RAIFFEISEN ZENTRALBANK

ANNUAL FINANCIAL REPORT 2015

Overview

Raiffeisen Zentralbank (RZB) Monetary values in € million	2015	Change	2014 restated	2014 published	2013	2012	2011
Income statement	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Net interest income	3,623	(10.0)%	4,024	4,024	3,931	3,531	3,585
Net provisioning for impairment losses	(1,259)	(29.5)%	(1,786)	(1,752)	(1,200)	(1,031)	(1,099)
Net fee and commission income	1,594	(3.2)%	1,647	1,647	1,630	1,521	1,493
Net trading income	16	–	(21)	(21)	323	196	346
General administrative expenses	(3,170)	(3.8)%	(3,294)	(3,294)	(3,460)	(3,340)	(3,208)
Profit/loss before tax	737	–	(56)	72	1,049	918	1,144
Profit/loss after tax	465	–	(556)	(432)	756	641	728
Consolidated profit/loss	237	–	(399)	(323)	422	370	472
Earnings per share	34.95	93.80	(58.84)	(47.71)	62.29	58.79	78.18
Statement of financial position	**31/12**		**31/12**	**31/12**	**31/12**	**31/12**	**31/12**
Loans and advances to banks	12,113	(35.9)%	18,892	18,892	22,650	21,430	22,457
Loans and advances to customers	79,458	(9.4)%	87,741	87,741	90,594	85,600	84,093
Deposits from banks	28,113	(15.3)%	33,200	33,200	33,733	38,410	39,873
Deposits from customers	78,079	3.9%	75,168	75,168	75,660	66,439	67,114
Equity	9,296	1.0%	9,207	9,332	11,788	12,172	11,489
Assets	138,426	(4.4)%	144,805	144,929	147,324	145,955	150,087
Key ratios	**1/1-31/12**		**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**	**1/1-31/12**
Return on equity before tax	7.6%	–	–	0.6%	8.9%	7.9%	10.5%
Cost/income ratio	59.4%	2.0 PP	57.5%	57.5%	57.4%	62.2%	59.2%
Return on assets before tax	0.51%	–	–	0.05%	0.74%	0.60%	0.78%
Net interest margin (average interest-bearing assets)	2.72%	(0.27) PP	2.98%	2.98%	3.05%	2.61%	2.76%
Provisioning ratio (average loans and advances to customers)	1.45%	(0.52) PP	1.97%	1.93%	1.40%	1.20%	1.35%
Bank-specific information	**31/12**		**31/12**	**31/12**	**31/12**	**31/12**	**31/12**
NPL ratio	11.1%	3.0%	10.8%	10.8%	10.2%	9.7%	8.6%
Risk-weighted assets (total RWA)	72,131	(8.4)%	78,703	78,703	89,082	87,065	99,781
Total capital requirement	5,770	(8.4)%	6,296	6,296	7,127	6,965	7,982
Total capital	10,022	(15.2)%	11,814	11,814	12,645	12,667	12,725
Common equity tier 1 ratio (transitional)	10.6%	0.4 PP	10.2%	10.2%	9.8%	10.9%	9.1%
Common equity tier 1 ratio (fully loaded)	10.3%	1.8 PP	8.5%	8.5%	–	–	–
Total capital ratio (transitional)	13.9%	(1.1) PP	15.0%	15.0%	13.1%	14.5%	12.8%
Total capital ratio (fully loaded)	13.4%	0.0 PP	13.5%	13.5%	–	–	–
Resources	**31/12**		**31/12**	**31/12**	**31/12**	**31/12**	**31/12**
Employees as at reporting date (full-time equivalents)	53,096	(5.5)%	56,212	56,212	59,372	60,694	59,836
Business outlets	2,722	(5.6)%	2,882	2,882	3,037	3,115	2,937

In this report, "RZB"refers to RZB Group respectively not separatley specified Group units. "RZB AG" is used wherever statements refer solely to Raiffeisen Zentralbank Österreich AG. Adding and subtracting rounded amounts in tables may have led to minor differences. Information about changes (percentages) is based on actual and not rounded values, which are shown in the tables.

