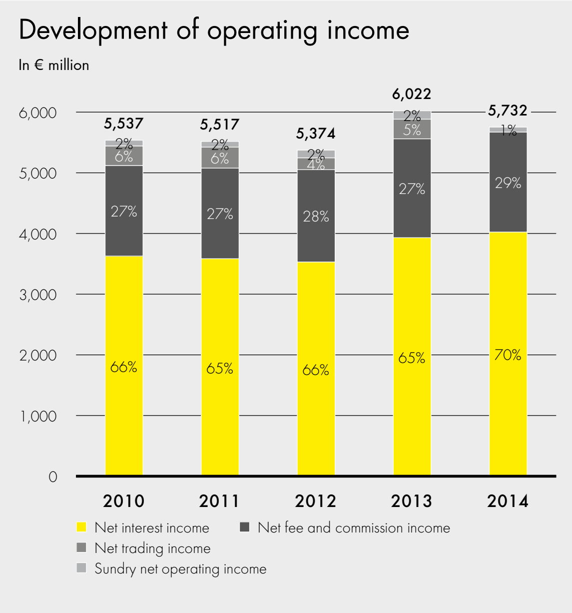
Depreciation of intangible fixed assets

Goodwill of € 306 million was impaired in the fourth quarter, particularly for Group units in Russia (€ 148 million), Poland (€ 99 million) and Albania (€ 51 million). In the third quarter, Ukraine recorded an impairment of € 29 million on the brand, and € 1 million on the customer base.

Overview

After a challenging year, RZB ended the reporting year with positive profit before tax of € 72 million. Despite the currency turmoil and geopolitical tensions in Russia and Ukraine, the operating result in the amount of € 2,439 million only declined by 5 per cent year-on-year. The decline in profit before tax of € 977 million to € 72 million was primarily attributable to a number of one-off effects: A legislative change in Hungary entailed a one-off effect with a negative impact of € 251 million RZB's results. At the same time, € 533 million in net provisioning for impairment losses was required in Ukraine, which was thus € 412 million above the previous year's level. Goodwill impairments totaling € 306 million were required for Group units in Russia and Poland as a result of lower medium-term earnings expectations, and in Albania due to a change in the discounting factor.

The loss after tax was € 432 million – not least due to impairments recognized on deferred tax assets in the amount of € 196 million owing to a tax planning revision at RBI AG and in Asia. The affiliated companies which were fully consolidated for the first time at the end of 2013 made a positive contribution of around € 90 million to profit after tax; in the previous period, the contribution to earnings by companies valued at equity was € 20 million. RZB acquired a majority interest in these lines of business such as savings banks, factoring and funds business, which were previously operated jointly with the Raiffeisen regional headquarters, at the end of 2013. Due to RBI's negative result, profit attributable to non-controlling interests fell from plus € 333 million in the previous year to minus € 109 million. After deducting this share from profit after tax, RZB recorded consolidated profit of minus € 323 million.



Operating income fell 5 per cent, or € 290 million, to € 5,732 million year-on-year. Net trading income declined € 342 million to minus € 21 million, driven by valuation losses on derivatives and by exchange rate-related valuation losses on foreign currency positions in Ukraine and Russia. Net interest income increased € 93 million, to € 4,024 million. This was mainly due to the inclusion of the affiliated companies and to lower refinancing costs in RBI AG. Net fee and commission income was up 1 per cent or € 17 million to € 1,647 million. On the one hand, it improved because of the inclusion of the affiliated companies, while on the other hand currency developments had a detrimental effect on the result. Sundry net operating income declined, primarily due to higher net allocations to other provisions and higher other taxes, by € 56 million to € 82 million.
General administrative expenses were down 5 per cent, or € 166 million, to € 3,294 million year-on-year, with positive effects stemming from ongoing cost reduction programs, notably in the Czech Republic and in Poland. Ukraine and Russia recorded declines, primarily caused by currency devaluations. In contrast, the first-time inclusion of the affiliated companies produced an increase of € 138 million. The average number of staff was further reduced, with a 1,887 decrease from the previous year to 57,799. The number of business outlets was down 155 to 2,882 year-on-year.

Net provisioning for impairment losses rose 46 per cent, or € 552 million, to € 1,752 million year-on-year. This was mainly due to the situation in Ukraine, which was impacted by the depreciation of the hryvnia, and by the challenging overall macroeconomic environment, leading to an increase in net provisioning for impairment losses of € 412 million to € 533 million. Asia also contributed to the increase, with defaults by large corporate customers resulting in an increase of € 215 million to € 291 million. In contrast, the credit risk situation improved in most other markets.

Net income from derivatives and liabilities reversed from minus € 250 million in the previous year to plus € 22 million in the reporting year, mainly due to the € 292 million change in the credit spread for own liabilities.

In the course of the year, total assets fell 2 per cent, or € 2,395 million, to € 144,929 million. This decrease was attributable to currency effects mainly resulting from the depreciation of the Ukrainian hryvnia and Russian rouble against the euro. Optimized liquidity investment resulted in an increased securities portfolio at the expense of interbank business.

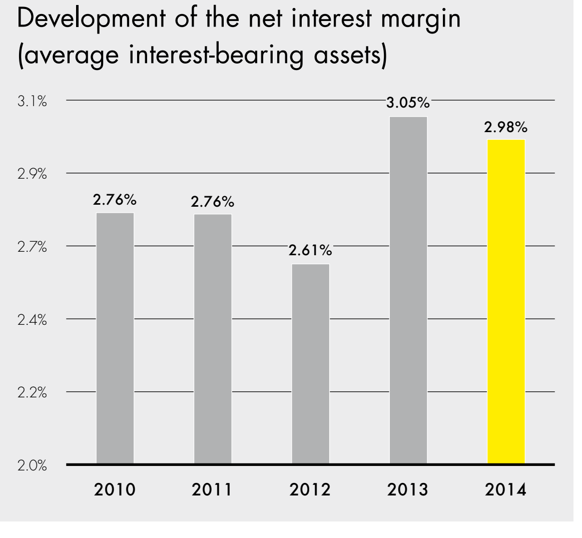
Equity including non-controlling interests recorded a decline of € 2,457 million to € 9,332 million. Equity reduced as a result of dividend payments totaling € 596 million for the financial year 2013 and as a result of total comprehensive income of minus € 1,656 million, which was attributable to the loss after tax of € 432 million as well as currency devaluations of minus € 1,337 million.

Due to the negative result, no dividend will be distributed for the financial year 2014.

Income statement

in € million	2014	2013	Change absolute	Change in %
Net interest income	4,024	3,931	93	2.4%
Net fee and commission income	1,647	1,630	17	1.0%
Net trading income	(21)	323	(343)	–
Sundry net operating income	82	139	(56)	(40.7)%
Operating income	**5,732**	**6,022**	**(290)**	**(4.8)%**
Staff expenses	(1,579)	(1,695)	116	(6.9)%
Other administrative expenses	(1,286)	(1,300)	14	(1.1)%
Depreciation	(430)	(465)	36	(7.6)%
General administrative expenses	**(3,294)**	**(3,460)**	**166**	**(4.8)%**
Operating result	**2,439**	**2,563**	**(124)**	**(4.8)%**
Net provisioning for impairment losses	(1,752)	(1,200)	(552)	46.0%
Other results	(615)	(314)	(301)	96.0%
Profit/loss before tax	**72**	**1,049**	**(977)**	**(93.2)%**
Income taxes	(504)	(293)	(211)	71.8%
Profit/loss after tax	**(432)**	**756**	**(1,188)**	**–**
Profit attributable to non-controlling interests	109	(333)	442	–
Consolidated profit/loss	**(323)**	**422**	**(745)**	**–**

Net interest income



Net interest income increased 2 per cent, or € 93 million, to € 4,024 million in 2014. This was primarily due to the inclusion of the affiliated companies, positive development within RBI AG and an improved result in Russia. At RBI AG, lower refinancing costs relating primarily to debt securities led to growth of net interest income. In Russia, higher interest income from derivatives and, in particular, successful positioning in the retail and corporate customer business, led to an increase of € 112 million The contribution to the result by companies valued at equity fell € 91 million to € 75 million. This was due to the negative contribution to earnings by Leipnik-Lundenburger Invest Beteiligungs AG (minus € 23 million) and to reduced earnings of the UNIQA Insurance Group AG (dilution following last year's capital increase). In addition, affiliated companies were still valued at equity in 2013, when they contributed € 20 million.

In addition, the increased net interest income was also driven by the positive development of the credit business in Belarus (up € 24 million) and re-pricing measures in the deposit business in Slovakia (up € 10 million). In contrast, interest income in Hungary declined € 43 million as a result of lower interest income from derivatives, reduced lending volumes and a lower market interest rate level. In Romania, lower market interest rates, as well as declining income from securities, also led to a decrease in net interest income of € 7 million. The negative development of net interest income in Ukraine (down € 61 million) was purely currency-related, whereas net interest income in local currency was up 20 per cent. In Poland, net interest income marginally declined € 4 million due to sharply lower market interest rates. The Group recorded a decrease in net interest income of € 4 million in the Czech Republic as a result of lower margins in the retail and corporate customer business, as well as due to currency effects. In Slovenia, reduced lending volumes, in particular, led to a decline in net interest income of € 6 million.

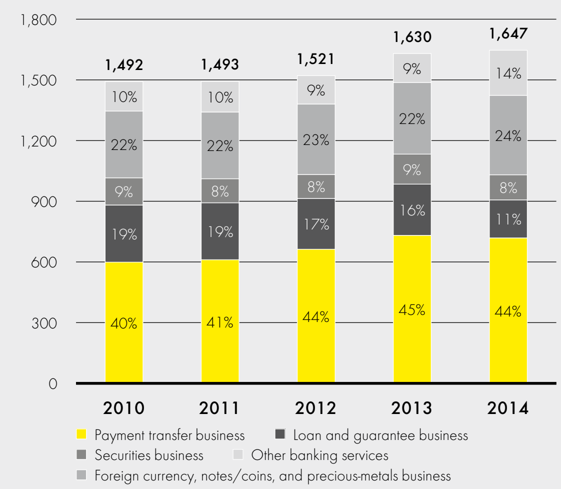
RZB's net interest margin decreased 7 basis points to 2.98 per cent year-on-year.

Net fee and commission income

Net fee and commission income improved 1 per cent or € 17 million year-on-year to € 1,647 million, with a rise of € 56 million attributable to the inclusion of the affiliated companies. The highest increase was recorded by net income from the management of investment and pension funds, which rose € 85 million to € 112 million due to the inclusion of Raiffeisen KAG. Net income from foreign currency, notes/coins and precious metals business rose 11 per cent or € 38 million to € 393 million, primarily driven by higher volumes and margins in Russia and in Ukraine. In contrast, net income from loan and guarantee business declined 26 per cent or € 65 million to € 188 million, primarily due to currency effects in Russia and to reduced guarantee commission in Romania. Net income from securities business declined, primarily within RBI AG, by 16 per cent or € 24 million to € 124 million, due to lower fees from capital market transactions. Due to currency effects, net income from the payment transfer business was down 2 per cent, or € 13 million, to € 719 million, with the most significant declines recorded in Ukraine and in Russia, whereas Slovakia, Hungary and Croatia registered increases.

Development of net fee and commission income

In € million

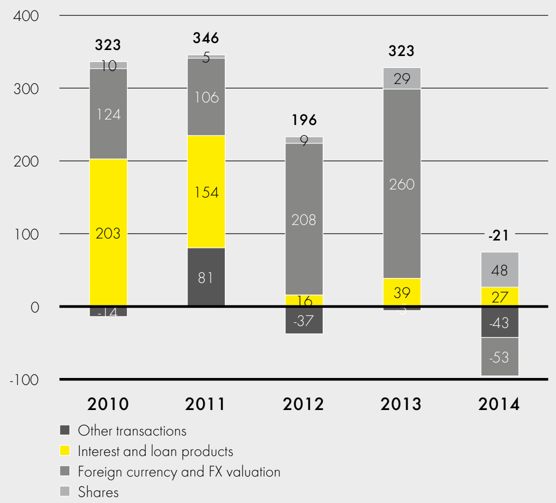


Net trading income

Net trading income fell € 343 million to minus € 21 million, largely due to a € 313 million decrease in currency-based transactions to minus € 53 million. This was mainly attributable to valuation losses on derivatives in Russia, as well as exchange rate-related valuation losses on foreign currency positions in Ukraine. In contrast, RBI AG – as well as Hungary – posted valuation gains on derivatives. Net income from other transactions declined € 37 million to minus € 43 million.

Net trading income by products

In € million



Other net operating income

Other net operating income fell € 56 million to € 82 million year-on-year. In particular, net allocations for other provisions rose € 38 million. On the one hand, the release of a provision for VAT liabilities in Poland in the previous year had produced positive net income, while in the reporting year, allocations in Hungary (for legal cases) and in Russia had a negative effect. The other tax expense increased € 17 million due to the introduction of a new tax on foreign currency purchases in Ukraine and to a higher expense for the financial transaction tax in Hungary. In addition, net income from the release of negative goodwill fell € 20 million, with the higher amount for the previous year attributable to the initial consolidation of the Italian leasing subsidiary. This was set against improvements in net income from the disposal of tangible assets (sales of buildings) in Russia, Ukraine and Albania. Net income in Albania was lower in the previous year due to the closure of business outlets.

General administrative expenses

The Group's general administrative expenses fell 5 per cent, or € 166 million, to € 3,294 million during the reporting period, largely attributable to the currency development of the Russian rouble and Ukrainian hryvnia. In addition, ongoing cost reduction programs in the Czech Republic and Poland, as well as lower depreciation in the Czech Republic, led to a reduction in general administrative expenses. The first-time inclusion of the affiliated companies produced an increase of € 138 million. At 57.4 per cent, the cost/income ratio was almost on a par with the previous year.

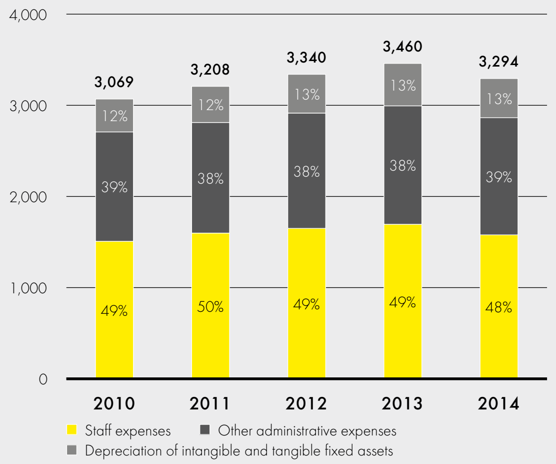
Staff expenses

Staff expenses, which made up the largest item under general administrative expenses at 48 per cent, declined 7 per cent, or € 116 million, to € 1,579 million in the reporting year. In Ukraine and the Czech Republic, the sharp decline in staff expenses was mainly due to cost reduction programs and currency effects. Ongoing cost reduction programs in Poland and Hungary likewise led to a decrease, while significant currency devaluation in Russia reduced expenses. In contrast, the first-time inclusion of the affiliated companies produced an increase of € 68 million.

The average number of staff (full-time equivalents) fell 1,887 to 57,799 year-on-year. The biggest declines occurred in Ukraine (down 1,117), Poland (down 557) and Hungary (down 335). The affiliated companies which were included in the scope of consolidation for the first time added 859 employees.

General administrative expenses by category

In € million



Other administrative expenses

Other administrative expenses decreased 1 per cent, or € 14 million, to € 1,286 million. The reduction in Ukraine (down€ 26 million) and Russia (down € 16 million), was largely attributable to currency effects. Poland posted the most significant decline (down € 31 million), particularly for legal, advisory and consulting expenses, as well as IT and advertising expenses. In Romania (down € 8 million), the reduction was mainly related to office space expenses, and in the Czech Republic (down € 6 million) it was primarily related to legal, as well as advisory and consulting expenses. In contrast, in Slovakia higher deposit insurance fees, higher legal, as well as advisory and consulting expenses, and IT and advertising expenses resulted in a € 8 million increase. Raiffeisen Zentralbank also recorded a rise due to an extraordinary expense within the context of the AQR. Other administrative expenses rose € 66 million due to the first-time inclusion of the affiliated companies.

The number of business outlets was down 155, to 2,882, compared to year-end 2013. The most significant declines in the number of business outlets occurred in Ukraine (down 127), Poland (down 19), Bulgaria (down 12), and Albania (down 12).

Depreciation expense

Depreciation of tangible and intangible fixed assets fell 8 per cent, or € 36 million, to € 430 million year-on-year. This was primarily attributable to lower depreciation on software at RBI AG, as well as to impairment of a software project in the Czech Republic (€ 57 million) undertaken in the previous year. Ukraine posted an increase of € 13 million due to a brand and customer base impairment totaling € 30 million and to impairment on a building of € 4 million, whereas the change in useful life resulted in lower depreciation of tangible fixed assets. Romania also recorded an increase (€ 8 million) due to an impairment of land. Depreciation within Raiffeisen-Leasing GmbH rose € 10 million year-on-year due to impairments in respect of leased real estate.

The Group invested € 488 million in fixed assets in the reporting period. Of that, 41 per cent (€ 200 million) flowed into own tangible assets. Investments in intangible assets – mainly related to software projects – amounted to 37 per cent. The remainder was invested in assets of the operating leasing business.

Net provisioning for impairment losses

Net provisioning for impairment losses rose 46 per cent year-on-year, or € 552 million, to € 1,752 million. This resulted from an increase in individual loan loss provisions of € 612 million, to € 1,875 million. For portfolio-based loan loss provisions, there were again net releases totaling € 55 million (decline of € 6 million). This contrasted with € 54 million higher proceeds from the sale of impaired loans, which totaled € 68 million in the reporting year and of which the sale of non-performing loans in Poland accounted for € 61 million.

In Ukraine, net provisioning for impairment losses came to € 533 million – mainly due to higher individual loan loss provisions – up € 412 million in total from the previous year's level. This was mainly due to tensions in eastern Ukraine, as well as to the depreciation of the hryvnia and the resulting required provisions for collateralized US dollar loans. Net provisioning for impairment losses in RBI AG increased € 226 million to € 492 million, primarily caused by individual loans to large corporate customers in Asia. In Russia, a growing retail and corporate customer portfolio, as well as individual loans in the corporate customer business, also led to an increase in net provisioning for impairment losses of € 104 million to € 152 million. In contrast, Poland, Slovenia and Bulgaria posted significant declines. The € 61 million decline in Poland resulted primarily from sales of impaired loans. Impairment needs were € 42 million lower in Slovenia and € 39 million lower in Bulgaria after a significant increase in the non-performing loan portfolio and an update of collateral valuations in the previous year made higher net provisioning for impairment losses necessary. The Raiffeisen Leasing Group's net provisioning for impairment losses fell by € 44 million.

In 2014, the portfolio of non-performing loans to customers has increased € 180 million, to € 9,453 million since the – despite large scale currency effects like the depreciation of the Ukrainian hryvnia and Russian rouble. This increase occurred mainly in Ukraine (up € 604 million), in Asia (up € 432 million) and Russia (up € 195 million) whereas, in Hungary and Bulgaria, the portfolio of non-performing loans to customers significantly declined (down € 181 million and € 187 million, respectively). Compared to year-end 2013, the NPL ratio increased 0.5 percentage point to 10.8 per cent in the reporting year. Non-performing loans were set against loan loss provisions amounting to € 6,332 million. An improved NPL coverage ratio of 67.0 per cent, up from 63.1 per cent in the previous year resulted from the increase of loan loss provisions of existing non-performing loans.

The provisioning ratio – net provisioning for impairment losses in relation to the average volume of loans and advances to customers – increased 0.53 percentage points to 1.93 per cent.

Other results

Net income from derivatives and liabilities

Net income from derivatives and liabilities came to € 22 million, compared to minus € 250 million in the previous year. This was due to net income from liabilities designated at fair value, where the changed credit spreads for own liabilities – increase of € 292 million to plus € 166 million – had a positive effect. Net income from the valuation of derivatives entered into for hedging purposes improved € 20 million.

Net income from financial investments

Net income from financial investments fell € 21 million to € 130 million year-on-year. The valuation result for securities from the fair value portfolio increased € 106 million to € 113 million, and net proceeds from the sale of securities rose € 36 million to € 55 million, respectively. These increases resulted mainly from significant, largely currency-related gains from the valuation and sale of bonds in Ukraine, which were partially reduced by losses from the valuation and sale of bonds – predominantly corporate bonds – in Russia. Net income from equity participations declined from plus € 122 million in the previous year to minus € 38 million in the reporting year. On the one hand, net provisioning for impairment losses for participating interests rose € 19 million, most of which were posted within RBI AG. On the other hand, income from the sale of equity participations fell € 53 million following disposal gains of € 58 million in the previous year, primarily due to the sale of VISA and MasterCard shares in Russia and Ukraine. The decline in net income from companies valued at equity was due to the initial consolidation of the affiliated companies at the end of 2013. In the previous year, one-off effects arose from the revaluation of shares previously valued at equity in the amount of € 59 million as well as from a reduction of the stake in UNIQA Insurance Group AG due to the capital increase in the previous year (generation of € 30 million in income).

Bank levy, one-off effects and goodwill

The expense for bank levies fell € 7 million to € 200 million, solely due to a decrease in bank levy in Slovakia.

Changed legislation in Hungary led to a one-off effect in the form of a provision of € 251 million, which was reported under sundry operating expenses. The legislation passed by the Hungarian parliament favoring foreign currency borrowers related to foreign exchange margins which can be applied to foreign currency loan disbursements and installments, as well as unilateral rate changes on consumer loans.

In addition, goodwill impairments totaled € 306 million, € 148 million of which were recorded in Russia, € 101 million in Poland and € 51 million in Albania. In Russia, goodwill was impaired due to currency effects and resulting lower earnings expectations. In Poland, a reduction in the goodwill calculation resulted from a lower medium-term earnings expectation and a decrease in the perpetual return. In Albania, the calculation was subject to a higher underlying discount rate due to the increased cost of equity. Furthermore, the perpetual return decreased.

Net income from disposal of Group assets

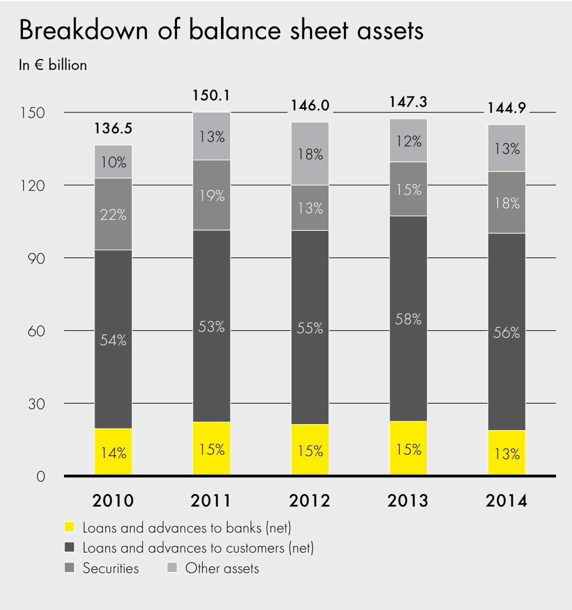
In the reporting year, the disposal of 55 subsidiaries resulted in a loss of € 10 million, while a loss of € 4 million was generated in the previous year due to the exclusion of 15 subsidiaries from the consolidation group. Of the 55 excluded subsidiaries, 42 companies were excluded on grounds of immateriality, six companies were sold, five companies were excluded due to mergers and two due to closure. The companies were mainly active in leasing, retail and financing services. The sale of the trading group F.J. Elsner Trading GmbH resulted in a loss from the sale of Group assets of € 11 million.

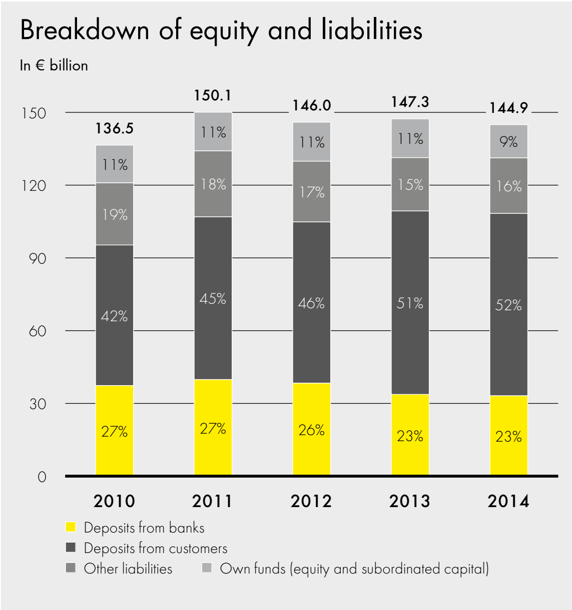
Income taxes

Income taxes increased € 211 million to € 504 million year-on-year. The deferred tax expense increased € 213 million to € 197 million. This included a one-off effect related to the impairments of deferred tax assets of € 196 million. Impairments at RBI AG totaled € 161 million as due to the updated medium-term tax planning tax loss carry-forwards cannot be realized. In Asia, deferred tax assets of € 35 million were also impaired as insufficient taxable profit would have been available due to the planned reduction in business operations. Current tax expense fell € 2 million to € 307 million.

Statement of financial position

During 2014, RZB's total assets fell 2 per cent, or € 2.4 billion, to € 144.9 billion. Currency effects – predominantly due to the depreciation of the Ukrainian hryvnia (down 41 per cent) and of the Russian rouble (down 38 per cent) and mitigated by the appreciation of the US dollar (up 14 per cent) – amounted to minus € 4.2 billion.





Assets

Interbank business declined 17 per cent, or € 3.8 billion, to € 18.9 billion during 2014. Money market declined € 2.8 billion due to a change in liquidity investment; of this amount, the decline in receivables from repurchase and securities lending transactions amounted to € 2.1 billion. Long-term receivables and receivables from the giro and clearing business each declined € 0.5 billion.

Loans and advances to customers (before deduction of impairment losses on loans and advances) fell 3 per cent, or € 2.9 billion, to € 87.7 billion in the reporting period, primarily as a result of currency effects. The largest decline related to loans and advances to private individuals (down € 1.2 billion), mainly due to currency effects in Russia and Ukraine as well as to volume effects in Poland. Loans and advances to large corporate customers fell € 0.9 billion; while these declined in Russia and Ukraine, in particular, due to currency effects, Poland, Slovakia and the Czech Republic reported increases.

Impairment losses on loans and advances rose € 0.5 billion to € 6.4 billion during the year. Of this, € 6.3 billion related to loans and advances to customers and € 0.1 billion to loans and advances to banks.

The item securities rose € 3.1 billion to € 25.4 billion, predominantly as a result of purchases of highly liquid bonds at Group head office and in RBI AG. Other assets rose € 1.6 billion to € 19.3 billion. Here, higher positive market values of financial derivatives of € 1.8 billion and a € 1 billion increase in the cash reserve were set against declines of € 1.2 billion in intangible assets, tangible assets and other assets.

Equity and liabilities

The Group's refinancing volume via banks (chiefly commercial banks) decreased 2 per cent, or € 0.5 billion, to € 33.2 billion. The money market business declined € 1.9 billion, whereas deposits in the giro and clearing business rose € 0.9 billion and long-term deposits rose € 0.4 billion.

Despite the currency devaluations, loans and advances to customers only slightly declined by € 0.5 billion to € 75.2 billion yearon- year. Deposits from large corporate customers declined € 0.8 billion in total: while Russia and Ukraine recorded reductions, RBI AG and Poland had increases. Deposits by private individuals fell € 0.3 billion; this was also primarily due to the currency devaluations in Russia and Ukraine.In contrast, deposit business rose in the Czech Republic and Romania. Deposits from sovereigns – above all at RBI AG and in Hungary – increased € 0.4 billion. Deposits by small-scale undertakings in the corporate retail business rose € 0.3 billion.

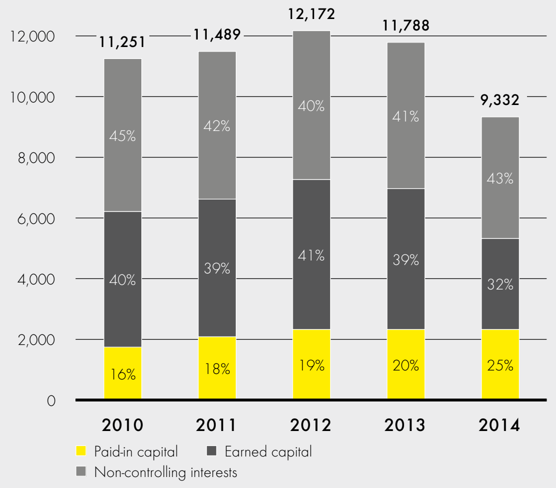
Other liabilities – excluding subordinated capital – increased € 1.0 billion to € 22.9 billion. The rise was primarily attributable to the market values of trading and banking book derivatives – mainly at RBI AG – which rose € 2.0 billion in total. In contrast, debt securities issued fell € 1.0 billion to € 12.5 billion, mainly due to the reduced refinancing requirement.

Equity

Equity on the statement of financial position

Breakdown of equity

In € million

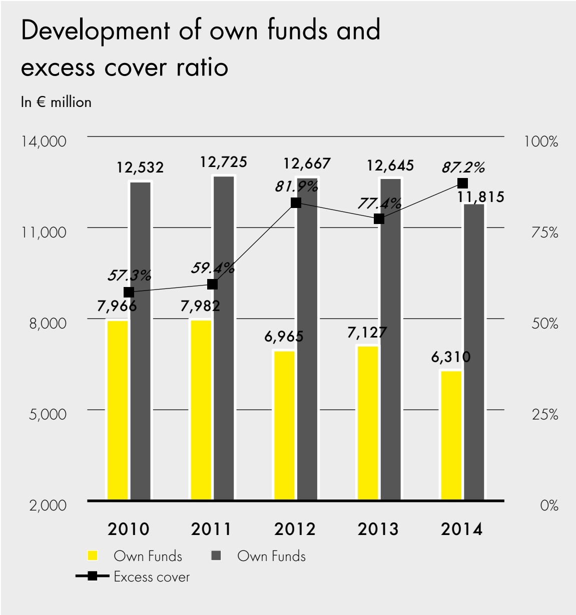


The equity on the statement of financial position, consisting of consolidated equity, consolidated profit/loss and non-controlling interests, decreased 21 per cent, or € 2,457 million, to € 9,332 million compared to year-end 2013.

The change in consolidated equity was mainly due to the own share in total comprehensive income of minus € 1,058 million, which comprised the consolidated profit of minus€ 323 million and the other comprehensive income of minus € 734 million. The largest item in other comprehensive income was formed by effects from exchange differences, which amounted to minus € 804 million in the reporting period compared with minus € 358 million in 2013. A key driver here was the devaluation of the Russian rouble and the Ukrainian hryvnia. In contrast, the application of hyperinflation accounting in Belarus had a positive impact (€ 21 million), as did valuation changes in assets available for sale (€ 21 million). Changes in equity of companies valued at equity resulted in a rise of € 49 million. Consolidated equity fell € 355 million due to the capital increase at RBI AG (dilution effect) because Raiffeisen Zentralbank did not participate in the extent of its previous share. In June 2014, the Annual General Meeting of Raiffeisen Zentralbank decided to pay a dividend of € 36 per share for the 2013 fiscal year. This resulted in a total dividend payout of € 244 million.

Capital attributable to non-controlling interests fell € 816 million to € 4,004 million. This was firstly due to the net income of minus € 109 million attributable to non-controlling interests and to the other comprehensive income of minus € 489 million, which was heavily affected by exchange differences. Secondly, dividends of € 352 million were paid to minority shareholders by Group units in the reporting year. The capital increase implemented at the start of 2014 by RBI AG and the repayment of the participation capital resulted in a net reduction of € 218 million. The dilution effect within the context of RBI AG's capital increase had a positive effect of € 355 million.

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



The conversion to the CRR/CRD IV (Basel III) rules took place on 1 January 2014. The previous year's figures as shown are based on the CRD III (Basel II) rules applicable at the time. Since RZB is part of the higher-level consolidation group of Raiffeisen-Landesbanken-Holding, only its equity ratios are of relevance for regulatory purposes. However, the consolidated figures presented below relate to RZB and were calculated in accordance with the provisions of the CRR.

CET1 before deductions stood at € 8,565 million at the end of the year, and CET1 after deductions amounted to € 8.034 million. The decline from the 2013 comparable level totaled € 812 million. In addition to Basel III effects, the reduction was mainly caused by the aforementioned negative currency developments, in particular the devaluations of the Russian rouble and the Ukrainian hryvnia. As a result of the capital transactions within RBI AG, the capital attributable to non-controlling interests fell € 218 million. Tier 1 capital declined € 1,253 million, to € 8.034 million. The relevant factors responsible for the decline were the effects noted above and the amended regulatory provisions. Tier 2 capital amounted to € 3,780 million, which was € 779 million above the comparative figure under Basel II as a result of higher hidden reserves. This was largely due to the first-time allowance of portfoliobased loan loss provisions. The total capital under Basel III amounted to € 11,814 million. This corresponds to a decline of € 831 million compared to the 2013 year-end figure calculated under Basel II.

Total capital stood against a total capital requirement of € 6,296 million (2013: € 7,127 million). This decline is mainly based on currency devaluations, a reduction in credit exposure and an adjustment of the calculation parameters. The total capital requirement for credit risk amounted to € 5,313 million, the total capital requirement for position risk in bonds, equities, commodities and open currency came to € 255 million, and the total capital requirement for operational risk stood at € 728 million.

The excess cover ratio was 87.6 per cent compared to 77.4 per cent as at the end of 2013, which was attributable to the decrease in the total capital requirement. Based on total risk, the common equity tier 1 ratio (transitional) was 10.2 per cent, with a total capital ratio (transitional) of 15.0 per cent.

Excluding the transitional provisions as defined in the CRR, the common equity tier 1 ratio (fully loaded) stood at 8.5 per cent. The total capital ratio (fully loaded) reached 13.5 per cent.

Research and development

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

However, in the context of financial engineering it does develop customized solutions for investment, financing and risk hedging. Financial engineering encompasses not only structured investment products, but also and in particular structured financing: financing concepts that go beyond the application of standard instruments and are used in acquisition or project finance, for example. RZB also develops tailor-made solutions for its customers to hedge a broad spectrum of risks – from interest rate risk and currency risk through to commodity price risk. Besides financial engineering, RZB works actively in cash management to develop integrated product solutions for international payments.

The internal control and risk management system as part of the Group accounting process

Balanced and comprehensive financial reporting is a priority for RZB and its governing bodies. At the same time, these reports must comply with all the relevant statutory requirements. The Management Board is responsible for establishing and defining a suitable internal control and risk management system that encompasses the entire accounting process.

The internal control system is intended to provide the management with the information needed to ensure effective internal controls for accounting, which are constantly being improved. The control system is designed to comply with all the relevant guidelines and regulations and to optimize the conditions for specific control measures.

The consolidated financial statements are prepared in accordance with the relevant Austrian laws, notably the Austrian Banking Act (BWG) and the Austrian Commercial Code (UGB), which govern the preparation of consolidated financial statements. The accounting standards applied to the consolidated financial statements are the International Financial Reporting Standards (IFRS) in the form in which they have been taken over in the EU.

Control environment

An internal control system has been in place for many years at RZB, including directives and instructions on key strategic topics. The system comprises the following aspects:

- The hierarchical decision-making process for approving Group and company directives and departmental and divisional instructions.
- Process descriptions for the preparation, quality control, approval, publishing, implementation and monitoring of directives and instructions.
- Rules on revising and repealing directives and instructions.

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

The consolidated financial statements are prepared on the basis of service level agreements in the RBI Group Financial Reporting department, which reports to RBI’s Chief Financial Officer. The relevant responsibilities are defined Group-wide in the framework of a dedicated function.

Risk Assessment

Significant risks relating to the Group accounting process are evaluated and monitored by the Management Board. Complex accounting standards can increase the risk of errors, as can the use of different valuation standards, particularly in relation to the Group's principal financial instruments. A difficult business environment can also increase the risk of significant financial reporting errors.

For the purpose of preparing the consolidated financial statements, estimates have to be made for asset and liability items for which no market value can be reliably determined. This is particularly relevant for credit business, social capital and the intrinsic value of securities, equity participations and goodwill.

Control measures

The preparation of individual financial statements is decentralized and carried out by each Group unit in accordance with the RZB guidelines. The Group unit employees and managers responsible for accounting are required to provide a full presentation and accurate valuation of all transactions.

Differences in reporting dates and local accounting standards can result in inconsistencies between the individual financial statements and the figures submitted to the RBI Group Financial Reporting department in accordance with central guidelines. The local management is responsible for ensuring compliance with mandatory internal control measures, such as the separation of functions and the principle of dual control.

Consolidation

The transfer of financial statement data, which are examined by an independent auditor, is mainly effected by direct entry in or automatic transfer to the IBM Cognos Controller consolidation system by the end of January each year. The granting of limited access rights safeguards the security of the IT system.

The plausibility of the financial statement data submitted by the Group units is initially checked by the relevant key account manager within the RBI Group Financial Reporting department. Controls at the Group level encompass the analysis and any necessary adjustment of the financial statements submitted by the Group units. These controls take into account the reports submitted by the independent auditor and the results of the closing discussions with representatives of the individual companies, during which both the plausibility of the individual financial statements and individual critical issues of the Group units are discussed.

The subsequent consolidation steps are then performed in the IBM Cognos Controller consolidation system, which include capital consolidation, expense and income consolidation and debt consolidation. Finally, any intra-Group profits are eliminated through bookings at the Group level. At the end of the consolidation process, the notes to the financial statements are prepared in accordance with IFRS, the BWG and UGB.

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

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

Information and communication

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

The consolidated results are reported in the form of complete consolidated financial statements in the annual report. These consolidated financial statements are examined by an independent auditor. In addition, the management summary (Group management report) provides verbal comments on the consolidated results in accordance with the statutory requirements.

The Group produces consolidated quarterly reports. The external publication process takes place on a half-yearly basis: i.e. in addition to the consolidated financial statements as of year-end, a semi-annual financial report is drawn up and published in compliance with the provisions of IAS 34. Before publication, the consolidated financial statements are presented to senior managers and the Chief Financial Officer for final approval and then submitted to the Supervisory Board's Audit Committee. Analyses pertaining to the consolidated financial statements are also provided for the management as well as preliminary Group figures at regular intervals. The financial budgeting process includes the compilation of a five-year Group budget.

Monitoring

The Management Board and Controlling department are responsible for ongoing internal monitoring, while the departmental heads are responsible for the areas falling under their remit. This ensures that regular controls are performed and plausibility checks are carried out.

Internal Audit is also involved in the monitoring process. Group Audit at Raiffeisen Zentralbank is responsible for the auditing function. All auditing activities are subject to the Group Audit Standards, which are based on the Austrian Financial Market Authority's minimum internal auditing requirements and on international best practices. Group Audit's internal rules also apply (notably the audit charter).

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

Funding

Banks essentially refinance themselves using their own funds, customer deposits and various capital and interbank market tools. The refinancing situation on the capital markets was generally very favorable in 2014. Although the US central bank terminated its bond purchases in the course of the year, this had very little impact on the capital market environment. Further rate cuts (including a negative deposit rate for commercial banks) and additional liquidity injections by the European Central Bank (ECB), employed in response to slowing economic growth and a fall in inflation during the year, were particularly relevant to the euro area. Excess liquidity therefore prevailed on the money market and government bond yields including risk premiums declined sharply on most bond markets in the course of the year.

in € million	2014	Share	2013	Share
Customer deposits	**75,168**	60.1%	75,660	59.6%
Medium- and long-term refinancing	**22,147**	17.7%	22,063	17.4%
Short-term refinancing	**23,544**	18.8%	25,121	19.8%
Subordinated liabilities	**4,308**	3.4%	4,181	3.3%
Total	**125,166**	100.0%	**127,026**	**100.0%**

RZB's refinancing need is based on two key elements. First, there are customer deposits, which at the end of 2014 accounted for € 75.1 billion or 60 per cent of refinancing. Second, there is wholesale funding, which contributed a further 40 per cent or € 50.0 billion. The high share of customer deposits creates a stable refinancing basis, making RZB less vulnerable to the financial markets' volatility.

The diversification of financing sources for the Group's units continued to play a highly significant role in 2014.

Long-term funding from sources that are less susceptible to changes on the international capital markets plays a particularly important role. To achieve this, the Group actively collaborates with supranational institutions. These institutions have supported banks in Eastern Europe by providing bilateral loans and also through developing the local capital markets. The Group cooperates with these institutions not only in terms of financing, but also in other areas such as risk-sharing programs to optimize risk-weighted assets.

Moreover, the Group's units are becoming increasingly involved in issuing local bonds, especially issuances in local currencies.This not only boosts the financing structure in local currencies, but also makes a positive contribution to developing the local capital markets. The unsecured bonds of the Russian subsidiary bank (RUB), Raiffeisen bank Romania (RON), Raiffeisen Polbank (PLN) and a secured bond issue from the Czech Raiffeisenbank (EUR) are worth highlighting.

For medium- to long-term refinancing, RBI AG used instruments such as the "EUR 25,000,000,000 Debt Issuance Programme" which enables bonds to be issued in different currencies and structures. The total volume of outstanding bonds under this program may not exceed € 25 billion. At the end of 2014, a total of € 10 billion had been drawn on.

RZB swiftly implemented its funding plan again in 2014, primarily with private placements.

To strengthen its capital base, RBI AG issued a subordinated bond worth € 500 million in February 2014, with an eleven-year maturity, an initial right of termination after six years and a coupon of 4.5 per cent. The yield spread at issue equated to 330 basis points above Euro-MidSwap.

For short-term funding, RBI AG used both the interbank market and its program for short-term issues (commercial papers), the "Euro-Commercial Paper and Certificate of Deposit Program", in 2014. Under this program, RBI issued commercial papers in various currencies, thereby enabling it to also refinance itself outside of the interbank market.

In an effort to diversify its funding sources, RZB also actively works on developing additional secured refinancing options, where existing assets can be used to secure long-term funding.