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	2015	2014 restated	Change
Interest income		5,338,577	6,032,498	(11.5)%
Current income from associates		132,837	75,296	76.4%
Interest expenses		(1,847,993)	(2,083,681)	(11.3)%
Net interest income	**[2]**	**3,623,422**	**4,024,113**	**(10.0)%**
Net provisioning for impairment losses	[3]	(1,259,049)	(1,785,721)	(29.5)%
Net interest income after provisioning		**2,364,372**	**2,238,392**	**5.6%**
Fee and commission income		2,211,819	2,233,735	(1.0)%
Fee and commission expense		(618,014)	(587,012)	5.3%
Net fee and commission income	**[4]**	**1,593,805**	**1,646,724**	**(3.2)%**
Net trading income	[5]	15,700	(20,543)	–
Net income from derivatives and liabilities	[6]	(14,457)	21,881	–
Net income from financial investments	[7]	(32,583)	129,590	–
General administrative expenses	[8]	(3,170,095)	(3,293,844)	(3.8)%
Other net operating income	[9]	(71,866)	(768,077)	(90.6)%
Net income from disposal of group assets	[10]	51,993	(9,832)	–
Profit/loss before tax		**736,869**	**(55,708)**	**–**
Income taxes	[11]	(271,515)	(500,695)	(45.8)%
Profit/loss after tax		**465,354**	**(556,403)**	**–**
Profit attributable to non-controlling interests	[33]	(228,489)	157,631	–
Consolidated profit/loss		**236,864**	**(398,772)**	**–**

Previous year figures were restated according to IAS 8.41. This affected net provisioning for impairment losses by minus € 34,129 thousand and other net operating income by minus € 93,403 thousand, reduced by the resulting deferred tax income of € 3,422 thousand. Details can be found in the notes in the section principles underlying the preparation of financial statements.

Earnings per share

in € thousand	2015	2014 restated
Consolidated profit/loss	236,864	(398,772)
Average number of ordinary shares outstanding	6,776,750	6,776,750
Earnings per share in €	**34.95**	**(58.84)**

Earnings per share are obtained by dividing onsolidated profit/loss by the average number of common shares outstanding. In the financial year 2015, the number of common shares outstanding was 6,776,750 (2014: 6,776,750).

There were no conversion rights or options outstanding, a dilution of earnings per share did not take place.

Other comprehensive income and total comprehensive income

in € thousand	Total 2015	Total 2014	Group equity 2015	Group equity 2014	Non-controlling interests 2015	Non-controlling interests 2014
Profit/loss after tax	**465,354**	**(556,403)**	**236,864**	**(398,772)**	**228,489**	**(157,631)**
Items which are not reclassified to profit and loss	**4,784**	**(24,273)**	**3,919**	**(18,523)**	**864**	**(5,750)**
Remeasurements of defined benefit plans	5,819	(28,558)	4,667	(21,531)	1,152	(7,026)
Deferred taxes on items which are not reclassified to profit and loss	(1,035)	4,285	(747)	3,009	(288)	1,277
Items that may be reclassified subsequently to profit or loss	**(146,764)**	**(1,199,206)**	**(113,901)**	**(715,901)**	**(32,863)**	**(483,304)**
Exchange differences	(189,332)	(1,337,216)	(111,773)	(804,011)	(77,560)	(533,205)
Capital hedge	90,316	2,041	54,929	1,241	35,387	800
Hyperinflation	0	39,162	0	20,898	0	18,264
Net gains (losses) on derivatives hedging fluctuating cash flows	(436)	(10,241)	(265)	(6,228)	(171)	(4,012)
Changes in equity of companies valued at equity	(88,668)	68,963	(75,917)	49,189	(12,751)	19,774
Net gains (losses) on financial assets available-for-sale	81,490	35,035	45,075	20,775	36,415	14,260
Deferred taxes on income and expenses directly recognized in equity	(40,133)	3,050	(25,950)	2,235	(14,184)	815
Other comprehensive income	**(141,980)**	**(1,223,478)**	**(109,981)**	**(734,424)**	**(31,999)**	**(489,054)**
Total comprehensive income	**323,373**	**(1,779,882)**	**126,883**	**(1,133,196)**	**196,490**	**(646,686)**

Other comprehensive income

According to IAS 19R revaluations of defined benefit plans are to be shown in other comprehensive income. This resulted in other comprehensive income of € 5,819 thousand in the reporting year (2014: € 28,558 thousand).