In December 2014, Raiffeisen Zentralbank issued, in order to strengthen its capital base, a subordinated bond worth € 52 million, with a ten-year maturity, an initial right of termination after five years and a coupon of 5 per cent. The yield spread at issue equated to 460 basis points above Euro-MidSwap.

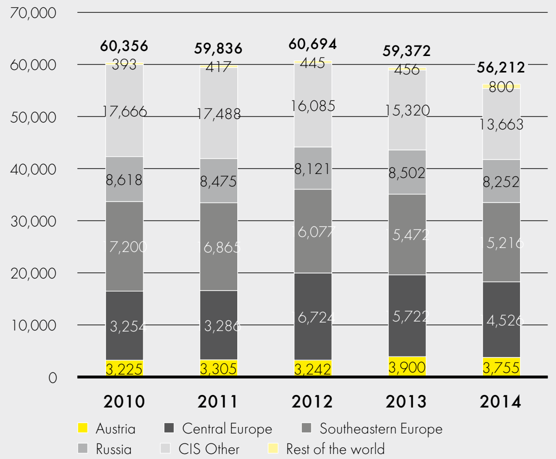
Risk management

For information on risk management, please refer to note (44) Risks arising from financial instruments, in the risk report section of the consolidated financial statements.

Human Resources

As of 31 December 2014, RZB had 56,212 employees (full-time equivalents), 3,160 people or 5 per cent fewer than at the end of 2013. The majority of this reduction is attributable to developments in Ukraine. The traditionally very high proportion of women among the total workforce continued at 67 per cent. To help achieve the best possible balance between work and family life, RZB offers home office and a number of part-time models alongside flexible working time without core working hours.

Development of personnel
Number of staff on balance sheet date



Graduates make up 73 per cent of employees, indicating a highly skilled workforce.

ZukunftPLUS

As part of the general pooling of service functions of the affiliated companies in shared service centers, the first migrations of staff took place on 1 July and 1 October 2014, including to Raiffeisen Zentralbank. In detail, this involved "Marketing" of Raiffeisen Bausparkasse, Raiffeisen KAG, Raiffeisen-Leasing and Valida (all as of 1 July 2014) and "Fnance/Controlling/Accounting" of Raiffeisen KAG (as of 1 October 2014).

HR performed extensive work under the ZukunftPLUS program. In addition to managing employment law aspects of the overall program, HR was also responsible for supporting change management and for the sub-project "HR Shared Services Center", which involved the merger of the HR departments of the affiliated companies within RBI AG. The ongoing sub-project "HR

Optimization" aims to optimize and standardize HR processes in the affiliated companies and to consolidate HR IT applications taking process requirements into account.

Talent management and management development

Talent management was again the subject of intensive focus in 2014, particularly in the network banks of RBI. Key areas included ensuring high standards in the identification of talent, especially through "calibration meetings", and improving the quality of individual development plans.

The nomination process for the "Young Professional Potential Program" (YPP) was also adapted to the talent management process in 2014 and a new program (SGL! Talent Lab) was developed for future management talent. With regard to management development, the Basic Leadership Program for young managers was reorganized in order to ensure a more effective transfer of training content to management practice. Mentoring and coaching were also increasingly used as tools and new mentors were trained and established internally.

To ensure efficient support of the ZukunftPLUS Program, managers of RZB and the affiliated companies were offered a tailored training program on the subject of change management.

Professional development

In 2014, professional development placed special emphasis on using budgetary and time resources as precisely as possible for strategic objectives and initiatives. Although there was a slight reduction in the portfolio and in participant numbers for standard training courses, including in Vienna, investment in business-critical areas such as process optimization was increased. Additional areas of emphasis for professional development included "fit & proper" qualification of top executives and key personnel and also mandatory training courses on compliance issues for all employees. Alternative forms of learning such as e-learning and also cross-functional and international rotation/exchange programs were further expanded, especially for identified talent and "high potential" employees.

Developments in compensation

In 2014, a significant portion of the Human Resources capacity was channeled toward implementing special regulations for compensation systems in the banking sector following the entry into force of new provisions ("technical standards" of the EBA). This made it necessary to adjust and implement internal rules concerning the valuation, based on risk criteria, of all companies belonging to RZB in order to determine the extent to which the compensation rules are applied and concerning the identification of those positions which are subject to the restrictive remuneration provisions of the Austrian Banking Act (BWG).

The result had a marked impact on variable compensation for the 2014 financial year. In accordance with the regulatory framework, bonus commitments were not made or were reduced, on a differentiated basis, for management, "identified staff" employees and other employees (subject to any decision to the contrary by the supervisory authorities before the payment date). Provisions were therefore correspondingly lower than in previous years.

Overall, personnel costs fell 7 per cent year-on-year.

Focus on the employee survey

In order to make data comparable within the Group and reduce costs, a Group-wide survey project was introduced for the first time in 2014. This was conducted in conjunction with the HAY Group, a global consulting company specializing in HR matters. Raiffeisen Zentralbank and RBI AG participated in the survey in the second quarter.

Alongside the two key factors of employee "engagement" (commitment to the company) and employee "enablement" (existence of an environment which nurtures success), twelve additional dimensions such as quality and customer orientation, cooperation, strategic direction, focus on performance and training were also surveyed. The results underwent intensive analysis in the participating Group units and first improvement measures have already been implemented. Follow-on projects will extend into 2015.

Further local initiatives in the network banks

In 2014 many HR measures again focused on cutting personnel costs. More available posts were filled internally, with external recruitments only made in exceptional cases and for specialist expert functions. To promote employee loyalty to the company even in difficult times, "employer value proposition" projects were either re-established (as in Romania, for example) or developed further (e.g. in Slovakia and Poland).

In view of the particularly difficult geopolitical situation in Ukraine, especially in the Donetsk and Lugansk provinces, the management of Raiffeisenbank AVAL has implemented numerous support measures for employees and their families in the regions affected by the military conflicts. As part of the aid program "The Arm of Help to Donbas", which was launched immediately after the start of the crisis, temporary accommodation was arranged in other regions for more than 75 families. All associated costs were borne by the Bank.

Outlook

Economic outlook

Central Europe

Positive growth trends from the second half of 2014 should continue in the CE region in 2015 and 2016. The economic turnaround seems to have taken hold, and the 2015 increase in growth should support exports. Domestic demand is also expected to continue developing, which would further underpin the sustainability of the economic recovery. Following GDP growth of 2.9 per cent in 2014, the CE forecast for the years to come is currently at 3.0 per cent. Poland is likely to remain the top performing country in 2015, followed by other CE countries such as Hungary, Slovakia and the Czech Republic. In terms of monetary policy, the reins will likely continue to be kept loose in CE due to record-low inflation rates. Restrictive monetary policy measures are not expected before 2016.

Southeastern Europe

The SEE region's GDP growth in 2015 and 2016 should be less strongly affected by one-off effects (such as the natural disasters in Serbia and Bosnia-Herzegovina in 2014) and unmet consolidation requirements (such as in Croatia). After GDP growth of 1.4 per cent in 2014, and 1.9 per cent in 2015, SEE will likely again near its current potential growth rate in 2016. Romania, in particular, should remain on a solid growth trajectory with GDP rising at around 3.0 per cent per year. Economic growth in Romania should be supported by rather lax monetary policies in 2015 and subsequent years. Other SEE countries, whose development in the past years was stagnant, are expected to slowly join the positive progress of Romania in 2015 and 2016.

Russia

The growth outlook is subdued – partly because exports and investments are unlikely to generate much momentum, and partly because the consequences of the Ukraine conflict still pose significant downside risks. After experiencing a deep recession in 2015 and a tentative recovery in 2016, the Russian economy is expected to weakly expand at 0.5 per cent. Its potential growth will likely stay below 2.0 per cent if the government does not enact reforms and diversify the economy as it planned, but failed to do in the previous cycle. Should economic sanctions against Russia continue, macrofinancial risks will rise sharply despite ample fiscal and foreign currency reserves.

CEE Other

Faced with high economic and political uncertainty, Ukraine will have to carry out difficult structural reforms in 2015 and 2016, supervised by the IMF, in order to adjust current economic imbalances and obtain urgently needed financing. Economic performance should therefore continue to decline, at least in 2015, while prospects of an economic recovery remain unclear. Belarus, also facing a stagnation or recession in 2015, will remain dependent on financial support from Russia making its macrofinancial situation likely to remain strained for the years to come.

Euro Area

The euro area should see accelerated economic growth in the course of 2015 and continue this course in 2016. Exports are poised to benefit from the weak euro and robust economic momentum of important trading partners (USA, UK). Headwinds from fiscal policy will die down, while low oil prices should bolster consumer purchasing power and reduce companies' costs. Monetary policy, likely to stay very loose for a long time, will produce highly favorable financing terms that should clear the investment backlog. Private-sector investment will probably recover slowly, and so growth is expected to remain modest at 1.2 per cent in 2015. The 2016 estimate is at 1.9 per cent, which is even above the euro area's potential growth. Despite the increase in economic momentum, weak wage pressures should keep inflation below the ECB target rate of slightly less than 2.0 per cent until 2016.

Austria

Economic momentum in Austria will probably only increase by a modest amount in 2015 and 2016, and lag behind previous upturns. Domestic demand should drive much of the growth, with private consumption benefitting from the stable employment situation. Furthermore, employment is expected to increase in the second half of 2015, while low energy prices support an increase in purchasing power. However, investment will only gain slight momentum. Due to an improvement in foreign trade conditions, exports are likely to increase; however, imports should rise about as quickly given the assumed increase in domestic demand. Therefore, GDP is expected to grow 0.7 per cent in 2015 and 1.8 per cent in 2016.

Business outlook

RBI has the greatest influence on business development within the RZB Group. RBI is planning an aggregate gross risk-weighted asset (total RWA) reduction of € 16 billion in selected markets by the end of 2017 (total RWA as at 31 December 2014: € 68.7 billion). RBI intends to partly offset the reduction with growth in other business areas.

After the implementation of the new strategic measures, the cost base should be 20 per cent below the level of 2014 (at constant prices and foreign exchange rates; general administrative expenses 2014: € 3,024 million). RBI targets a cost/income ratio of between 50 and 55 per cent in the medium term.

RBI aims for a return on equity before tax of approximately 14 per cent and a consolidated return on equity of approximately 11 per cent in the medium term. The full year 2015 result may be negative as the majority of the restructuring costs (around€ 550 million in total) are expected to be booked in 2015.

RBI expects net provisioning for impairment losses to remain elevated in 2015; however, RBI anticipates that the requirement will be below the level of the previous year (2014: € 1,716 million).

RBI targets a CET1 ratio (fully loaded) of 12 per cent and a total capital ratio (fully loaded) of 16 per cent by the end of 2017.

To ensure RZB can, among other things, achieve its targets for cost savings and creating added value for the sector, it will continue to focus on strengthening the core competencies of the affiliated companies. The synergies and potential efficiencies which have already been achieved must also be ensured in future.

Against the backdrop of a permanently changing regulatory environment and further strengthening of our balance sheet structure, RZB continuously evaluates the level and structure of its regulatory capital to enable it to act promptly and flexibly.

Events after the reporting date

Strategic measures to strengthen capital ratios

In February 2015, RBI resolved to take a number of steps to increase capital buffers. The measures are intended to facilitate an improvement in the CET1 ratio (fully loaded) to 12 per cent by the end of 2017, compared to 10 per cent at the end of 2014. The planned steps will affect a number of operations across RBI, in particular those areas which generate low returns, have high capital consumption or are of limited strategic fit.

The measures to be implemented include sale of the operations in Poland and Slovenia, as well as the direct banking unit ZUNO. Exposure to the Russian market is to be reduced, with a risk-weighted asset (total RWA) reduction of approximately 20 per cent planned by the end of 2017 (total RWA as at 31 December 2014: € 8.4 billion). A reduction in exposure is also foreseen in Ukraine, where total RWA will be decreased by approximately 30 per cent by the end of 2017 (total RWA as at 31 December 2014: € 3.0 billion). In Hungary further optimization of the operation will be undertaken. As part of the drive to increase Group focus on the CEE region, operations are to be significantly scaled back or exited in Asia by the end of 2017 and in the US by the end of 2016.

The implementation of these measures will result in an aggregate gross RWA reduction in the selected markets of approximately € 16 billion by the end of 2017 (total RWA as at 31 December 2014: € 68.7 billion). The total gross reduction from the end of the third quarter 2014 to the end of 2017 will amount to approximately € 26 billion.

The reduction is expected to be partially offset by growth in other business areas.

Currency devaluations at the beginning of 2015

At the beginning of 2015, changes to the Ukrainian National Bank's monetary policy led to a slump. By the end of February, the Ukrainian hyvrnia (UAH) had lost 37 per cent. This will have an effect on RZB's loan portfolio; however, this has only little impact on RZB'scapital position.

At the beginning of 2015, Belarus devalued the Belarusian rouble (BYR) by around 20 per cent. This was a result of the currency turbulence in Russia at the end of 2014. The Belarusian economy is strongly linked to the Russian's. As Priorbank's capital is partly secured through an economic hedge this has little impact on the capital position.

The appreciation of the Swiss franc (CHF) against the Euro, following the withdrawal of the Swiss National Bank's exchange rate peg, can have a negative impact on CHF-denominated foreign currency loans. RZB's portfolio of these loans is approximately € 4 billion, € 2.8 billion of which are in Poland. Overall, the short-term impact on RZB is deemed low.

Annual financial statements

Statement of financial position

Assets

		31/12/2014 in €	31/12/2013 in € thousand
1.	Cash in hand and balances with central banks	2,393,490,940.48	1,517,828
2.	Treasury bills and other bills eligible for refinancing with central banks	3,080,760,698.09	134,151
3.	Loans and advances to credit institutions	5,252,823,710.72	14,903,486
	a) due at call	142,480.47	76,447
	b) Other loans and advances	5,252,681,230.25	14,827,039
4.	Loans and advances to customers	1,286,194,851.50	561,465
5.	Debt securities and other fixed-income securities	106,139,729.26	100,913
	a) issued by public bodies	0.00	0
	b) issued by other borrowers	106,139,729.26	100,913
6.	Shares and other variable-yield securities	25,011,772.84	0
7.	Financial investments	50,445,381.78	112,831
	hereof: in credit institutions	27,815,879.86	27,816
8.	Interest in affiliated companies	5,328,681,151.18	5,464,021
	hereof: in credit institutions	0.00	250,000
9.	Intangible fixed assets	511,769.31	53
10.	Tangible fixed assets	4,515,905.36	4,593
11.	Other assets	331,097,955.41	396,414
12.	Accruals and deferred income	1,125,453.21	2,071
Total assets		**17,860,799,319.14**	**23,197,826**

Liabilities

		31/12/2014 in €	31/12/2013 in € thousand
1.	Deposits from banks	13,170,606,126.35	18,269,022
	a) due at call	71,202,024.24	683
	b) With agreed maturity dates or periods of notice	13,099,404,102.12	18,268,339
2.	Liabilities to customers (non-banks)	186,907,738.85	204,199
	a) Savings deposits	0.00	0
	b) Other liabilities	186,907,738.85	204,199
	aa) due at call	127,163.90	115
	bb) With agreed maturity dates or periods of notice	186,780,574.95	204,084
3.	Debt securities issued	0.00	0
4.	Other liabilities	87,678,613.70	80,168
5.	Accruals and deferred income	13,961.68	1,091
6.	Provisions	80,290,882.85	62,182
	a) Provisions for severance payments	3,858,428.98	3,097
	b) Provisions for pensions	57,057,699.05	48,370
	c) Provisions for taxation	4,392,369.56	4,392
	d) other	14,982,385.26	6,323
7.	Supplementary capital	52,000,000.00	0
8.	Subscribed capital	492,466,422.50	492,466
9.	Capital reserves	1,862,142,993.12	1,862,143
	a) Committed	1,861,974,553.59	1,861,975
	b) Uncommitted	168,439.53	168
10.	Retained earnings	1,477,134,883.64	1,452,135
	a) Legal reserve	38,612,000.00	38,612
	b) Other reserves	1,438,522,883.64	1,413,523
11.	Liability reserve pursuant to Article 57 (5) BWG	524,366,174.72	524,366
12.	Profit/loss	(76,581,890.23)	246,281
	a)/ Profit/loss	(78,900,022.21)	235,631
	b) profit brought forward from previous years	2,318,131.98	10,650
13.	Untaxed reserves	3,773,411.96	3,773
	Valuation reserve due to extraordinary depreciation	3,773,411.96	3,773
Total liabilities		**17,860,799,319.14**	**23,197,826**

Items off the statement of financial position

	ASSETS	31/12/2014 in €	31/12/2013 in € thousand
1.	Foreign assets	2,277,145,302.47	220,705

	EQUITY AND LIABILITIES	31/12/2014 in €	31/12/2013 in € thousand
1.	Contingent liabilities	10,513,354,110.20	12,686,181
	Guarantees and assets pledged as collateral security	10,513,354,110.20	12,686,181
2.	Commitments	3,418,524,166.34	578,540
3.	Commitments arising from agency services	24,009,548.05	24,010
4.	Eligible capital pursuant to Part 2 of Regulation (EU) No 575/2013 [1]	3,621,833,800.54	–
	hereof: supplementary capital pursuant to Chapter 4 of Title I of Part 2 of Regulation (EU) No 575/2013	0.00	–
5.	Capital requirements pursuant to Article 92 of Regulation (EU) No 575/2013 [1]	9,020,434,941.79	–
	hereof: capital requirement pursuant to Article 92 (1) (a) to (c)		
	a) hereof: capital requirements pursuant to Article 92 (1) (a)	40.15%	–
	b) hereof: capital requirements pursuant to Article 92 (1) (b)	40.15%	–
	c) hereof: capital requirements pursuant to Article 92 (1) (c)	40.15%	–

1 Details including previous year figures based on the prevailing version of BWG at that time can be found in the notes under the chapter own funds.

Income statement

		2014 in €	2013 in € thousand
1.	Interest receivable and similar income	86,971,795.67	120,256
	hereof: from fixed-income securities	11,976,461.58	5,630
2.	Interest payable and similar expenses	(111,351,902.56)	(133,286)
I.	**NET INTEREST INCOME**	**(24,380,106.89)**	**(13,030)**
3.	Income from securities and participating interests	219,535,215.49	333,721
	a) Income from shares and other variable-yield securities	0.00	0
	b) Income from participating interests	8,568,965.49	9,370
	c) Income from shares in affiliated undertakings	210,966,250.00	324,351
4.	Commissions receivable	11,492,894.40	8,004
5.	Commissions payable	(1,022,804.95)	(151)
6.	Net profit or net loss on financial operations	(5,971,619.52)	0
7.	Other operating income	20,353,960.71	10,245
II.	**OPERATING INCOME**	**220,007,539.24**	**338,789**
8.	General administrative expenses		
	a) Staff costs	(33,889,844.03)	(20,818)
	aa) Wages and salaries	(16,147,989.98)	(14,601)
	bb) Expenses for statutory social contributions and compulsory contributions related to wages and salaries	(3,241,114.43)	(2,897)
	cc) Other social expenses	(734,609.06)	(741)
	dd) Expenses for pensions and assistance	(4,638,622.54)	(6,848)
	ee) Allocation to provision for pensions	(8,124,121.69)	4,767
	ff) Expenses for severance payments and contributions to severance funds	(1,003,386.33)	(498)
	b) Other administrative expenses	(43,884,825.04)	(33,199)
9.	Value adjustments in respect of asset items 9 and 10	(130,581.33)	(117)
10.	Other operating expenses	(676,335.98)	(1,738)
III.	**OPERATING EXPENSES**	**(78,581,586.38)**	**(55,872)**
IV.	**OPERATING RESULT**	**141,425,952.86**	**282,917**
11./ 12.	Net income/expenses from the disposal and valuation of loans and advances and specific securities	3,541,578.31	4,837
13./ 14.	Net income/expenses from the disposal and valuation of securities evaluated as financial investments and of shares in affiliated companies and participating interests	(178,521,384.60)	1,727
V.	**PROFIT ON ORDINARY ACTIVITIES**	**(33,553,853.43)**	**289,481**
15.	Tax on profit or loss	1,630,439.81	(44,697)
16.	Other taxes not reported under Item 15	(21,976,608.59)	(9,171)
VI.	**PROFIT/LOSS**	**(53,900,022.21)**	**235,613**
17.	Changes in reserves	(25,000,000.00)	18
	hereof: allocation to liability reserve	0.00	0
VII.	**PROFIT/LOSS**	**(78,900,022.21)**	**235,631**
18.	Profit brought forward	2,318,131.98	10,650
VIII.	**PROFIT/LOSS**	**(76,581,890.23)**	**246,281**

Notes

Company

Raiffeisen Zentralbank Österreich AG (Raiffeisen Zentralbank) is the lead and central institution of the Raiffeisen Banking Group in Austria (RBG). It was founded in 1927 - at the time as "Girozentrale der österreichischen Genossenschaften" - as a central liquidity balancing provider for the Austrian agricultural cooperatives. The RZB Group is the third-largest banking group in Austria and the RBG as a whole is the largest and strongest domestic banking group. Raiffeisen Zentralbank is primarily owned by the Regional Raiffeisen Banks and is their central institution pursuant to the Austrian Banking Law applicable until 31 December 2014.

The core business area of Raiffeisen Zentralbank is its function as the lead institution of the RBG and its role as the head of the RZB Group. RZB also performs central services for the RBG. Raiffeisen Zentralbank owns one of the largest banking networks in Central and Eastern Europe through its stock-exchange listed subsidiary, Raiffeisen Bank International AG (RBI). In the region, 15 markets are covered by subsidiary banks, leasing companies and a number of other financial service providers. Around 55,000 employees look after approximately 14.8 million customers worldwide through a distribution network of around 2,900 outlets.

Business areas in Raiffeisen Zentralbank

Raiffeisen Zentralbank and its Group consists of the following business areas:

- Raiffeisen Bank International AG (RBI): The listed RBI together with its Group companies constitutes the most significant holding of Raiffeisen Zentralbank. RBI is a universal bank which focuses on corporate and retail customers in Central and Eastern Europe (CEE) and Austria. In the world's financial centers and in Asia it undertakes selective business with corporate customers and financial institutions through branches, subsidiaries and representative offices.

- Sector business: Business that Raiffeisen Zentralbank, as the central institution of the Austrian Raiffeisen bank sector, undertakes with affiliated banks from the Raiffeisen bank sector within the framework of minimum reserve and liquidity management. This includes in particular short-term money market transactions between banks from the Austrian Raiffeisen bank sector and Raiffeisen Zentralbank and between Raiffeisen Zentralbank and RBI, as well as investment of the required liquidity at the National Bank of Austria (Österreichische Nationalbank). Furthermore, Raiffeisen Zentralbank carries out advisory and service activities for the entire Austrian Raiffeisen bank sector, such as the organization and centralized management of Raiffeisen marketing.

- Participation Management: Raiffeisen Zentralbank holds a number of equity participations, which do not have a primary connection to the operational commercial customer business or to those companies which have an operational connection to the finance business, that are not categorized as sector business.

A further activity of Raiffeisen Zentralbank is risk management. Raiffeisen Zentralbank utilizes a system of risk principles and risk measurement and monitoring processes, which serve the purpose of control and management of the risks arising from all bank business and special business of the Group.

Service relationships between Raiffeisen Zentralbank and RBI

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

On the reporting date there were 24 SLAs regulating services provided by RBI. The most significant of these are:

- Group Communications

- Information Technology

- Accounting & Reporting

- Legal & Compliance

In turn, Raiffeisen Zentralbank provides services - Group management instruments - that represent Group guidelines. These are also regulated by 6 SLAs: RZB Group Corporate Responsibility, Executive Secretariat, Group Organizations & Internal Control System, Risk Controlling and Raiffeisen sector customers.

Service relationships between Raiffeisen Zentralbank and other companies

There are service relationships between RZB as service recipient and other companies (Raiffeisen Informatik GmbH, card complete Service Bank AG).

Raiffeisen Zentralbank in turn provides services to various companies in the Raiffeisen sector in the areas of marketing, risk controlling, legal and internal control system (IKS).

Shareholders of Raiffeisen Zentralbank

Raiffeisen Zentralbank is, as part of the Raiffeisen Banking Group, indirectly majority owned by the Regional Raiffeisen Banks (Raiffeisen-Landeszentralen). The Regional Raiffeisen Banks have pooled the majority of their shares in Raiffeisen Zentralbank in a separate company, Raiffeisen-Landesbanken-Holding GmbH. This company currently holds 78.52 per cent of the subscribed capital in Raiffeisen Zentralbank through a subsidiary company, R-Landesbanken-Beteiligung GmbH, and is consequently the ultimate parent company of the Group. Additionally, Raiffeisen-Landesbanken-Holding GmbH has directly held 3.87 per cent of the subscribed capital in RZB since 2013. The consolidated financial statements of Raiffeisen-Landesbanken-Holding GmbH are filed with the commercial register and published in the Wiener Zeitung, in accordance with Austrian disclosure regulations. The Austrian Regional Raiffeisen Banks hold in total approximately 90 per cent of the subscribed capital in Raiffeisen Zentralbank.

Recognition and measurement principles

General principles

The annual financial statements for the year ending 31 December 2014 were prepared in accordance with the Austrian Commercial Code (UGB), taking into account the special provisions of the Austrian Banking Act (BWG). The amendments to the Austrian Banking Act to comply with the EU's CRR/CRD IV regulations resulted in some changes in the statement of financial position presentation. The Bank implemented these alterations in the present annual financial statements. In accordance with the principles of proper accounting, and taking into account standard practice as described in Section 222 (2) of the Austrian Commercial Code (UGB), to the best of our knowledge the annual financial statements give a true and fair view of the company's net assets, financial position and earnings.

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

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

Assets and liabilities in foreign currencies are converted at the ECB's reference exchange rates as at 31 December 2014 pursuant to Section 58 (1) of the Austrian Banking Act (BWG).

Raiffeisen Zentralbank chose the internet as the medium for the disclosure under Section 431 ff Regulation (EU) No. 575/2013. The disclosure is reported on Raiffeisen Zentralbank's homepage (www.rzb.at).

Financial instruments

At the reporting date, Raiffeisen Zentralbank held securities classified as fixed assets in the amount of € 1,686.9 million (31/12/2013: € 235.1 million).

Stock market prices were used to determine the fair value of listed products. Where stock market prices were not available, prices for original financial instruments and forward transactions were determined based on the calculated present value. The prices for options were determined based on suitable options pricing models. The present value calculation is based on the zero coupon yield curve. Option pricing formulas as described by Black & Scholes 1972, Black 1976 and Garman-Kohlhagen were used together with other conventional market models for the valuation of structured options.

Financial instruments in the banking book

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

Securities held as current assets admitted to trading on a stock exchange are recognized at the lower of amortized cost or stock market price or market price (strict lower of cost or market value principle).

RZB AG uses interest rate swaps to hedge the interest rate risk from assets (bonds) on the statement of financial position. Fixed cash flows are exchanged for variable cash flows to minimize interest rate risk.

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

The hedging relationships are determined on the basis of micro fair value hedges in accordance with IAS 39 and documented according to applicable regulations. The dollar offset method is employed to review the effectiveness of the hedge relationship. This method compares the changes in the market value of the hedging instrument and the underlying transaction over a prior period.

Derivatives held in the bank book which do not form part of a hedging relationship are valued according to the imparity principle. In the case of negative market values a provision for impending loss is allocated.

Loans and advances

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

Risks in the lending business

In accordance with the principle of prudence, when the loan portfolio is valued appropriate value adjustments or provisions are booked for all identifiable risks. In the financial year 2014 no significant impairment charges were necessary.

Investments and shares in affiliated companies

Investments and shares in affiliated companies are measured at cost, provided sustained losses or reduced equity do not necessitate depreciation to the proportionate equity, income value or market price. Write-ups to a maximum of acquisition cost are booked if the reasons for the permanent impairment no longer apply. The valuation reserve due to extraordinary depreciation in the amount of € 3.8 million (31/12/2013: € 3.8 million) results entirely from the transfer of hidden reserves pursuant to section 12 of the Income Tax Act (EStG) to equity participations.

Tangible and intangible fixed assets

Intangible fixed assets and tangible fixed assets are valued at acquisition or production cost less scheduled depreciation. Scheduled depreciation is on a straight-line basis. An impairment loss is recognized if an asset becomes permanently impaired.

Scheduled depreciation is based on the following periods of use as defined by commercial law (in years):

Useful life	Years	Useful life	Years
Buildings	50	Software	4 to 10
Office equipment	5 to 8	Hardware	3 to 4
Office fixtures and fittings	5 to 10	Business equipment	5 to 10
Vehicles	5	Tenancy rights	10

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

Capital expenses

Issuance and management fees and premiums or discounts for bonds issued are distributed over the given term. Other issuance costs are directly expensed.

Pension and severance payment obligations

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

The actuarial calculation of pension obligations for active employees is based on an interest rate of 2.0 per cent (31/12/2013: 3.5 per cent) per annum and an effective salary increase of 3.0 per cent (31/12/2013: 3.0 per cent) per annum. The parameters for retired employees are a capitalization rate of 2.0 per cent (31/12/2013: 3.5 per cent) per annum and an expected increase in retirement benefits of 2.0 per cent (31/12/2013: 2.0 per cent) per annum. The calculations are based on an assumed retirement age of 60 for women and 65 for men, subject to transitional statutory requirements and special arrangements contained in individual contracts.

The actuarial calculation of severance payment and long-service bonus obligations is also based on an interest rate of 2.0 per cent (31/12/2013: 3.5 per cent) per annum and an average salary increase of 3.0 per cent (31/12/2013: 3.0 per cent) per annum.

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

Other provisions

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

Other provisions include provisions for bonuses for identified staff (pursuant to European Banking Authority CP 42, 46). RZB AG fulfills the obligations set forth in the Annex to Section 39b of the Austrian Banking Act (BWG) as follows:

- 60 per cent, or 40 per cent for particularly high amounts, of the annual bonus is paid out as an upfront cash payment;
- 40 per cent, or 60 per cent for particularly high amounts, of the annual bonus is deferred for a period of five years (deferral period) and is paid out in cash.

Liabilities

These are recognized at the higher of the nominal value or the repayment amount.

Notes on individual items of the statement of financial position

Breakdown of maturities

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

in € million	31/12/2014	31/12/2013
Loans and advances to credit institutions		
Up to 3 months	4,278.2	11,981.6
More than 3 months, up to 1 year	442.7	1,536.9
More than 1 year, up to 5 years	372.9	1,072.0
More than 5 years	158.9	236.5
Loans and advances to customers		
Up to 3 months	167.5	167.1
More than 3 months, up to 1 year	117.5	71.7
More than 1 year, up to 5 years	210.3	293.1
More than 5 years	748.1	29.7

Deposits from banks and *Liabilities to customers (non-banks)* that are not due on a daily basis break down by their residual terms as follows:

in € million	31/12/2014	31/12/2013
Deposits from banks		
Up to 3 months	9,039.4	13,555.9
More than 3 months, up to 1 year	417.0	1,669.7
More than 1 year, up to 5 years	2,664.0	2,164.4
More than 5 years	979.0	878.3
Liabilities to customers (non-banks)		
Up to 3 months	0.0	1.1
More than 3 months, up to 1 year	175.6	203.0
More than 1 year, up to 5 years	11.2	0.0
More than 5 years	0.0	0.0

The item *Loans and advances to customers* contains an amount of € 37.1 million (31/12/2013: € 37.1 million) which is held in trust for Raiffeisen Bank International AG.

Securities

Raiffeisen Zentralbank has no trading book pursuant to Chapter 3 of Title I of Part 3 of Regulation (EU) No. 575/2013.

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

in € million	31/12/2014		31/12/2013	
	Listed	not listed	Listed	not listed
Treasury bills and other bills eligible for refinancing with central banks	3,080.8	0.0	134.2	0.0
Debt securities and other fixed-income securities	106.1	0.0	100.9	0.0

The table below lists securities admitted to stock exchange trading (asset side) measured as fixed assets or current assets (amount incl. interest accrued):

in € million	31/12/2014		31/12/2013	
	Fixed assets	Current assets	Fixed assets	Current assets
Debt securities and other fixed-income securities	1,580.8	1,500.0	100.9	0.0
Treasury bills and other bills eligible for refinancing with central banks	106.1	0.0	134.2	0.0

The above items include accrued interest income of € 10.5 million (31/12/2013: € 2.5 million) that is due in the following financial year.

RZB AG sold a fixed asset security in the nominal amount of € 50.0 million in the reporting year, realizing a net gain of € 6.3 million.

As in the previous year, as of 31 December 2014 the item *Debt securities and other fixed-income securities* includes a bond issued by Hypo Tirol Bank AG along with one issued by Raiffeisenlandesbank Vorarlberg and two securities issued by OeBB Infrastuktur AG which were subscribed for in the past fiscal year. The bond issued by Raiffeisen Bank International AG was sold in the 2014 financial year.

In addition, in the financial year 2014 European government bonds were subscribed for with a total nominal value of € 3,470.0 million, issued by the Republic of Austria, the Italian Republic, the French Republic, the Federal Republic of Germany, Spain and the Republic of Ireland. These are reported under the item *Treasury bills and other bills eligible for refinancing with central banks*. Furthermore, in the past fiscal year securities issued by the European Investment Bank as well as by the European Financial Stability Facility with a total nominal value of € 51.6 million were acquired.

In the 2014 financial year, the special fund "K 777" was set up for liquidity management purposes of Raiffeisen Zentralbank. The shares held in the investment fund are reported under the item *Shares and other variable-yield securities* on the statement of financial position in the amount of € 25 million.

In relation to the difference between the acquisition cost and the repayment amount for securities (excluding zero coupon bonds) held in the investment portfolio (banking book): the difference between the amortized costs and the repayment amounts of € 73.4 million as of 31/12/2014 is made up of € 74.5 million (31/12/2103: € 1.7 million) to be recognized as expenditure in the future and € 1.1 million (31/12/ 2013: € 0.7 million) to be recognized as income.

The item *Loans and advances to credit institutions* contains no bonds that are not admitted to trading on an exchange as of the reporting date.

In the next fiscal year, debt securities and other fixed-income securities with a total nominal value of € 49 million (31/12/2013: € 100 million) will become due.

Investments and shares in affiliated companies

The list of investments is shown separately in the notes, annex 2. There are cross-shareholdings in respect to Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband, registrierte Genossenschaft mbH, UNIQA Insurance Group AG and Österreichische Volksbanken-Aktiengesellschaft.

During the fiscal year - as in the previous year - the carrying amount of the holding in R.B.T Beteiligungsgesellschaft m.b.H. was written down by € 5.2 million (2013: € 9.5 million). A € 33.0 million impairment charge was recognized against the carrying amount of the holding in Salvelinus Handels- und Beteiligungsges.m.b.H. and the holding in Raiffeisen International Beteiligungs GmbH was written down by € 147.0 million.

Furthermore, the participation capital held in Raiffeisen Bank International AG in the amount of € 250 million was repaid and the holding in Raiffeisen Informatik Zentrum GmbH was brought into RZB Invest Holding GmbH.

RZB holds its interest in RBI indirectly through Raiffeisen International Beteiligungs GmbH. At the beginning of 2014, RBI AG carried out a capital increase in which Raiffeisen International Beteiligungs GmbH participated, under partial utilization of its subscription rights. At the end of 2014 it held 60.7% in RBI AG.

As of the 2014 and 2013 reporting dates there were no profit and loss transfer agreements.

Loans and advances and liabilities to affiliated companies and companies linked by virtue of a participating interest break down as follows:

in € million	31/12/2014	31/12/2013
Loans and advances to credit institutions		
to affiliated companies	1,539.4	9,688.2
to companies linked by virtue of a participating interest	24.0	95.7
Loans and advances to customers		
to affiliated companies	1,155.7	424.9
to companies linked by virtue of a participating interest	4.5	7.0
Debt securities and other fixed-income securities		
to affiliated companies	0.0	51.8
to companies linked by virtue of a participating interest	0.0	0.0
Deposits from banks		
from affiliated companies	3,908.3	6,389.3
from companies linked by virtue of a participating interest	468.0	819.6
Liabilities to customers (non-banks)		
from affiliated companies	186.1	203.1
from companies linked by virtue of a participating interest	0.0	0.0

Fair value of financial instruments

For the following financial instruments within financial assets, in 2014 the fair value was lower than the book value:

Financial investments in € million		Carrying amount 31/12/2014	Fair value 31/12/2014	Carrying amount 31/12/2013	Fair value 31/12/2013
1.	Treasury bills and other bills eligible for refinancing with central banks				
	a) Treasury bills and other bills eligible for refinancing with central banks	71.1	71.0	0.0	0.0
	b) Bills eligible for refinancing with central banks	0.0	0.0	0.0	0.0
2.	Loans and advances to credit institutions	0.0	0.0	0.0	0.0
3.	Loans and advances to customers	0.0	0.0	0.0	0.0
4.	Debt securities and other fixed-income securities				
	a) issued by public bodies	0.0	0.0	0.0	0.0
	b) issued by other borrowers	0.0	0.0	49.1	43.5
Total		**71.1**	**71.0**	**49.1**	**43.5**

Fixed assets

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

The land value of developed land was € 0.2 million (31/12/2013: € 0.2 million).

Raiffeisen Zentralbank was not engaged in the leasing business as a lessor in the financial years 2014 and 2013.

Obligations from the use of tangible fixed assets not reported on the statement of financial position amount to € 2.4 million for the following financial year (31/12/2013: € 2.2 million), of which € 2.2 million are to affiliated companies. The total amount of obligations for the following five years is € 13.4 million (31/12/2013: € 12.5 million), of which € 12.8 million is to affiliated companies.

The *Intangible fixed assets* item does not contain - as in the previous year - any intangible fixed assets acquired from affiliated companies.

Other assets

As at 31 December 2014, *Other assets* totaled € 331.1 million (31/12/ 2013: € 396.4 million). At the reporting date there were receivables due from the tax authorities, as well as from Group members resulting from tax transfers, in an aggregate amount of € 97.4 million (31/12 2013: € 83.3 million). Receivables from the capitalization of income from equity participations in the same period amount to € 190.4 million (31/12 2013: € 304.0 million).

Income effectively due after the reporting date:

in € million	31/12/2014	31/12/2013
Participation income	191.1	304.9

Other liabilities

The item *Other liabilities* totaling € 87.7 million as at 31/12/2014 (31/12/2013: € 80.2 million) contains liabilities from tax transfers (corporate income tax) and chargeable capital gains as well as withholding tax due to Group members of € 77.4 million in total (31/12/2013 € 68.6 million) payable after the reporting date.

As at 31/12/2013, a € 52.0 million liability to Raiffeisen Leasing GmbH was reported under Other liabilities. This liability no longer existed as at 31/12/2014.

Provisions

Provisions recognized by RZB are valued at € 80.3 million (31/12/2013: € 62.2 million), of which € 60.9 million (31/12/2013: € 51.5 million) are for pensions and severance payment obligations, € 5.9 million for impending losses from currency derivatives (31/12/2013: € 0.0 million), € 4.4 million (31/12/2013: € 4.4 million) are taxation provisions and € 1.5 million (31/12/2013: € 2.5 million) are provisions for performance related bonuses. In addition, a provision in the amount of € 0.5 million (2013: € 0.0 million) was recognized for an interest payment on the Jersey III additional capital of RBI, which Raiffeisen Zentralbank will undertake instead of RBI AG in May 2015.

Debt Issuance Program

In 2014, RZB AG utilized medium- to long-term funding instruments such as the EUR 5,000,000,000 Debt Issuance program, which facilitates bond issuance in different currencies and with various structures. The aggregate volume of bonds outstanding under the program may not exceed € 5,000 million.

At the end of 2014, no bonds had been placed.

Equity

Subscribed capital

Capital Stock

The subscribed capital of Raiffeisen Zentralbank consisted of the following instruments as at the reporting date:

	Nominal value €/piece	Units	Nominal value (€)
Ordinary shares, registered shares	72.67	6,776,750	492,466,422.50
Total			492,466,422.50

Development of the valuation reserve

in € million	31/12/2014	Allocation	Release	Reclassification	31/12/2013
Valuation reserve					
Reserve according to § 12 EStG					
Financial investments	3.8	0.0	0.0	0.0	3.8

Supplementary capital pursuant to Chapter 4 of Title I of Part 2 of Regulation (EU) No 575/2013

Own issues

In December 2014, a € 52.0 million, 10 year subordinated bond was issued by way of long-term refinancing. This is shown in the statement of financial position pursuant to Regulation (EU) No. 575/2013 under *Supplementary capital in accordance with Chapter 4 of Title I of Part 2 of Regulation (EU) No. 575/2013.*

Total capital according to CCR

in € million	31/12/2014
Paid-in capital	492
Capital reserves and premium to CET1 instruments	1,862
Retained earnings and other reserves	1,980
Common equity tier 1 (before deductions)	**4,334**
Net loss for the year	(76)
Intangible fixed assets	(1)
Provision shortage for IRB positions	(8)
Deduction insurance and other investments	(627)
Common equity tier 1 (after deductions)	**3,622**
Additional tier 1	0
Tier 1	**3,622**
Supplementary capital	52
Deduction insurance and other investments	**(52)**
Tier 2 (after deductions)	**0**
Total capital	**3,622**
Total risk exposure amount (assessment basis)	**9,020**
Common equity tier 1 capital ratio	40.15%
Tier 1 capital ratio	40.15%
Total capital ratio (transitional)	40.15%
Total capital ratio (fully loaded)	40.15%
Common equity tier 1 capital ratio (fully loaded)	40.15%

in € million	31/12/2014
Total risk exposure amount (assessment basis)	**9,020**
Total capital requirement for credit risk	678
Internal rating approach	116
Standardized approach	416
CVA risk	0
Basel I - Floor	146
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	0
Total capital requirement for operational risk	44
Total capital requirement	**722**

in € million	31/12/2014
Risk-weighted assets according to standardized approach	**416**
Equity exposures	412
Covered bonds	0
Other positions	4
Risk-weighted assets according to internal rating approach	**116**
Banks	7
Corporate customers	90
Equity exposures	19
Basel I - Floor	**146**
Total capital requirement for credit risk	**678**

in per cent	31/12/2014
Leverage ratio (fully loaded)	11.26%
Risk weighted assets in per cent of total assets	50.50%

Eligible total capital under Section 23 (14) BWG (old version) amounted to € 3,422.9 million in 2013. This included total capital under Section 23 (14) Z 7 BWG (old version) of € 0.0 million.