Exchange rate differences are derived primarily from changes in the value of the euro in relation to the Belarus rouble, Russian rouble and Ukrainian hryvnia. In the reporting year, a loss of € 4,018 thousand was reclassified to the income statement due to the sale of ZAO NPF Raiffeisen, Moscow. In the previous year, no profit or loss was reclassified to the income statement.

Capital hedge comprises hedges for investments in economically independent sub-units. The partial hedging of the net investments in Russia and Poland led to the positive result of € 90,316 thousand shown under this item.

As of 1 January 2015, the application of hyperinflation accounting in Belarus was discontinued as the relevant parameters indicating hyperinflation no longer existed. In the previous year, € 39,162 thousand was recognized in other comprehensive income in Belarus due to the application of IAS 29 (hyperinflation accounting).

Cash flow hedging has been applied in two Group units to hedge against interest rate risk. In the reporting year, € 1,079 thousand was reclassified to the income statement. In the previous year, no profit or loss was reclassified to the income statement.

The item net gains (losses) on financial assets available-for-sale directly shown in equity, contains net valuation results from financial investments. The increase mainly resulted from the revaluation of shares in a credit card company. In the reporting year, minus € 15 thousand (2014: minus € 10 thousand) was reclassified to the income statement.

Changes in equity of companies valued at equity mainly refer to changes in UNIQA Insurance Group AG. Basically, it deals with measurement changes of the available-for-sale portfolio of securities.

The components of retained earnings developed as follows:

in € thousand	Remeasure-ments reserve	Exchange differences	Capital hedge	Hyper-inflation	Cash flow hedge	Fair value reserve (afs financial assets)	Deferred taxes	Companies valued at equity
As at 1/1/2014	**(6,061)**	**(1,345,463)**	**60,921**	**110,503**	**(22,098)**	**8,937**	**333,700**	**131,440**
Unrealized net gains (losses) of the period	(21,531)	(804,011)	1,241	20,898	(6,228)	20,769	5,245	(84,985)
Net gains (losses) reclassified to income statement	0	0	0	0	0	6	(1)	0
As at 31/12/2014	**(27,592)**	**(2,149,474)**	**62,162**	**131,400**	**(28,327)**	**29,713**	**338,943**	**46,454**
Unrealized net gains (losses) of the period	4,667	(114,216)	54,929	0	(921)	45,066	(26,695)	(75,917)
Net gains (losses) reclassified to income statement	0	2,443	0	0	656	9	(2)	0
As at 31/12/2015	**(22,925)**	**(2,261,247)**	**117,091**	**131,400**	**(28,592)**	**74,788**	**312,246**	**(29,462)**

Interim results

in € thousand	H1/2014	H2/2014 restated	H1/2015 restated	H2/2015
Net interest income	2,097,393	1,926,720	1,827,108	1,796,314
Net provisioning for impairment losses	(586,748)	(1,198,973)	(605,965)	(653,084)
Net interest income after provisioning	**1,510,645**	**727,747**	**1,221,142**	**1,143,230**
Net fee and commission income	805,242	841,482	782,829	810,976
Net trading income	7,386	(27,929)	(5,676)	21,377
Net income from derivatives and liabilities	(64,509)	86,391	31,267	(45,724)
Net income from financial investments	99,600	29,990	40,220	(72,803)
General administrative expenses	(1,632,734)	(1,661,110)	(1,502,298)	(1,667,798)
Other net operating income	(124,759)	(643,318)	(22,998)	(48,868)
Net income from disposal of group assets	(10,921)	1,089	4,140	47,853
Profit/loss before tax	**589,950**	**(645,658)**	**548,627**	**188,242**
Income taxes	(155,541)	(345,154)	(167,163)	(104,352)
Profit/loss after tax	**434,409**	**(990,812)**	**381,463**	**83,890**
Profit attributable to non-controlling interests	(185,887)	343,518	(170,948)	(57,541)
Consolidated profit/loss	**248,522**	**(647,294)**	**210,515**	**26,349**