Required total capital under Section 22 (1) BWG (old version) amounted to € 522.2 million in 2013. This included required total capital of € 522.2 million under Section 22 (1) Z 1 and 4 BWG (old version).

Retained earnings

Other reserves

Due to the agreement on the establishment of an Institutional Protection Scheme (IPS) and a corresponding resolution passed by the Federal IPS Risk Council, a reserve in the amount of € 25.0 million for the Federal IPS was added to Other reserves in the financial year 2014.

Additional notes

Institutional Protection Scheme

The regulatory changes arising from Basel III also resulted in some material adjustments with respect to the regulations for a decentralized banking group, organized according to cooperative principles, which to date have been covered by the Austrian Banking Act (BWG). Pursuant to the EU Regulation, when calculating total capital, credit institutions outside of their credit institution group must principally deduct positions held in capital instruments issued by other credit institutions, provided that no exemption exists due to an Institutional Protection Scheme (IPS). An IPS was therefore established in the RBG and contractual or statutory liability arrangements were concluded which protect the participating institutions and in particular ensure their liquidity and solvency when required, in the event that it is necessary to avoid a failure of a bank. Based on the organizational structure of the RBG, the IPS was designed with two levels and the corresponding applications were filed with the competent supervisory authorities. The financial market supervisory authority approved the applications in October and November 2014.

As the central institution of the RBG, Raiffeisen Zentralbank is a member of the Federal IPS, in which - as well as the Raiffeisen regional banks - Raiffeisen-Holding Niederosterreich-Wien, ZVEZA Bank, Raiffeisen Wohnbaubank AG and Raiffeisen Bausparkasse Gesellschaft m. b. H. also participate. In addition, a provincial IPS was formed in most of the provinces.

The respective Raiffeisen regional banks and the locally active Raiffeisen banks are members of the provincial IPS.

The Federal IPS is based on uniform, joint risk monitoring in the framework of the early identification system of the ORE. The IPS therefore adds a further element to the reciprocal support within the RBG, in case a member institution experiences economic difficulties.

Notes to the contingent liabilities

Raiffeisen Zentralbank is a member of the *Deposit Guarantee Association of Austria (Raiffeisen-Kundengarantiegemeinschaft Österreich)*. Members of the Association assume contractual liability under which they jointly guarantee the timely honoring of all customer deposits and securities issues of an insolvent member of the Association up to an amount equaling the sum of the individual financial strength of the other member institutions. The individual financial strength of a member institution is determined based on its available reserves, taking into account the relevant provisions of the Austrian Banking Act (BWG). The liability was met by inserting a noted item of one euro off the statement of financial position, as it is not possible to determine the exact amount of Raiffeisen Zentralbank's potential liability in connection with the cross-guarantee system.

As at the 31/12/2014 reporting date, there are contingent liabilities of € 10.5 billion (31/12/2013: € 12.7 billion). Within this amount, € 0.6 billion of the liabilities arising from guarantees (31/12/2013: € 1.7 billion) relate to the "RZB Euro Medium Term Note Programm" (EMTN program). In the course of the demerger, all economic rights and obligations from or in connection with the EMTN bonds were transferred to RBI. Accordingly, the bonds issued out of the EMTN program are booked by RBI under securitized liabilities. However, under civil law the position of Raiffeisen Zentralbank remains unchanged, i.e. it continues to act as the issuer in relation to the bondholders and bondholder claims can only be addressed to Raiffeisen Zentralbank. There is an agreement in place whereby RBI has instructed Raiffeisen Zentralbank, and Raiffeisen Zentralbank has undertaken, to meet all economic and other obligations from or in connection with the EMTN bonds in its own name, but for the account of RBI. This risk is reflected in the financial statements of Raiffeisen Zentralbank through the recognition of a contingent liability.

The remaining guarantees predominantly relate to guarantees for other liabilities of companies within the Group; these are mostly commitments in respect to other liabilities of RBI to third parties arising from the securities, derivatives and cash management businesses, as well as commitments for liabilities of RBI resulting from the Public Finance Program in favor of the EIB. RZB issued these guarantees in its function as head of the Group, whereby the beneficiaries are the banks in the Raiffeisen sector.

Furthermore, Raiffeisen Zentralbank has issued an "over-guarantee" in favor of Raiffeisen-Leasing Bank AG in the amount of € 308.8 million.

Soft letters of comfort in the amount of € 33.1 million (31/12/2013: € 45.7 million) are shown under the item *Contingent liabilities*, off the statement of financial position; this amount includes € 30.8 million in favor of Raiffeisen-Leasing Gesellschaft m. b. H, € 0.9 million in favor of RBI Leasing GmbH and € 1.3 million in favor of Raiffeisen Leasing Österreich GmbH.

In addition, Raiffeisen Zentralbank has provided a € 31.7 million guarantee in favor of RBI on the basis of a support agreement. This relates to interest payments for the Jersey IV additional capital of RBI.

Undrawn credit lines of € 3,418.5 million (31/12/ 2013: € 578.5 million) are shown under the liabilities item *Commitments*, off the statement of financial position; this amount includes € 2,892.7 million in credit lines to Raiffeisen Bank International AG and € 180.0 million in credit lines to Notartreuhandbank AG.

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

Total assets and liabilities in foreign currency:

in € Millionen	31/12/2014	31/12/2013
Assets in foreign currency	337,2	350,0
Liabilities in foreign currency	337,0	349,2

Commitments arising from agency services

In addition to its own holding, Raiffeisen Zentralbank holds € 24.0 million in shares in UNIQA Insurance Group AG in trust (31/12/213: € 24.0 million).

Notes to the income statement

As Raiffeisen Zentralbank only had a place of business in Austria in 2014, there is no regional allocation by segment according to the respective registered office; a breakdown of income by geographic market is not applicable.

The net profit or loss on financial operations includes a valuation from forward foreign exchange business in the amount of € 5.9 million. In the 2013 financial year there were no forward foreign exchange transactions.

Other operating income includes staff and administrative expenses passed on for other non-banking services and service fees of € 16.9 million (2013: € 8.5 million); within this amount is € 6.9 million (2013: € 6.9 million) in payment from RBI for marketing, advertising and license fees (the latter in connection with the Raiffeisen brand) and € 7.5 million from Asset Quality Review costs passed on to RBI. In addition, Raiffeisen Zentralbank in its function as lead institution received income in relation to Service Level Agreements from RBI in the amount of € 0.8 million (2013: € 0.3 million) and from companies in the Raiffeisen sector in the amount of € 1.3 million (2013: € 0.0 million).

Expenses for severance payments and benefits for occupational employee pension funds include € 143.2 thousand (2013: € 59.0 thousand) of paid out severance payments, € 678.0 thousand (2013: € 291.8 thousand) in allocations to the provision for severance payments and € 182.2 thousand (2013: € 147.9 thousand) in payments according to the Retirement Plan Act (Mitarbeitervorsorgegesetz).

The substantial increase of € 12.9 million in the provision for pensions, with an € 8.1 million allocation in the 2014 financial year compared to a € 4.8 million release in the 2013 financial year, is due to the change in the capitalization rate to 2 per cent (2013: 3.5 per cent).

Other administrative expenses include legal, advisory and audit costs of € 20.5 million (2013: € 14.3 million). This amount contains € 0.3 million (2013: € 0.3 million) in expenses for the audit of the annual financial statements and € 0.1 million (2013: € 0.2

million) in taxation advisory fees. The increase in legal, advisory and audit costs resulted primarily from the Asset Quality Review conducted by Ernst & Young in the 2014 financial year.

Non-personal advertising and rental expenses amounted to € 5.3 million in total (2013: € 4.8 million). Expenses for Service Level Agreements totaled € 10.9 million (2013: € 7.5 million).

Net income/expenses from the disposal and valuation of shares in affiliated companies and participating interests includes a partial write-down of the value of holdings in Raiffeisen International Beteiligungs GmbH, R. B. T. Beteiligungsgesellschaft m.b.H. and SALVELINUS Handels- und Beteiligungsgesellschaft m. b. H., as well as proceeds from the disposal of Raiffeisen Informatik GmbH and the RBI bond and proceeds from the sale of shares in Raiffeisen e-force GmbH and RSC Raiffeisen Service Center GmbH.

Net income/expenses from the disposal and valuation of loans and advances and specific securities contains income from the write-up of a previously purchased already impaired credit extended to A-Real Estate S.p.A. in the amount of € 4.7 million (2013: € 5.9 million) and individual loan loss provisions of € 1.2 million (2013: € 1.1 million).

Changes in reserves includes an allocation to reserves in the amount of € 25.0 million for the formation of a Federal IPS separate fund.

Since the financial year 2005, Raiffeisen Zentralbank is the parent company of a group of companies according to Section 9 of the Corporation Tax Act (KStG). The group of companies pursuant to Section 9 KStG has 37 (31/12/2013: 25) companies as group members.

The item Tax on profit or loss includes corporate income tax expense of € 0.1 million (2013: € 0.2 million) and tax assets from the existing tax group allocation correspondent to Group taxation in the amount of € 1.7 million (2013: tax liability of € 44.5 million).

The overall return on assets (net profit or loss after tax divided by total assets as at the reporting date) is negative in 2014 (2013: 0.95 per cent).

Other

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

In the financial year the company had an average of 156 (2013: 118) employees.

Expenses for severance payments and pensions for members of the Management Board and senior staff amounted to € 11.5 million in the financial year (2013: € 1.6 million) and € 2.3 million for other employees (2013: € 1.0 million).

Members of the Supervisory Board received remuneration of € 0.4 million (2013: € 0.4 million).

Remuneration of the Management Board

The following remuneration was paid to the Management Board of Raiffeisen Zentralbank:

in € thousand	2014	2013
Fixed remunerations	2,072	2,019
Bonus (performance-based)	188	634
Payments to pension funds and reinsurance policies	1,813	964
Other remunerations	905	1,104
Total	**4,977**	**4,722**

The table lists the fixed, performance-related and other remuneration and also includes remuneration for functions on boards of affiliated companies and benefits in kind. The total remuneration of Management Board members includes € 1.5 million (2013: € 2.1 million) in remuneration from affiliated companies for functions performed there. Total remuneration paid to former members of the Management Board and their surviving dependents was € 0.6 million (2013: € 0.6 million).

One Management Board member received their total remuneration exclusively from an affiliated company; no additional remuneration was granted for functions performed for RZB. For this activity the bonus calculation is linked to the achievement of company objectives regarding profit after tax, return on risk-adjusted capital (RORAC) and the cost/income ratio, as well as the achievement of personal objectives that are agreed upon annually. The payment was made according to the current provisions of the Austrian Banking Act (BWG).

The Management Board of the Company is as follows:

Management Board

- Walter Rothensteiner, since 1 January 1995, Chairman and CEO; Chairman of the Austrian Raiffeisen Association
- Johannes Schuster, since 10 October 2010
- Johann Strobl, since 1 October 2007

The elected Supervisory Board is as follows:

Executive Committee

- Erwin Hameseder, since 23 May 2012, President, PersA, PrüfA, AA, VergA, NA, RA, Chairman of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.
- Martin Schaller, since 10 October 2013, first Vice President, PersA, PrüfA, AA, VergA, NA, RA, General Director of Raiffeisen-Landesbank Steiermark AG
- Heinrich Schaller, since 23 May 2012, second Vice President, PersA, PrüfA, AA, VergA, NA, RA, General Director of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
- Hannes Schmid, since 1 August 2013, third Vice President, PersA, PrüfA, AA, VergA, NA, RA, Spokesman of the Management Board of Raiffeisen-Landesbank Tirol AG

Members

- Klaus Buchleitner, since 25 June 2003, General Director of Raiffeisenlandesbank Niederösterreich-Wien AG
- Andreas Brandstetter, since 25 June 2013, Director of the Management Board of UNIQA Versicherungen AG
- Peter Gauper, since 24 June 2008, Spokesman of the Management Board of Raiffeisenlandesbank Kärnten – Rechenzentrum und Revisionsverband, reg. Gen.m.b.H.
- Wilfried Hopfner, since 18 June 2009, Chairman of the Management Board of Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband reg. Gen.m.b.H.
- Günther Reibersdorfer, since 23 June 2005, General Director of Raiffeisenverband Salzburg reg. Gen.m.b.H.
- Rudolf Könighofer, since 1 August 2013, General Director of Raiffeisenlandesbank Burgenland und Revisionsverband reg. Gen.m.b.H.
- Reinhard Wolf, since 23 May 2012, Director of the Management Board of RWA Raiffeisen Ware Austria AG

All of the above members of the Supervisory Board have been appointed until the Annual General Meeting relating to the 2018 financial year.

Delegated by the Works Council:

- Gebhard Muster, since 20 November 2008, since 14 June 2011 Chairman of the Works Council, PrüfA, AA, VergA, NA, RA
- Désirée Preining, since 14 June 2011 Deputy Chairwoman of the Works Council, PrüfA, AA, VergA, NA, RA
- Walter Demel, since 28 November 2013
- Doris Reinsperger, since 14 June 2011

State Commissioner

- Alfred Lejsek, since 1 September 1996, State Commissioner
- Gerhard Popp, since 1 December 2009, Deputy State Commissioner

Members of the **Federal Advisory Board** (Länderkuratorium) were:

- Wilfried Thoma, since 25 June 2003, since 3 June 2014[1] Chairman, President of the Supervisory Board of Raiffeisen-Landesbank Steiermark AG
- Walter Hörburger, since 22 June 2010, since 3 June 2014[1] Deputy Chairman, Chairman of the Supervisory Board of Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband reg. Gen.m.b.H.
- Jakob Auer, since 13 June 2000, President of the Supervisory Board of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
- Karl Donabauer, until 3 June 2014, Chairman of the Supervisory Board of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.
- Josef Graber, until 3 June 2014, Chairman of the Supervisory Board of Raiffeisen-Landesbank Tirol AG
- Robert Lutschounig, since 12 June 2009, Chairman until 23 May 2012, Chairman of the Supervisory Board of Raiffeisenlandesbank Kärnten-Rechenzentrum und Revisionsverband, reg. Gen.m.b.H.
- Michael Misslinger, since 3 June 2014, Chairman of the Supervisory Board of Raiffeisen-Landesbank Tirol AG
- Sebastian Schönbuchner, since 20 June 2002, Chairman of Raiffeisenverband Salzburg reg. Gen.m.b.H.
- Helmut Tacho, since 3 June 2014, Chairman of the Supervisory Board of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.
- Erwin Tinhof, since 20 June 2007, President of the Supervisory Board of Raiffeisenlandesbank Burgenland und Revisionsverband reg. Gen.m.b.H.

PersA Member of the Personnel Committee
PrüfA Member of the Audit Committee
AA Member of the Working Committee
VergA Member of the Remuneration Committee
NA Member of the Nomination Committee
RA Member of the Risk Committee
1 A new Chairman and his/her Deputy are appointed each year.

Vienna, 11 March 2015

The Management Board

Walter Rothensteiner

Johannes Schuster

Johann Strobl

Annex 1: Statement of fixed assets

		Cost of acquisition or conversion					
Item	Description of fixed assets	As at 1/1/2014	Exchange differences	Additions	Disposals	Reclass-ification	As at 31/12/2014
in € thousand		1	2	3	4	5	6
1.	Treasury bills and other bills eligible for refinancing with central banks	134,886	0	1,539,615	(99,557)	9,556	1,584,500
2.	Loans and advances to credit institutions	0	0	0	0	0	0
3.	Loans and advances to customers	0	0	0	0	0	0
4.	Debt securities and other fixed-income securities	100,837	0	56,645	(51,840)	457	106,099
a)	issued by public bodies	0	0	0	0	0	0
b)	own debt securities	0	0	0	0	0	0
c)	issued by other borrowers	100,837	0	56,645	(51,840)	457	106,099
5.	Shares and other variable-yield securities	0	0	25,000	0	12	25,012
6.	Financial investments	169,338	0	400	(663)	(62,123)	106,952
7.	Interest in affiliated companies	5,533,269	0	237,680	(250,007)	62,123	5,583,065
8.	Intangible fixed assets	101	0	484	0	0	585
9.	Tangible fixed assets	7,116	0	50	(36)	0	7,130
10.	Other assets	262	0	0	0	0	262
	Total	**5,945,809**	**0**	**1,859,874**	**(402,103)**	**10,025**	**7,413,605**

	Writing up/depreciation							Carrying amount	
	Cumulative depreciation 1/1/2014	Exchange differences	Cumulative depreciation	Write-ups	Depreciation	Reclassification	Cumulative depreciation 31/12/2014	As at 31/12/2014	As at 31/12/2013
Item	7	8	9	10	11	12	13	14	15
1.	(735)	0	0	254	(3,284)	0	(3,765)	1,580,735	134,151
2.	0	0	0	0	0	0	0	0	0
3.	0	0	0	0	0	0	0	0	0
4.	77	0	0	5	(41)	0	41	106,140	100,914
a)	0	0	0	0	0	0	0	0	0
b)	0	0	0	0	0	0	0	0	0
c)	77	0	0	5	(41)	0	41	106,140	100,914
5.	0	0	0	0	0	0	0	25,012	0
6.	(56,507)	0	0	0	0	0	(56,507)	50,445	112,831
7.	(69,249)	0	0	0	(185,135)	0	(254,384)	5,328,681	5,464,020
8.	(48)	0	0	0	(25)	0	(73)	512	53
9.	(2,524)	0	15	0	(105)	0	(2,614)	4,516	4,592
10.	0	0	0	0	0	0	0	262	262
	(128,986)	**0**	**15**	**259**	**(188,590)**	**0**	**(317,302)**	**7,096,303**	**5,816,823**

Annex 2: List of investments

Affiliated companies

Company, registered office (country)	Total nominal value in currency		RZB direct holding	Equity in € thousand	Result[1] in € thousand	From annual financial statements
Angaga Handels- und Beteiligungs GmbH, A-1030 Vienna	35,000	EUR	100.00%	32	(5)	31/12/2013
CLUPEA Handels- und Beteiligungsgesellschaft m.b.H., A-1030 Vienna	35,000	EUR	100.00%	268	(4)	31/12/2013
Faru Handels- und Beteiligungs GmbH, A-1030 Vienna	80,000	EUR	100.00%	85	(9)	31/12/2013
KAURI Handels und Beteiligungs GmbH, A-1030 Vienna	50,000	EUR	88.00%	7,390	455	30/9/2014
Raiffeisen International Beteiligungs GmbH, A-1030 Vienna	1,000,000	EUR	100.00%	3,155,346	(197,474)	31/12/2014
Raiffeisen Ost Invest Managementgesellschaft m.b.H., A-1030 Vienna	40,000	EUR	100.00%	81	(4)	31/12/2013
RALT Raiffeisen-Leasing Gesellschaft m.b.H. & Co. KG, A-1030 Vienna	20,348,394	EUR	97.21%	45,341	544	31/12/2013
RALT Raiffeisen-Leasing Gesellschaft m.b.H., A-1030 Vienna	218,500	EUR	100.00%	30,695	4,424	31/12/2013
R.B.T. Beteiligungsgesellschaft m.b.H, A-1030 Vienna	36,336	EUR	100.00%	71,517	35	31/10/2014
R.P.I. Handels- und Beteiligungsgesellschaft m.b.H., A-1030 Vienna	36,336	EUR	100.00%	283	(7)	31/10/2014
RSC Raiffeisen Service Center GmbH, A-1190 Vienna	2,000,000	EUR	19.70%	2,307	12	31/12/2013
RZB - BLS Holding GmbH, A-1030 Vienna	500,000	EUR	100.00%	945,779	42,993	31/12/2014
RZB Invest Holding GmbH, A-1030 Vienna	500,000	EUR	100.00%	592,094	9,992	31/12/2014
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H, A-1030 Vienna	40,000	EUR	100.00%	336,566	(24,862)	31/12/2014
Raiffeisen Verbundunternehmen-IT GmbH, A-1030 Vienna [3]	100,000	EUR	99.70%	-	-	-

1 The result (in part from the consolidated financial statements) in € thousand corresponds to the annual profit/loss; equity is reported in accordance with section 224 (3) lit a HGB including untaxed reserves (lit b).
2 The equity and annual result figures shown are taken from the preliminary annual financial statements for the financial year ending 31 October and 31 December 2014, respectively.
3 The equity and annual result figures shown are taken from the preliminary annual financial statements for the financial year ending 31 December 2014, taking distributions into account.
4 Founded in 2014, therefore equity and annual result not yet available.