Previous year figures were restated according to IAS 8.41. In the second half year of 2014, this affected net provisioning for impairment losses by minus € 34,129 thousand, reduced by the resulting deferred tax income of € 3,422 thousand and other net operating income by minus € 93,403 thousand.

In the first half year of 2015, this affected net provisioning for impairment losses by minus € 11,705 thousand reduced by the resulting deferred tax income of € 93 thousand.

in € thousand	H1/2012	H2/2012	H1/2013	H2/2013
Net interest income	1,797,920	1,732,848	1,939,453	1,991,606
Net provisioning for impairment losses	(407,365)	(623,319)	(455,083)	(744,773)
Net interest income after provisioning	**1,390,555**	**1,109,529**	**1,484,370**	**1,246,832**
Net fee and commission income	723,244	797,924	788,211	841,924
Net trading income	155,367	40,303	144,390	178,321
Net income from derivatives and liabilities	(22,823)	(109,070)	(183,321)	(66,980)
Net income from financial investments	253,317	(13,415)	63,634	86,755
General administrative expenses	(1,554,909)	(1,785,241)	(1,663,292)	(1,796,414)
Other net operating income	(11,883)	(67,287)	(55,049)	(16,472)
Net income from disposal of group assets	(1,476)	13,620	(6,149)	2,222
Profit/loss before tax	**931,391**	**(13,637)**	**572,794**	**476,190**
Income taxes	(197,911)	(79,037)	(153,687)	(139,764)
Profit/loss after tax	**733,481**	**(92,674)**	**419,107**	**336,426**
Profit attributable to non-controlling interests	(236,820)	(33,569)	(171,366)	(162,060)
Consolidated profit/loss	**496,660**	**(126,243)**	**247,741**	**174,366**

Statement of financial position

Assets in € thousand	Notes	2015	2014 restated	Change
Cash reserve	[13.34]	17,401,694	9,221,481	88.7%
Loans and advances to banks	[14.34,50]	12,113,132	18,891,578	(35.9)%
Loans and advances to customers	[15.34,50]	79,457,653	87,741,358	(9.4)%
Impairment losses on loans and advances	[16.34]	(6,399,737)	(6,481,100)	(1.3)%
Trading assets	[17.34,50]	5,774,573	7,868,284	(26.6)%
Derivatives	[18.34,50]	1,480,256	1,568,161	(5.6)%
Financial investments	[19.34,50]	22,448,227	20,302,533	10.6%
Investments in associates	[20.34,50]	1,590,384	1,688,260	(5.8)%
Intangible fixed assets	[21.23,34]	703,804	767,652	(8.3)%
Tangible fixed assets	[22.23,34]	1,790,217	1,771,300	1.1%
Other assets	[24.34,50]	2,065,627	1,465,284	41.0%
Total assets		**138,425,830**	**144,804,791**	**(4.4)%**

Equity and liabilities in € thousand	Notes	2015	2014 restated	Change
Deposits from banks	[25.34,50]	28,113,082	33,200,342	(15.3)%
Deposits from customers	[26.34,50]	78,078,973	75,167,744	3.9%
Debt securities issued	[27.34,50]	9,353,330	12,490,223	(25.1)%
Provisions for liabilities and charges	[28.34,50]	1,085,276	1,187,145	(8.6)%
Trading liabilities	[29.34,50]	5,031,949	6,803,904	(26.0)%
Derivatives	[30.34,50]	978,346	774,820	26.3%
Other liabilities	[31.34,50]	2,284,967	1,665,557	37.2%
Subordinated capital	[32.34,50]	4,203,781	4,307,565	(2.4)%
Equity	[33.34]	9,296,127	9,207,490	1.0%
Consolidated equity		5,151,102	5,650,836	(8.8)%
Consolidated profit/loss		236,864	(398,772)	–
Non-controlling interests		3,908,160	3,955,426	(1.2)%
Total equity and liabilities		**138,425,830**	**144,804,791**	**(4.4)%**