Other equity participations

Company, registered office (country)	Total nominal value in currency		RZB direct holding	Equity in € thousand	Result in € thousand	From annual financial statements
EMCOM Beteiligungs GmbH, A-1030 Vienna	37,000	EUR	33.60%	21,044	996	31/10/2014
NOTARTREUHANDBANK AG, A-1030 Vienna	8,030,000	EUR	26.00%	26,864	7,059	31/12/2013
Österreichische Wertpapierdaten Service GmbH, A-1030 Vienna	36,336	EUR	25.30%	61	8	31/12/2013
Valida Holding AG, A-1020 Vienna	5,000,000	EUR	24.70%	16,435	(1,480)	31/12/2013

Annex 3: Open forward transactions as at 31/12/2014

	Nominal amount by maturity in € thousand					Market value	
Name	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	hereof trading book	positive	negative
Total	**50,000,000**	**70,000,000**	**831,635,000**	**951,635,000**	**0**	**0**	**(68,875,279)**
a) Interest rate contracts	**0**	**70,000,000**	**831,635,000**	**901,635,000**	**0**	**0**	**(62,955,346)**
OTC products							
Interest rate swaps	0	70,000,000	831,635,000	0	0	0	(62,955,346)
Floating Interest rate swaps	0	0	0	0	0	0	0
Interest rate futures	0	0	0	0	0	0	0
Interest rate options - buy	0	0	0	0	0	0	0
Interest rate options - sell	0	0	0	0	0	0	0
Other similar interest rate contracts	0	0	0	0	0	0	0
Exchange-traded products							
Interest rate futures	0	0	0	0	0	0	0
Interest rate options	0	0	0	0	0	0	0
b) Foreign exchange rate contracts	**50,000,000**	**0**	**0**	**50,000,000**	**0**	**0**	**(5,919,933)**
OTC products							
Cross-currency interest rate swaps	0	0	0	0	0	0	0
Forward foreign exchange contracts	50,000,000	0	0	0	0	0	(5,919,933)
Currency options – purchased	0	0	0	0	0	0	0
Currency options – sold	0	0	0	0	0	0	0
Other similar interest rate contracts	0	0	0	0	0	0	0
Exchange-traded products							
Currency contracts (futures)	0	0	0	0	0	0	0
Currency options	0	0	0	0	0	0	0
c) Securities-related transactions	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OTC products							
Securities-related forward transactions	0	0	0	0	0	0	0
Equity/Index options -buy	0	0	0	0	0	0	0
Equity/Index options -sell	0	0	0	0	0	0	0
Exchange-traded products							
Equity/Index futures	0	0	0	0	0	0	0
Equity/Index options	0	0	0	0	0	0	0
d) Commodity contracts	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OTC products							
Commodity forward transactions	0	0	0	0	0	0	0
Exchange-traded products							
Commodity futures	0	0	0	0	0	0	0
e) Credit derivative contracts	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OTC products							
Credit default swaps	0	0	0	0	0	0	0

1 At the financial year-end 2013 there were no open forward transactions.

Management report
Market development

Weak economic growth in Europe – recovery in the US

The euro area economy developed weaker than expected in 2014, and the outlook for 2015 is also subdued. It posted a modest 0.9 per cent year-on-year GDP growth in 2014, following minus 0.4 per cent in the prior year. On the one hand, this was driven by solid growth figures in Germany and by a recovery in a number of countries (Spain, Ireland and Portugal) that had previously posted weaker growth. On the other hand, economic growth in major countries such as Italy and France disappointed. The weak economic trend contributed to a significant decline in inflation. As falling commodity prices further exacerbated this trend, inflation averaged only 0.4 per cent in 2014, after 1.4 per cent in 2013. A decline in consumer goods prices can be expected for at least the beginning of 2015. In a bid to bolster economic growth and prevent deflationary risks, the ECB took additional expansionary and unconventional measures in 2014 as well as in early 2015. The weaker external value of the euro is expected to be supportive for an economic recovery for the euro area in 2015. The major risk factors to economic growth and the financial markets in Europe remain to be the tense geopolitical situation in addition to deflationary tendencies and delayed reforms in a number of euro area countries.

Overall, current signs indicate a strong decoupling of economic cycles between Europe and the US. Last year, the US economy, mirroring its trend from the two previous years, grew 2.4 per cent, driven by private consumption and corporate investment. Private consumption benefitted from positive labor market conditions, moderately increasing wages and a sharp drop in energy prices in the second half of the year. Unlike in the previous three years, fiscal consolidation has had hardly any dampening effect on economic activity in the US. Even though the increase in economic output lagged the momentum of past upswings, the labor market continued its robust recovery. Over the course of the year, unemployment fell from 6.7 per cent to 5.6 per cent, just slightly above the level deemed consistent with full employment.

CEE marked by divergent trends

The formative economic recovery in CEE in 2012 and 2013 weakened in 2014. The CEE region as a whole posted 1.0 per cent economic growth in 2014, only marginally outpacing the euro area. This trend was primarily driven by the situation in Russia and Ukraine, where geopolitical risks coupled with structural weaknesses resulted in stagnation (Russia) or a deep adjustment recession (Ukraine). In 2014, Ukraine received extensive financial help from the International Monetary Fund (IMF) and the EU in order to facilitate necessary structural and institutional restructuring measures and to protect against financial market risks. This financial aid was increased in 2015.

In contrast to the trend – superimposed by Russia – in the region as a whole, the economies in Central Europe (CE) and Southeastern Europe (SEE) noticeably grew in 2014. CE recorded average GDP growth of 2.9 per cent, compared to 1.4 per cent in SEE. In addition to exports, domestic demand also recovered significantly, predominantly in CE countries. The solid economic performance in CE is broad-based. Moreover, all CE countries experienced significantly positive GDP growth rates in 2014, with the Czech Republic, Hungary and Slovenia reversing their stagnation and recession trends of previous years. In the CE region, economic growth particularly stood out in Poland and Hungary in 2014; these countries achieved GDP growth of more than 3.0 per cent. During the same period, economic output in Slovakia and Slovenia expanded roughly 2.5 per cent, and by 2.0 percent in the Czech Republic. The positive trend is expected to continue in 2015, with solid GDP growth of 3.0 per cent expected in CE, mainly driven by continued notable growth in Germany and increasingly strong domestic demand and investment.

In a number of SEE countries, the restructuring efforts of recent years are already showing first results. In 2013 and 2014, GDP growth in SEE was primarily driven by Romania, while other economies remained in stagnation or recession. In light of the natural disasters that heavily impacted a number of SEE countries, economic growth in the region weakened to 1.4 per cent in 2014, following 2.1 per cent in 2013. The weaker-than-expected recovery in the euro area is also dampening growth in SEE – first and foremost in Italy and France, countries of greater importance to SEE. The strongest growth – at 2.9 per cent – was recorded in Romania, which is benefitting from successful structural reforms, but still suffering from weak domestic demand; Albania followed with 2.0 per cent. Economic growth in Bulgaria reached 1.1 per cent despite a short-term bank run in the summer of 2014. Croatia, suffering from deep structural problems, remained in the grip of recession in 2014, marking its sixth consecutive year without growth. While Bosnia-Herzegovina got off lightly with a stagnating economy, Serbia suffered another sharp decline in 2014. In particular, Serbia had to contend with the consequences of the flood disaster, as well as from delays to policy reforms, and suffered a drop in economic output of 1.8 per cent in 2014. In an effort to stabilize its macroeconomic and budgetary situation, Serbia signed a precautionary arrangement with the IMF in the fourth quarter. The agreement set out targets for fiscal consolidation and privatization. Romania has shown by example that cooperation with the IMF can result in sustained structural reform. In this respect, the step can be seen as positive. A moderate, accelerated growth trend is expected in the SEE region in 2015, with GDP set to increase 1.9 per cent and to be led once again by Romania.

The economic momentum in Russia, Ukraine and Belarus, which already showed signs of slowing in 2014, is expected to continue in 2015. Following a de facto stagnation in 2014, Russia looks set to experience a recession in 2015, with GDP projected to decline 4.0 per cent. A similar trend is emerging in Belarus, where at least a slight GDP decline is expected. Barring a further escalation of the geopolitical situation, the Russian economy could return to moderate growth in 2016. In Ukraine, the adjustment recession that began in 2014 is set to continue in 2015, with GDP expected to decline at least 5.5 per cent. If comprehensive reforms are unsuccessful, economic and financial restructuring in Ukraine may prove to be much more difficult to implement. The country is likely to remain dependent on substantial financial support from the international community in both 2015 and 2016.

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

Region/country	2013	2014e	2015f	2016f
Czech Republic	(0.7)	2.0	2.4	3.0
Hungary	1.5	3.5	2.5	2.5
Poland	1.7	3.3	3.5	3.4
Slovakia	1.4	2.4	2.5	3.0
Slovenia	(1.0)	2.6	2.0	2.0
CE	**1.0**	**2.9**	**3.0**	**3.1**
Albania	0.4	2.0	3.0	4.0
Bosnia and Herzegovina	2.5	0.5	2.5	3.0
Bulgaria	0.9	1.1	1.2	2.1
Croatia	(0.9)	(0.4)	0.0	1.0
Kosovo	3.4	0.5	2.0	3.0
Romania	3.4	2.9	3.0	3.0
Serbia	2.5	(1.8)	0.0	2.5
SEE	**2.1**	**1.4**	**1.9**	**2.6**
Russia	**1.3**	**0.6**	**(4.0)**	**0.5**
Belarus	0.9	1.6	(2.0)	1.0
Ukraine	0.0	(6.9)	(5.5)	0.5
CEE Other	**0.3**	**(4.5)**	**(3.9)**	**0.6**
Austria	**0.2**	**0.3**	**0.7**	**1.8**
Germany	**0.2**	**1.6**	**1.6**	**2.2**
Eurozone	**(0.4)**	**0.9**	**1.2**	**1.9**

Economic growth in Austria remains behind expectations

Following a promising second half of 2013, a period of stagnation then took hold that lasted the whole year, implying real gross domestic product growth of 0.3 per cent for 2014 as a whole (2013: 0.2 per cent). Despite stable employment growth, private consumption failed to show signs beyond a tentative recovery. Government spending was only somewhat more dynamic. Corporate investment activity also disappointed, particularly in the second half of the year, while the positive trend at the beginning of the year was attributable to pull-forward effects. In the second half of the year, weak growth in domestic demand was partly offset by foreign trade. Economic growth momentum was also weak at the beginning of 2015.

Global currencies

In the first half of 2014, the euro/US dollar exchange rate fluctuated within a very narrow range of between EUR/USD 1.35 and EUR/USD 1.39. In the second half of the year, the euro went into freefall, pushing the single currency down to EUR/USD 1.21 by the end of the year. At the beginning of the year, the euro's downward trend accelerated again. In early March 2015, the euro was 1.12 against the dollar. The exchange rate was mainly driven by the monetary policies of the ECB and US Federal Reserve. Since the middle of 2014, there have been indications that the US Federal Reserve would begin normalizing its monetary policy, a first step being the end of its bond purchases in November. At the same time, there were indications that the ECB would embark on a similar bond purchasing program in the foreseeable future.

Over the whole of 2014, the Swiss franc fluctuated between nearly 1.20 and 1.24 against the euro, with the average exchange rate at 1.22. At the beginning of the year, the Swiss franc was more or less on the back foot but in the wake of geopolitical uncertainties, returned to its safe haven status in the spring and has been steadily appreciating since. The ECB's expansionary monetary policy and the shrinking interest rate differential between the euro area and Switzerland have also contributed to the Swiss franc's appreciation. Towards the end of the year, appreciation pressure on the Swiss franc against the euro increased to such an extent that the SNB (Swiss National Bank) introduced negative key interest rates. On 15 January 2015, the SNB surprisingly withdrew its minimum exchange rate peg for the EUR/CHF at 1.20; however, it stressed that it would take due account of the exchange rate situation in formulating its monetary policy in future and thus remain active in the foreign exchange market if necessary.

CEE currencies

CEE currencies trended weaker against the euro over the course of 2014. While the other currencies in the CE and SEE region declined within a range of between roughly 0.5 per cent and 3 per cent, the Hungarian forint (down 6.0 per cent) and Serbian dinar (down 5.3 per cent) weakened most significantly against the euro. The strongest devaluations were experienced in the CIS region, where the crisis in eastern Ukraine, the sliding oil price and sanctions against Russia led to hefty devaluations. For example, the Russian rouble fell nearly 36 per cent against the euro in the second half of 2014 (38 per cent for the year) and the Ukrainian hryvnia lost 41 per cent against the euro over the course of 2014. In 2014, the Belarusian rouble remained stable with just 1.4 per cent devaluation against the euro; however, lost almost 20 per cent against the euro up till the end of February in 2015. In the first two months of 2015, the Russian rouble recovered again somewhat against the euro, up by almost 4 per cent; while the Ukrainian hryvnia fell by around 37 per cent against the euro.

Development of the banking sector

Moderate growth and increasing divergence in CEE

Supported by slightly better economic indicators in the second half of 2014, as well as expansionary monetary policy measures and improved growth expectations in CE and SEE, credit growth in both of these regions moderately increased in 2014. This trend should continue in 2015. As a result, non-performing loans (NPLs) also stabilized – or in some cases already peaked – in many CE and SEE countries in 2014. Romania held its first notable NPL portfolio auctions in 2014. However, NPLs remained at high levels, notably in banking markets in SEE, which will weigh on the performance of banking sectors for a continued period. The banking environment in Russia and Ukraine sharply deteriorated in 2014, and the outlook for 2015 remains difficult. Credit growth weakened significantly in both markets, due in part to increasingly difficult local refinancing conditions (lower deposit growth, higher refinancing costs). Nevertheless, credit growth in the Russian banking sector remained in the upper double-digit range in 2014, the liquidity situation continues to be solid, and profitability (return on equity) was also still in the solid double-digit percentage range in 2014. As a result, barring a material deterioration of the geopolitical situation and financing conditions, the Russian banking sector should also remain profitable in 2015. In contrast, the Ukrainian banking sector posted a loss in 2014, and 2015 could also turn out to be another loss-producing year. The earnings situation of Western European banks operating in the region is also negatively impacted by ongoing currency weaknesses in Russia, Ukraine and Belarus.

The highly different regional trends in CEE with respect to asset quality and credit growth are also clearly reflected in divergent profitability ratios of the regional banking sectors. For example, profitability indicators of the CE banking sector remained at encouragingly robust levels, i.e. the average return on equity was in the lower double-digit percentage range in 2014. One exception was Hungary, where the earnings power of the banking sector was negative once again as a result of regulatory measures, however conditions should improve here. Although the Russian banking market suffered somewhat of a decline in profitability in 2014 compared to the previous year, it still boasted one of the highest returns on equity in the CEE region at roughly 13 per cent in 2014. In SEE, profitability was low again in 2014, partly attributable to weak credit demand in new business and, in some cases, still slightly increasing NPLs. The average return on equity in this region was in the low single-digit percentage range, roughly on a par with the euro area level. Despite the positive trends in a number of CEE markets, overall, the average return on equity in the banking sector for the region remains below past levels. This trend is primarily driven by rising regulatory costs, increased equity ratios and costs, a higher degree of local refinancing, and limited opportunities to transform the risk and yield curve owing to the low interest rate environment. The outlook for a prolonged continuation of the current low interest rate environment in major CE and SEE markets, as well as the deterioration of earnings prospects in the Russian banking sector, suggests that the return on equity for the CEE banking sector will not significantly improve in 2015.

Development of the banking sector in Austria

In 2014, European banks were affected by the weak economic growth, low profitability, higher net provisioning for impairment losses and low interest rates. Austrian banks were not immune from these developments, either. In the first half of 2014, consolidated net income for the period after taxes and minority interests was negative at minus € 0.59 billion. This represents a decline of € 1.7 billion on the first half of 2013. Strong pressures were notably felt due to the effects of the continuing low interest rates and in connection with the planned sale of international subsidiaries of Hypo Alpe-Adria and high impairments of another major bank.

CEE business remains an important success factor for Austrian banks. The increased profits of recent years, especially in the Czech Republic, Slovakia and Russia underscore the relevance of a sustainable growth strategy in the region. In the first half of 2014, the CEE subsidiaries of Austrian banks generated an overall net profit of € 1 billion.

Although the capitalization of Austrian banks has improved continuously since 2008, it is still below the average for comparable European banks. Austrian banks will need to continue to build up capital, especially as regards their risk profile (e.g. exposure in CEE, portfolio of foreign currency loans), the challenging economic situation and the low interest rates. Added to this are higher market expectations with regard to capitalization and more stringent regulatory requirements. The liquidity situation of the Austrian banks has shown further improvement, with the increase in the volume of deposits in CEE helping strengthen the refinancing basis of the Austrian subsidiaries. This development is in line with the Supervisory Guidance on Strengthening the Sustainability of the Business Models of Large Internationally Active Austrian Banks issued by the National Bank of Austria (OeNB) and the Austrian Financial Market Authority (FMA).

Regulatory environment

Changes in the regulatory environment

RZB concerned itself intensively with the current and upcoming regulatory developments in the reporting year. One of the main subjects, for which preparations have been made in the past, involved the legislative amendments that are associated with the EU directives under Basel III (CRD IV/CRR) and that came into effect at the beginning of the financial year. With the conversion to the new Basel III rules, in 2014 risk management continued to focus on the ongoing implementation of advanced calculation approaches. These activities comprised the implementation of the internal ratings-based (IRB) approach in the retail and nonretail business division of CEE subsidiaries, as well as further development of the internal market risk model and Group-wide further development of the standard approach for operational risk.

Start of the ECB Supervision

In 2014, the ECB took over direct supervision of 123 key banks in the Eurozone. The Single Supervisory Mechanism (SSM) is a new system of banking supervision which comprises the ECB and the respective national competent authorities of participating countries. Its main aims are to contribute to the safety and soundness of the banks and to the stability of the European financial system while ensuring uniform supervision. As one of these 123 banks, that represents 82 per cent of the banking sector (measured by assets) in the euro area – RZB is subject to direct supervision by the ECB. RZB expects – in addition to significantly raised reporting requirements – an increased presence of regulatory topics with strategic relevance.

One of the key focal points in the reporting year was the changes pertaining to the SSM, notably the associated Comprehensive Assessment by the ECB, which included an Asset Quality Review and a Europe-wide stress test. The tests conducted by the ECB had a massive impact on the Group's financial resources due to the scope and duration, and the intensive exchange with authorities and external auditors.

Banking Union

As early as July 2013, the European Commission presented its ideas for a Single Resolution Mechanism for the euro area. This is intended to supplement the Single Supervisory Mechanism (SSM). As a second pillar of the Banking Union, the Single Resolution Mechanism (SRM) is intended to ensure that banks which face difficulties can be resolved with lower costs and that a Single Resolution Fund is available for such cases.

The Austrian Federal Act on the Recovery and Resolution of Banks (BaSAG) came into force on 1 January 2015. Payments under this legislation are based on European rules for carrying out the EU Bank Recovery and Resolution Directive (BRRD), but not yet adopted (expected for 2015), and providing for a mechanism of banks' contributions to resolution funds starting as, or in the course, of 2015.

As of 2016, the Austrian resolution financing mechanism will, along with all other resolution financing mechanisms in the euro area, be transferred to a Single Resolution Fund, which is currently being established for all EU-euro area member states (and for other EU member states on a voluntary basis). It is not yet possible at this stage to quantify the related expense for RZB.

The Deposit Guarantee Directive was published in the Official Journal of the EU in 2014 and is to be implemented in Austrian law by July 2015. The directive concerns the establishment of a Deposit Protection Fund, which is fed by contributions from credit institutions. The targeted volume amounts to 0.8 per cent of covered deposits.

The implementation act was not available at the reporting date. Neither the structure, nor the timing, of the first contribution payments by credit institutions are known, therefore, the exact expense in Austria for RZB cannot be quantified.

Business performance

In the course of the demerger of principal business areas - in particular the corporate customer business, the products areas, investment banking and the branches and representative offices in international financial centers - from Raiffeisen Zentralbank into Raiffeisen International Bank-Holding AG (RI) and the subsequent change in name to Raiffeisen Bank International AG (RBI), in 2010 a reorganization of the business processes between Raiffeisen Zentralbank, RBI, the Regional Raiffeisen Banks and associated Austrian Raiffeisen Sector institutions took place. As at 31 December 2014, Raiffeisen Zentralbank holds approximately 60.7 per cent in RBI; following the capital increase in the first quarter of 2014, the holding was reduced from 78.5 to 60.7 per cent. The performance of the business at RBI is a significant contributing factor to Raiffeisen Zentralbank's results.

In December 2013, Raiffeisen Zentralbank increased its holdings in a number of affiliated companies as part of the reorganization at national level. The holding in Raiffeisen Bausparkasse Gesellschaft mbH, Vienna, was raised from 37.0 per cent to 51.0 per cent and the following companies were taken over in their entirety: Raiffeisen Kapitalanlage-Gesellschaft m.b.H, Vienna, previously 50.0 per cent; Raiffeisen Wohnbaubank AG, Vienna, previously 25.0 per cent; Raiffeisen Factor Bank AG, Vienna, previously 40.0 per cent.

In September 2014 the RBI participation capital in the amount of € 250.0 million was repaid.

Business areas

Participation management

The portfolio of participating interests held by Raiffeisen Zentralbank derives from its role as the lead institution of the Raiffeisen Banking Group in Austria (RBG), as parent credit institution according to the Austrian Banking Act (BWG) and as head of RZB. The focus of the participating interests is on strategic core holdings, which provide products and services to the RBG or which provide support in core business areas.

The objective of Raiffeisen Zentralbank's participations strategy is the exercise and expansion of the strategic interests of RZB and the RBG, as well as a steady increase in the value of the portfolio.

The participating interests portfolio is characterized by long-term strategic holdings in core business areas (credit institutions, financial institutions, insurance companies, banking support services) and other strategic interests (e.g. IT, real estate). In addition, Raiffeisen Zentralbank enters into financial investments, with the primary objective of income optimization.

The active management of participations also takes into account the interests of the owners of Raiffeisen Zentralbank in terms of value appreciation and increasing dividend payments.

In the 2014 financial year, the book values of the direct holdings of RZB changed as follows:

in € million	31/12/2014
Additions	**238.1**
RZB - BLS Holding GmbH	130.0
RZB Invest Holding GmbH	105.2
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H.	2.4
Other	0.5
Disposals	**(250.7)**
Raiffeisen Bank International AG (repayment of participation capital)	(250.0)
Raiffeisen Informatik GmbH	**(0.7)**
Write-downs	**(185.2)**
Raiffeisen International Beteiligungs GmbH	(147.0)
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H.	(33.0
R.B.T. Beteiligungsgesellschaft m.b.H.	(5.2
Corporate restructuring	**0.0**
RZB Invest Holding GmbH	62.1
Raiffeisen Informatik GmbH	(62.1)
Total	**(197.8)**

The principal holdings of Raiffeisen Zentralbank listed in order of book value are as follows:

Direct investments in € million	31/12/2014	31/12/2013
Raiffeisen International Beteiligungs GmbH, Wien (Raiffeisen Bank International AG)	3,155.3	3,302.3
RZB – BLS Holding GmbH, Vienna (UNIQA Insurance Group AG)	1,043.8	913.8
RZB Invest Holding GmbH	581.9	414.7
SALVELINUS Handels- und Beteiligungsgesellschaft mbH, Vienna	336.6	367.1
R.B.T. Beteiligungsgesellschaft m.b.H.	71.5	76.7
Raiffeisen Informatik GmbH	0.0	62.8
Other	190.0	189.5
Total	**5,379.1**	**5,326.8**
Raiffeisen Bank International AG, Vienna (Participation capital)	0.0	250.0
Total	**5,379.1**	**5,576.9**

Branches

Raiffeisen Zentralbank has no branches. It does however have a representative office in Brussels.

Sector business

Raiffeisen Zentralbank undertakes significant services to facilitate efficient cooperation in the RBG. The Marketing area at Raiffeisen Zentralbank provides essential marketing services and is responsible for strategic brand management based on coordination and advisory services for the RBG as well as support for the committee work of the Group. Client Relationship Management at Raiffeisen Zentralbank is responsible for inquiries, projects, etc. in relation to commercial banking issues in the Group. In addition, all aspects concerning sustainability management topics and associated activities of RZB come together in Raiffeisen Zentralbank.

The responsibility for strategic brand management for the RBG and RZB lies with Raiffeisen Zentralbank. Raiffeisen has developed into an internationally successful banking group with Raiffeisen Zentralbank as its lead institution. A uniform brand identity signals strength, conveys expertise and generates confidence.

Raiffeisen is the clear number one in terms of customer share, both in the area of private individuals as well as corporate customers. Regionalism, security and sustainability have constituted the guiding principles of the RBG since the days of its foundation. These take on particular significance in economically challenging times, when security and confidence are the most important criteria in choosing a bank.

The consistently integrated communication strategy executed by Central Raiffeisenwerbung (ZRW) - present in the media on TV, on billboards, in print and online - is evidently highly successful in all of its key areas and generates advertising value far exceeding that of competitors. According to the Financial Market Data Service (FMDS - half-year evaluation 2014), in terms of advertising recall Raiffeisen remains uncontested in first place with 54 per cent, 19 percentage points ahead of the next competitor, Sparkassengruppe. This lead was extended compared to the previous year. In terms of image perception among its own major customers, Raiffeisen scores above average for nine out of 13 "Image Dimensions" and ranks top among the banks for "high security".

Communication campaigns

In 2014 ZRW launched national campaigns focusing on the topics of House/Home incl. "aspiration fulfillment" (first quarter), Youth (April/May), Retirement Account (May-July) and Pension Security (September - November). For the corporate customers target group, business support resources were developed primarily in the areas of overseas and export business, as well as receivables, and an image campaign was launched.

The consistently integrated communication strategy followed by ZRW - present in the media on TV, on billboards, in print and online - is evidently highly successful in all of its key aspects and generates advertising value far exceeding that of competitors.

Sport sponsoring

As "the Austrian Bank", Raiffeisen considers itself to be the optimal sponsorship partner for home-grown ski stars and the national soccer team. The partnership with top Austrian sportsmen and women brings Raiffeisen the highest level of sport advertisement recall among all banks, along with an extremely high degree of attention and emotional identification.

The gable cross is displayed on the helmets of Austrian ski stars, such as that of two times world champion and three times overall and slalom world cup winner Marcel Hirscher, the Olympic and overall world cup winner Anna Fenninger, Kathrin Zettel and Max Franz, as well as on the strips of the Austrian national soccer team.

Hermann Maier, a Raiffeisen ski and advertising star for more than 16 years, was an important testimonial in the communication campaign focusing on House/Home as well as that for Pensions.

Raiffeisen brand

The Raiffeisen brand, according to the Austrian Brand Value study 2014 undertaken by the European Brand Institute, has a value of approximately € 2.1 billion, ranking number six of all the brands evaluated. In the financial services sector Raiffeisen is the undisputed number one in Austria. In 2014 Raiffeisen again achieved top positions at the prestigious "Recommender-Award", with Raiffeisen Bausparkasse and Raiffeisen Versicherung winning their categories.

Liquidity management

Raiffeisen Zentralbank is the central institution of the RBG. Along with the circa 500 banks in the Group, it forms the largest liquidity network in Austria. Within this liquidity network, pursuant to the Austrian Banking Act (section 27a) members are obliged to hold a liquidity reserve at the central institution.

As the RBG has a three-tier structure, liquidity balancing takes place on two levels: between the Raiffeisen Banks and the Regional Raiffeisen Banks as central institutions of the Raiffeisen Banks, as well as between the Regional Raiffeisen Banks and Raiffeisen Zentralbank as central institution of the Regional Raiffeisen Banks.

In addition to its role as central institution, Raiffeisen Zentralbank provides numerous other services to the RBG. Amongst other functions, Raiffeisen Zentralbank coordinates the holding of the RBG minimum reserve at the National Bank of Austria (OeNB), through determining and pooling cash flows and passing them on to the OeNB.

Furthermore, Raiffeisen Zentralbank undertakes the central liquidity balancing function for the RBG. Alongside the minimum reserve, Raiffeisen Zentralbank also holds the statutory liquidity reserve for the associated institutions, whereby the minimum reserve is counted as part of the liquidity reserve.

Financial performance indicators

Statement of financial position

RZB's *Total assets* as at the 31/12/2014 reporting date amounted to € 17,860.8 million (31/12/2013: € 23,197.8 million).

Cash in hand and balances with central banks totaled € 2,393.5 million at year-end (31/12/2013: € 1,517.8 million) and consisted entirely of balances at the National Bank of Austria (OeNB).

Sovereign bond holdings of € 3,080.8 million were shown at the reporting date under the item *Treasury bills and other bills eligible for refinancing with central banks* (31/12/2013: € 134.2 million). *Loans and advances to credit institutions* amounted to € 5,252.8 million (31/12/2013: € 14,903.5 million). These were broken down into 18.1 per cent (31/12/2013: 61.8 per cent) in loans and advances to RBI and 81.9 per cent (31/12/2013: 38.2 per cent) to other banks, predominantly banks in the Austrian Raiffeisen Sector.

Loans and advances to customers stood at € 1,286.2 million at the reporting date (31/12/2013: € 561.5 million), of which € 1,258.9 million (31/12/2013: € 456.2 million) were to domestic customers and € 27.3 million (31/12/2013: € 105.3 million) were to foreign customers. As of 31/12/2014, foreign currency denominated loans and advances to customers amounted to € 7.5 million (31/12/2013: € 6.0 million).

At the reporting date, an amount of € 106.1 million (31/12/2013: € 51.8 million), comprising a bond issued by Hypo Tirol Bank AG, one issued by Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung and two bonds issued by OeBB Infrastruktur AG, was reported under the item *Debt securities and other fixed-income* *securities*. The debt security issued by Raiffeisen Bank International AG (31/12/2013: € 51.8 million) was sold in the 2014 financial year.

The items *Interest in affiliated companies* and *Financial investments* of € 5,379.1 million in aggregate (31/12/2013: € 5,576.9 million) included material holdings in Raiffeisen International Beteiligungs GmbH, RZB-BLS Holding GmbH, SALVELINUS Handels- und Beteiligungsgesellschaft mbH, RZB Invest Holding GmbH, RALT Raiffeisen-Leasing Gesellschaft m.b.H & Co KG and R. B. T. Beteiligungsgesellschaft m.b.H.

As at 31 December 2014, *Other assets* totaled € 331.1 million (31/12/2013: € 396.4 million), of which € 191.1 million (31/12/2013: € 304.9 million) was income from equity participations to be paid out after 31/12/2014.

On the liabilities side, *Deposits from banks* were reported in an amount of € 13,170.6 million (31/12/2013: € 18,269.0 million). At 73 per cent of total assets (31/12/2013: 79 per cent), these represented the largest source of refinancing for Raiffeisen Zentralbank. Deposits from banks were split between 13 per cent (31/12/2013: 33 per cent) in liabilities to RBI and 87 per cent (31/12/2013: 67 per cent) to other banks, predominantly banks in the Austrian Raiffeisen Sector.

As at the reporting date, *Liabilities to customers (non-banks)* amounted to € 186.9 million (31/12/2013: € 204.2 million).

The item *Other liabilities* totaling € 87.7 million (31/12/2013: € 80.2 million) included liabilities from tax transfers (corporate income tax) and chargeable capital gains as well as withholding tax due to Group members of € 77.4 million in aggregate (31/12/2013: € 68.6 million).

Provisions of € 80.3 million in total (31/12/2013: € 62.2 million) contained provisions for severance payments in the amount of € 3.9 million (31/12/2013: € 3.1 million) and provisions for pensions of € 57.1 million (31/12/2013: € 48.4 million) alongside other provisions of € 15.0 million (31/12/2013: € 6.3 million) as well as a provision for taxation in the amount of € 4.4 million (31/12/2013: € 4.4 million).

The entry into force of Basel III significantly changed the regulations regarding total capital and total capital requirements. Therefore, the figures provided in this report cannot be fully compared to those of previous years.

The total amount at risk as at 31/12/2014 was € 9.0 billion. Of this amount, credit risk accounted for € 6.6 billion, the Basel I floor for € 1.8 billion and operational risk for € 0.6 billion. The total amount at risk rose by approximately € 2.6 billion compared to the previous year.

Common equity tier 1 (CET1 capital) stood at € 3.6 billion (31/12/2013: € 3.4 billion), while additional capital - as in the previous year - was zero. All in all total capital amounted to € 3.6 billion, a year-on-year increase of € 0.2 billion.

This resulted in a CET1 ratio, core capital ratio and total capital ratio of 40.2% (31/12/2013: 52.4%). The total capital surplus was approximately € 2.9 billion, in line with the previous year.

Earnings performance

In the 2014 financial year Raiffeisen Zentralbank posted negative *Net interest income* of € 24.4 million (2013: € 13.0 million). This was primarily due to the funding of the portion of participating interests which is in excess of shareholders' equity.

Income from securities and participating interests of € 219.5 million (2013: € 333.7 million) mainly consisted of income from shares in affiliated companies of € 211.0 million (2013: € 324.4 million).

Commissions receivable rose to € 11.5 million (2013: € 8.0 million), mostly due to higher guarantee fees from the card complete Service Bank AG, an increased joint and several liability fee from Notartreuhandbank AG, the provision of guarantees for RBI bonds and structured deposits, as well as the assumption of risks resulting from RBI business with Raiffeisen-Leasing Bank AG, Raiffeisen-Leasing GmbH and A-Leasing SpA.

The income statement item *Other operating income* was € 20.4 million (2013: € 10.2 million), with the major part made up of costs passed on and service fees in the amount of € 16.7 million (2013: € 8.4 million) and SLA income of € 2.1 million (2013: € 0.3 million). Costs passed on include charges in the amount of € 7.5 million to RBI for the Asset Quality Review conducted by Ernst & Young.

Raiffeisen Zentralbank generated total *Operating income* of € 220.0 million (2013: € 338.8 million).

Total *Operating expenses* were € 78.6 million (2013: € 55.9 million).

Staff costs totaled € 33.9 million (2013: € 20.8 million) and contained € 13.8 million (2013: € 2.6 million) in expenses for pensions as well as allocations to provisions for severance payments and for pensions.

Other administrative expenses rose to € 43.9 million (2013: € 33.2 million) and mainly comprised expenses for legal, advisory and audit costs of € 11.3 million (2013: € 14.3 million), FMA expenses for the Asset Quality Review conducted by Ernst & Young amounting to € 9.0 million and expenses for Service Level Agreements of € 10.9 million (2013: € 7.5 million) as well as advertising and rental expenses.

Raiffeisen Zentralbank's *Operating result* for the 2014 financial year was € 141.4 million (2013: € 282.9 million).

Net income/expenses from the disposal and valuation of loans and advances and specific securities contains income from the write-up of a previously purchased already impaired credit extended to A-Real Estate S.p.A. in the amount of € 4.7 million and individual loan loss provisions of € 1.2 million (2013: € 1.1 million).

Net income/expenses from the disposal and valuation of securities evaluated as financial investments and of shares in affiliated companies and participating interests showed a negative result of € 178.5 million in the 2014 financial year (2013: € 1.7 million) resulting from partial write-downs of holdings in Raiffeisen International Beteiligungs GmbH, R.B.T. Beteiligungsgesellschaft m.b.H and SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H on the one hand, as well as proceeds from the disposal of Raiffeisen Informatik GmbH and the Raiffeisen Bank International AG bond and proceeds from the sale of shares in Raiffeisen e-force GmbH and RSC Raiffeisen Service Center GmbH on the other.

Consequently, *Profit on ordinary activities* was negative € 33.6 million for the financial year (2013: € 289.5 million).

Expenses for corporate income tax and tax transfers in the amount of € 1.6 million (2013: € 44.7 million) are shown under the item *Tax on profit or loss*. *Other taxes* contains the "stability contribution" special tax for banks in the amount of € 22.0 million (2013: € 9.2 million).

The profit/loss after tax as of 31/12/2014 was negative and amounted to € 53.9 million (2013: € 235.6 million). A sum of € 25.0 million was transferred to reserves.

This resulted in a loss for the year of € 78.9 million (2013: € 235.6 million). After adding € 2.3 million in profit brought forward (2013: € 10.6 million), a net loss for the year of € 76.6 million (2013: € 246.3 million) was reported.

Recommendation for the appropriation of profits

Due to the net loss for the year, RZB AG will not pay a dividend on shares for the 2014 financial year.

The net loss for the year in the amount of € 76.6 million will be carried forward to the next accounting period.

Non-financial Performance Indicators

Human Resources

As of 31 December 2014, RZB AG had 165 employees (full-time equivalents, excluding employees assigned to other group companies), an increase of 33 per cent on 2013 (124 employees). This was driven by the assumption of functions from companies in the Raiffeisen Group during the course of the year. The traditionally very high proportion of women among the total workforce continued at 53 per cent. To help achieve the best possible balance between work and family life, RZB AG offers home office and a number of part-time models alongside flexible working time without core working hours. "Daddy's month" has also been introduced within RZB AG, giving fathers the opportunity to spend time with their family following the birth of a child. An increasing number of fathers are also taking several months' paternity leave.

New hiring and the filling of vacancies were undertaken in consideration of the taking on of new functions in the Group (including as a consequence of the "FuturePLUS" (ZukunftPLUS) project) and, as lead institution of the Raiffeisen sector, in consideration of regulatory requirements as well as to replace losses in critical functions due to staff turnover. The staff turnover rate during the reporting period was 9.1 per cent (2013: 3.2 per cent).

Management development

In the area of management development a new process was drawn up for the selection of new senior executives, utilizing hearings and potential analyses to ensure the highest possible quality in the recruitment of new managerial staff. In addition, a standard process for the further development of these new managers has been implemented.

The focus of the development initiatives was on a broadly based program for change management, within the framework of FuturePLUS, for executives in RZB AG and affiliated companies.

Professional Development

In 2014, in professional development special emphasis was placed on using budgetary and time resources as precisely as possible for strategic objectives and initiatives. Although there was a slight reduction in the portfolio and in participant numbers for standard training courses, investment in business-critical areas such as process optimization was increased. Additional areas of emphasis included "fit & proper" qualification of our top executives and key personnel and also mandatory training courses on compliance issues. Alternative forms of learning such as e-learning as well as cross-functional and international rotation/exchange programs were also further expanded.

Developments in compensation

In 2014, a significant portion of the Human Resources capacity was again channeled toward implementing special regulations for compensation systems in the banking sector following the entry into force of new provisions ("technical standards" of the EBA). This made it necessary to adjust internal rules concerning the identification of those positions which are subject to the restrictive remuneration provisions of the Austrian Banking Act (BWG).

RZB AG's result had a marked impact on variable compensation for the 2014 financial year. In accordance with the regulatory framework, bonus commitments in RZB AG were reduced, on a differentiated basis for "identified staff" and other employees (subject to a contrary decision by the supervisory authorities before the payment date in 2015). The associated provisions were therefore correspondingly lower than in previous years.

Staff expenses rose 62 per cent year-on-year, driven by a higher headcount due to changes connected to FuturePLUS and by salary increases related to the Collective Agreement and to performance.

Focus on the employee survey

In order to make data comparable within the Group and reduce costs, a Group-wide survey project was introduced for the first time in 2014. This was conducted in conjunction with the HAY Group, a global consulting company specializing in HR matters. RZB also participated in the survey in the second quarter.

Alongside the two key factors of employee engagement (commitment to the company and voluntary willingness to make additional effort) and employee enablement (existence of an environment which nurtures success), twelve additional dimensions such as quality and customer orientation, cooperation, strategic direction, focus on performance and training were also surveyed.

The participation rate increased to 75% from 60 per cent in 2011. The evaluation of the results took place for the most part on team or departmental level.

Organizational structure development / FuturePLUS

In 2014, some adjustments were also made to the organizational structure (new allocation of functions within the Group as well as the assumption of new responsibilities as lead institution of the Raiffeisen sector).

HR undertook comprehensive work in relation to the FuturePLUS program. In addition to overseeing the whole project from an employee law perspective, HR is also responsible for supporting Change Management as well as the sub-project HR Shared Services Center, which has the objective of consolidating the HR departments of associated companies in RBI. The sub-project HR Optimization ultimately aims to optimize and standardize the HR processes of the companies in the Raiffeisen sector as well as consolidate the HR IT applications, taking into account process requirements.

In the course of the general pooling of service functions in the Raiffeisen sector in Shared Service Centers, the first employee transfers - including into RZB AG - took place on 1/7 and 1/10/2014. On a more detailed level, this related to marketing functions at Raiffeisen Bausparkasse, Raiffeisen Capital Management, Raiffeisen Leasing and Valida (all as of 1/7/2014) and Finance/Control/Accounting at Raiffeisen Capital Management (as of 1/10/2014).

Corporate responsibility

Sustainability management at Raiffeisen Zentralbank

Responsible business practices at RZB serve the purpose of comprehensive value creation, incorporating economic, ecological and social responsibility. For over 125 years, Raiffeisen has combined economic success with socially responsible conduct. The Raiffeisen values of solidarity, regionalism and subsidiarity form the foundation of all Raiffeisen organizations.

For Raiffeisen Zentralbank, as the lead institution of the Raiffeisen Banking Group, they are important pillars in the exercise of corporate responsibility. Since being founded by Friedrich Wilhelm Raiffeisen, sustainable practices have been on the agenda as a matter of course. Accordingly, corporate responsibility and sustainability form integral elements of business activity.

Raiffeisen Zentralbank was one of the signatory companies to the United Nations Global Compact (UNGC) and has thereby committed itself to strict compliance with the ten UNGC principles of responsible business (also available in detail at www.unglobalcompact.at).

The 10 principles of the UN Global Compact	
Human Rights	
1.	RZB supports and respects the protection of international human rights within its sphere of influence.
2.	RZB makes sure that it is not complicit in human rights abuses.
Work standards	
3.	RZB upholds the freedom of association and the effective recognition of the right to collective bargaining.
4.	RZB advocates the elimination of all forms of forced and compulsory labor.
5.	RZB advocates the abolition of child labor.
6.	RZB advocates the elimination of discrimination in respect of employment and occupation.
Environment	
7.	RZB supports a precautionary approach to environmental challenges.
8.	RZB undertakes initiatives to promote greater environmental responsibility.
9.	RZB encourages the development and diffusion of environmentally friendly technologies.
Anti-corruption	
10.	RZB works against corruption in all its forms, in particular against oppression and bribery.

Raiffeisen Zentralbank also expects corresponding globally responsible conduct from its employees and management as well as from partners and suppliers.

Implemented sustainability measures 2014

One of the cornerstones of the sustainability strategy is the role of responsible banking. This is of particular significance for the core business, which through the provision of credit and the investment of funds constitutes the most effective means of sustainable development.

In order to also undertake business responsibly in the future, a focus group comprising internal and external experts was engaged with the topic "RZB Group 2025: sustainable future scenarios and strategies" in preparation for the 2014 Stakeholder Council. Central to the three discussion rounds were the individual and his changed needs, market trends, new business models and technologies as well as changes in general conditions, policy and governance.

As **a fair partner**, Raiffeisen Zentralbank maintains an active, transparent and open dialog with all stakeholders. In this regard, the Sustainability Report, an annual publication on sustainability performance, plays an important role. The gold award at the Econ Awards 2014 for outstanding performance in corporate communications in German-speaking countries was particularly welcome in this respect. The RZB sustainability report 2011/2012 "We create sustainable value" was distinguished for the first time in the category "Sustainability and CSR Report".

At around the same time, RZB Group's sustainability reporting received an award in Austria. The electronic update for the 2013 financial year was again counted among the best sustainability reports of large corporations at ASRA 2014.

The emphasis of the ecologically-oriented business measures was on the area of mobility, which is one of the largest producers of CO2 in the RZB Group. In 2009, at the request of the Environmental Committee, the first survey of employees' commutes to their place of employment was conducted. In fall 2014, a mobility survey was once again started in the Group, to investigate travel patterns of employees during business trips and in commuting. The analysis will take place on country level in the first quarter of 2015.

As an **engaged citizen**, Raiffeisen Zentralbank assumes responsibility for society and the environment. Accordingly, it was engaged in the establishment of the Raiffeisen Climate Protection Initiative (Raiffeisen Klimaschutz-Initiative - RKI) in 2007. RKI is a platform and a driving force for measures in the areas of sustainability, climate protection, energy efficiency, renewable resources and corporate responsibility.

In order to identify innovative new ideas and projects in the field of sustainability and to get employees more involved in this subject, RKI initiated the "Raiffeisen Sustainability Challenge" in fall 2014. Three category choices were available: sustainable financial products and services, sustainable construction, renovation and mobility as well as internal measures. In total 174 ideas were submitted by employees of the participating RKI organizations. An internal jury evaluated the best three respective projects in the member companies. In the Vienna head office of Raiffeisen Zentralbank and RBI, the project ideas of "the green belt" and "electronic payslips" were the winners. The European Green Belt is a conservation initiative to preserve largely natural land in border areas. The proposal was to safeguard this ecological reserve through the purchase of protected areas. Two employees submitted the idea of electronic payslips, not only to save costs but also to reduce resource utilization and CO2 emissions.

The corporate volunteer project "Surprise in a Box" was supported for the seventh time by RZB employees. The project involves the collection of presents for children, which are then packed together in shoe boxes. The parcels are given to vulnerable children in the Vienna Caritas asylum center.

Risk management

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

This function spans the entire organizational structure, including all levels of management, and is also implemented in each of the subsidiaries by local risk management units. Risk management is structured to ensure the careful handling and professional management of credit risk, country risk, market risk, liquidity risk, investment risk and operational risk in order to ensure an appropriate risk/reward ratio. More detailed information on the structure of the risk organization and key figures are available in the risk report.

Changes in the regulatory environment

In the 2014 financial year RZB also continued to focus intensively on both existing and forthcoming regulatory requirements. One of the major developments was the new statutory regulations, which came into force at the start of 2014 with the EU Directive for Basel III (CRD IV/CRR).

In preparation for the Single Supervisory Mechanism (SSM), the European Central Bank (ECB) subjected the major European banks, including RZB, to a Comprehensive Assessment comprising an Asset Quality Review along with a Europe-wide stress test. In order to be optimally prepared for the assessment conducted by the ECB and to ensure good data quality, an internal project was established which remained in ongoing contact with the supervisory authorities.

The ECB subjected all banks that in future are to be directly supervised to the Comprehensive Assessment, which mainly consisted of an extensive Asset Quality Review (AQR) and a Europe-wide stress test. The RZB Group significantly surpassed the required capital ratios in both the baseline and adverse scenarios of the stress test. The AQR, which preceded the stress test, was based on the 2013 statement of financial position and brought adjustments to the common equity tier 1 ratio (CET1 ratio) used by the ECB in its stress test for RZB, in the amount of 0.65 percentage points. These adaptations are mainly due to the fact that the ECB employs a different approach to RZB for portfolio-based loan loss provisions. Moreover, the AQR did not account for provisions that RZB established in the 2014 financial year. However, most of these were allocated in the financial year 2014. The recommendations of the ECB were implemented to the extent that they correspond with IFRS accounting policies and increase the qualitative accuracy of the models used.

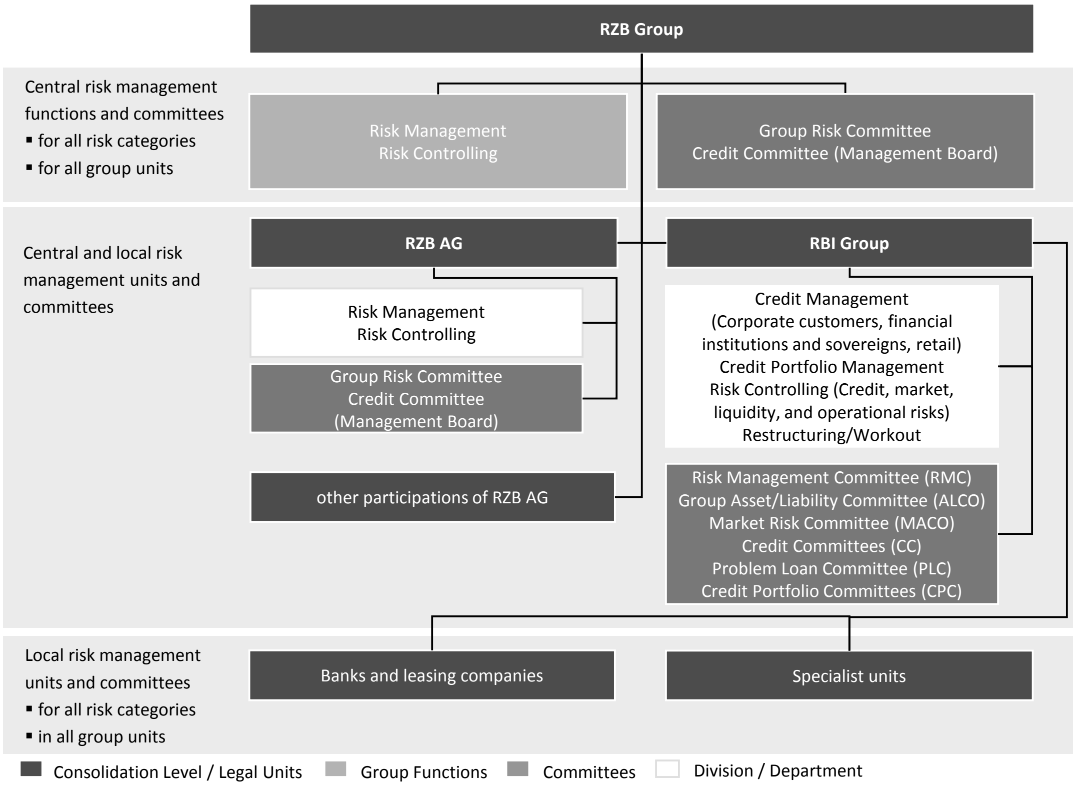
Risk report

Risks arising from financial instruments

Active risk management constitutes a fundamental responsibility of Raiffeisen Zentralbank, as parent credit institution of the RZB Group, in respect to the governance of the Group. In order to effectively identify, classify and contain risks, the bank works closely with Raiffeisen Bank International AG (RBI) to develop and implement relevant concepts.

Organization

Raiffeisen Zentralbank, as parent credit institution, maintains a number of Service Level Agreements with risk management units within RBI, which carries out the operational implementation of risk management processes in the Group in conjunction with the individual Group subsidiaries. In addition, Raiffeisen Zentralbank determines risk management policies and defines business-specific guidelines, tools and procedures for all companies in the Group.



The two risk management units of Raiffeisen Zentralbank have defined authority for credit decisions relating to business undertaken by Raiffeisen Zentralbank and for large Group credit exposures (risk management) as well as for risk monitoring in the Group (risk controlling). These risk management units also ensure compliance with all regulatory requirements in the RZB credit institution group pursuant to Section 30 of the BWG (Banking Act).

Risk position

Risks arising from participating interests form the most important risk category for RZB. The holding in RBI constitutes the largest participating interest, which - in addition to its own bank business - holds interests in banks and leasing companies in Central and Eastern Europe. The majority of the direct and indirect participating interests held by RZB (e.g. network banks, leasing companies) are fully consolidated in the consolidated financial statements and their risks are therefore closely monitored from an integrated perspective not only by the RBI subsidiary, but also by the risk controlling area of Raiffeisen Zentralbank. The other participating interests are focused on the insurance industry, the food sector and the area of banking support services.

The credit risk exposure of Raiffeisen Zentralbank primarily relates to default risk resulting from business undertaken with the Raiffeisen Banking Group in Austria. This risk is monitored on an individual entity and on a customer (group) basis. As most of the customers have a relationship based on ownership with Raiffeisen Zentralbank - either as a subsidiary company or as a shareholder - protecting against default risk generally takes the form of the posting of collateral and netting agreements. Moreover, in the course of managing the Group, large credit exposures of subsidiary companies are also approved by Raiffeisen Zentralbank when an application for a credit limit for a Group customer exceeds the defined authority of that subsidiary.

Market and liquidity risks at Raiffeisen Zentralbank are by comparison very minor. Raiffeisen Zentralbank closes the risks arising from business policy primarily with RBI, so that for the most part only residual positions remain.

Participation risk

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

The roots of participation risk and default risk are similar: A deterioration in the financial situation of a participation is normally followed by a rating downgrade (or default) of that unit. The calculation of the value-at-risk and the economic capital for participations is based on an extension of the credit risk approach pursuant to Basel III.

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

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

Introduction

The establishment and definition of a suitable internal control and risk management system with regard to the accounting process is extremely significant for Raiffeisen Zentralbank and the Group. The annual financial statements of Raiffeisen Zentralbank are prepared in the AG Accounting department of Raiffeisen Bank International, which falls within the CFO's area of responsibility. The scope of its activities is defined in a service level agreement between the companies.

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

At Raiffeisen Zentralbank, the general ledger is maintained through the core banking system GEBOS, which also includes the credit and deposit processing sub-ledger function (GIRO). The primary system used for interbank business with institutions from the sector is Wall Street Systems, whereby the required accounting data is transferred via an interface to the general ledger (GEBOS). Accounts receivable, accounts payable and fixed asset accounting are processed through a SAP system. Based on the trial statement of financial position from GEBOS, a large number of supplementary closing entries are made. The statement of financial position and the income statement are prepared on this basis in accordance with the Austrian Commercial Code (UGB) and the Austrian Banking Act (BWG).

Control environment

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

- General accounting rules
- Measurement methods
- Required (quantitative) information in the notes
- Accounting rules for special transactions

Additionally, there are guidelines that relate solely to Raiffeisen Zentralbank. For the accounting system there is for example an "Accounting Guidelines" directive, which defines the instruction process for the settlement of purchase invoices or the management of clearing accounts.

Risk assessment

The assessment of the risk of incorrect financial reporting is based on various criteria. Valuations of complex financial instruments may lead to an increased risk of error. In addition, asset and liability items have to be valued for the preparation of the annual financial statements; in particular the assessment of the impairment of receivables, securities and participations, which are based on estimates of future developments, gives rise to a risk. The main focus of risk assessment is on Raiffeisen Zentralbank's listed and unlisted participating interests, with the sustainability of balance sheet valuations having a significant influence on the annual financial statements.

Control measures

The main control measures encompass a wide range of reconciliation processes. Besides the four eyes principle, automation-aided controls and monitoring instruments dependent on risk levels are used, for example the comparison of the main ledger with the sub-ledgers or the continuous reconciliation of clearing accounts. The duties assigned to individual positions are documented and updated on an ongoing basis. Particular emphasis is placed on effective deputizing arrangements to ensure that deadlines are not missed due to the absence of one person.

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

Information and communication

Information on the accounting treatment of their respective products is regularly exchanged with the specialist departments. Regular departmental meetings ensure that employees receive ongoing training on changes to accounting rules under the Austrian Commercial Code (UGB).

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

External reports are for the most part prepared only for the consolidated results of RZB. This information is published on a semi-annual basis, comprising consolidated financial statements and an interim financial report. In addition, there are regular regulatory reporting requirements with respect to the banking supervisory authority.

Monitoring

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

Financial statements that are to be published are subjected to a final assessment by senior staff at the RBI main Accounting & Reporting department and the RZB Participation Management & Controlling department before being passed on to the Audit Committee.

Outlook

Economic prospects

Central Europa

Positive growth trends from the second half of 2014 should continue in the CE region in 2015 and 2016. The economic turnaround seems to have taken hold, and the 2015 increase in growth in the Euro area should support exports. Domestic demand is also expected to continue developing, which would further underpin the sustainability of the economic recovery. Following GDP growth of 2.9 per cent in 2014, the CE forecast for the years to come is currently at 3.0 per cent. Poland is likely to remain the top performing country in 2015, followed by other CE countries such as Hungary, Slovakia and the Czech Republic. In terms of monetary policy, the reins will likely continue to be kept loose in CE due to record-low inflation rates. Restrictive monetary policy measures are not expected before 2016.

Southeastern Europe

The SEE region's GDP growth in 2015 and 2016 should be less strongly affected by one-off effects (such as the natural disasters in Serbia and Bosnia-Herzegovina in 2014) and unmet consolidation requirements (such as in Croatia). After GDP growth of 1.4 per cent in 2014, and 1.9 per cent in 2015, SEE will likely again near its current potential growth rate in 2016. Romania, in particular, should remain on a solid growth trajectory with GDP rising at around 3.0 per cent per year. Economic growth in Romania should be supported by rather lax monetary policies in 2015 and subsequent years. Other SEE countries, whose development in the past years was stagnant, are expected to slowly join the positive progress of Romania in 2015 and 2016.

Russia

The growth outlook is subdued – partly because exports and investments are unlikely to generate much momentum, and partly because the consequences of the Ukraine conflict still pose significant downside risks. After experiencing a deep recession in 2015 and a tentative recovery in 2016, the Russian economy is expected to weakly expand at 0.5 per cent. Its potential growth will likely stay below 2.0 per cent if the government does not enact reforms and diversify the economy as it planned, but failed to do in the previous cycle. Should economic sanctions against Russia continue, macrofinancial risks will rise sharply despite ample fiscal and foreign currency reserves.

CEE Other

Faced with high economic and political uncertainty, Ukraine will have to carry out difficult structural reforms in 2015 and 2016, supervised by the IMF, in order to adjust current economic imbalances and obtain urgently needed financing. Economic performance should therefore continue to decline, at least in 2015, while prospects of an economic recovery remain unclear. Belarus, also facing a stagnation or recession in 2015, will remain dependent on financial support from Russia making its macrofinancial situation likely to remain strained for the years to come.

Eurozone

The euro area should see accelerated economic growth in the course of 2015 and continue this course in 2016. Exports are poised to benefit from the weak euro and robust economic momentum of important trading partners (USA, UK). Headwinds from fiscal policy will die down, while low oil prices should bolster consumer purchasing power and reduce companies' costs. Monetary policy, likely to stay very loose for a long time, will produce highly favorable financing terms that should clear the investment backlog. Private-sector investment will probably recover slowly, and so growth is expected to remain modest at 1.2 per cent in 2015. The 2016 estimate is at 1.9 per cent, which is even above the euro area's potential growth. Despite the increase in economic momentum, weak wage pressures should keep inflation below the ECB target rate of slightly less than 2.0 per cent until 2016.

Austria

Economic momentum in Austria will probably only increase by a modest amount in 2015 and 2016, and lag behind previous upturns. Domestic demand should drive much of the growth, with private consumption benefitting from the stable employment situation. Furthermore, employment is expected to increase in the second half of 2015, while low energy prices support an increase in purchasing power. However, investment will only gain slight momentum. Due to an improvement in foreign trade conditions, exports are likely to increase; however, imports should rise about as quickly given the assumed increase in domestic demand. Therefore, GDP is expected to grow 0.7 per cent in 2015 and 1.8 per cent in 2016.

Business outlook

RBI has the greatest influence on business development within the RZB Group. RBI is planning an aggregate gross risk-weighted asset (total RWA) reduction of € 16 billion in selected markets by the end of 2017 (total RWA as at 31 December 2014: € 68.7 billion). RBI intends to partly offset the reduction with growth in other business areas.

After the implementation of the new strategic measures, the cost base should be 20 per cent below the level of 2014 (at constant prices and foreign exchange rates; general administrative expenses 2014: € 3,024 million). RBI targets a cost/income ratio of between 50 and 55 per cent in the medium term.

RBI aims for a return on equity before tax of approximately 14 per cent and a consolidated return on equity of approximately 11 per cent in the medium term. The full year 2015 result may be negative as the majority of the restructuring costs (around€ 550 million in total) are expected to be booked in 2015.

RBI expects net provisioning for impairment losses to remain elevated in 2015; however, RBI anticipates that the requirement will be below the level of the previous year (2014: € 1,716 million).

RBI targets a CET1 ratio (fully loaded) of 12 per cent and a total capital ratio (fully loaded) of 16 per cent by the end of 2017.

To ensure RZB can, among other things, achieve its targets for cost savings and creating added value for the sector, it will continue to focus on strengthening the core competencies of the affiliated companies. The synergies and potential efficiencies which have already been achieved must also be ensured in future.

Against the backdrop of a permanently changing regulatory environment and further strengthening of our balance sheet structure, RZB continuously evaluates the level and structure of its regulatory capital to enable it to act promptly and flexibly.

Subsequent events

Strategic measures to strengthen capital ratios

In February 2015, RBI resolved to take a number of steps to increase capital buffers. The measures are intended to facilitate an improvement in the CET1 ratio (fully loaded) to 12 per cent by the end of 2017, compared to 10 per cent at the end of 2014. The planned steps will affect a number of operations across RBI, in particular those areas which generate low returns, have high capital consumption or are of limited strategic fit.

The measures to be implemented include sale of the operations in Poland and Slovenia, as well as the direct banking unit ZUNO. Exposure to the Russian market is to be reduced, with a risk-weighted asset (total RWA) reduction of approximately 20 per cent planned by the end of 2017 (total RWA as at 31 December 2014: € 8.4 billion). A reduction in exposure is also foreseen in Ukraine, where total RWA will be decreased by approximately 30 per cent by the end of 2017 (total RWA as at 31 December 2014: € 3.0 billion). In Hungary further optimization of the operation will be undertaken. As part of the drive to increase Group focus on the CEE region, operations are to be significantly scaled back or exited in Asia by the end of 2017 and in the US by the end of 2016.

The implementation of these measures will result in an aggregate gross RWA reduction in the selected markets of approximately € 16 billion by the end of 2017 (total RWA as at 31 December 2014: € 68.7 billion). The total gross reduction from the end of the third quarter 2014 to the end of 2017 will amount to approximately € 26 billion.

The reduction is expected to be partially offset by growth in other business areas.

Currency devaluations at the beginning of 2015

At the beginning of 2015, changes to the Ukrainian National Bank's monetary policy led to a slump. By the end of February, the Ukrainian hryvnia (UAH) had lost 37 per cent. This will have an effect on RZB's loan portfolio in 2015; however, this has only little impact on RZB's capital position.

At the beginning of 2015, Belarus devalued the Belarusian rouble (BYR) by around 20 per cent. This was a result of the currency turbulence in Russia at the end of 2014. The Belarusian economy is strongly linked to the Russian's. As Priorbank's capital is partly secured through an economic hedge this has little impact on the capital position.

The appreciation of the Swiss franc (CHF) against the Euro, following the withdrawal of the Swiss National Bank's exchange rate peg, can have a negative impact on CHF-denominated foreign currency loans. RZB's portfolio of these loans is approximately € 4 billion, € 2.8 billion of which are in Poland. Overall, the short-term impact on RZB is deemed low.

Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of

Raiffeisen Zentralbank Österreich Aktiengesellschaft,
Vienna,

for the year from 1 January 2014 to 31 December 2014. These financial statements comprise the balance sheet as of 31 December 2014, the income statement for the year ended 31 December 2014 and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2014 and of its financial performance for the year from 1 January 2014 to 31 December 2014 in accordance with Austrian Generally Accepted Accounting Principles.

Report on Other Legal Requirements (Management Report)

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 11 March 2015

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca	Michael Schlenk
Wirtschaftsprüfer	Wirtschaftsprüfer

(Austrian Chartered Accountants)

Statement of all legal representatives

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

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

Vienna, 11 March 2015

The Management Board

Walter Rothensteiner
Chairman of the Management Board responsible for
Participation Management and Controlling, General Secretariat, Compliance, Audit of RZB Group and Strategic Management

Johannes Schuster
Member of the Management Board responsible for
Sector Marketing, Sector Customers, Sector Treasury and Sector Saleservices

Johann Strobl
Member of the Management Board responsible for
Risk Controlling and Risk Management