Statement of changes in equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity as at 1/1/2014	**492,466**	**1,834,775**	**4,218,957**	**422,107**	**4,819,810**	**11,788,116**
Capital increases/decreases	0	0	0	0	(209,016)	(209,016)
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)	(398,772)	(646,686)	(1,779,882)
Dilution	0	0	(355,079)	0	355,079	0
Other changes	0	0	15,995	0	(12,168)	3,827
Equity as at 31/12/2014 restated	**492,466**	**1,834,775**	**3,323,593**	**(398,772)**	**3,955,426**	**9,207,490**
Capital increases/decreases	0	0	0	0	62,670	62,670
Transferred to retained earnings	0	0	(398,772)	398,772	0	0
Dividend payments	0	0	0	0	(57,999)	(57,999)
Total comprehensive income	0	0	(109,981)	236,864	196,490	323,373
Other changes	0	0	9,020	0	(248,427)	(239,407)
Equity as at 31/12/2015	**492,466**	**1,834,775**	**2,823,860**	**236,864**	**3,908,160**	**9,296,127**

The capital increases related to non-controlling interests concern mostly Raiffeisen Bank Aval JSC, Kiev.

The other changes in equity are mainly due to the loss of non-controlling interests of € 280,841 thousand caused by the purchase of a 49 per cent interest in Raiffeisen Bausparkasse GmbH, Vienna. In contrast, the purchase of a 32.7 per cent interest of in Valida Group resulted in a positive effect of € 38,334 thousand in the course of initial consolidation. The total interest in Valida Group increased to 57.4 per cent.

Further details about the above shown changes are reported in the notes under (33) Equity.

Statement of cash flows

in € thousand	2015	2014 restated
Profit/loss after tax	**465,354**	**(556,403)**
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	476,464	759,267
Net provisioning for liabilities and charges and impairment losses	1,533,364	2,467,550
Gains (losses) from disposals of tangible fixed assets and financial investments	(106,147)	(61,754)
Profit/loss from at-equity	(69,779)	(75,296)
Other adjustments (net)	(1,055,107)	(67,368)
Subtotal	**1,244,149**	**2,465,996**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:		
Loans and advances to banks and customers	14,378,208	3,294,720
Trading assets/trading liabilities (net)	535,103	894,776
Other assets/other liabilities (net)	(4,715,726)	284,199
Deposits from banks and customers	(674,836)	2,036,125
Usage of provisions	(435,349)	(277,888)
Debt securities issued	(3,318,437)	(1,316,955)
Net cash from operating activities	**7,013,113**	**7,380,972**
Proceeds from sale of:		
Financial investments	4,401,724	1,506,403
Tangible and intangible fixed assets	186,395	139,297
Proceeds from disposal of group assets	118,334	94,885
Payments for purchase of:		
Financial investments	(2,480,305)	(6,109,099)
Tangible and intangible fixed assets	(370,693)	(488,256)
Payments for acquisition of subsidiaries	(15,851)	(30,400)
Net cash from investing activities	**1,839,604**	**(4,887,170)**
Capital increases	62,670	(209,016)
Inflows/outflows of subordinated capital	(130,043)	153,694
Dividend payments	(57,999)	(595,556)
Change in non-controlling interests	(251,968)	25
Net cash from financing activities	**(377,340)**	**(650,853)**

in € thousand	2015	2014 restated
Cash and cash equivalents at the end of previous period	**9,221,481**	**8,246,471**
Cash from the acquisition of subsidiaries	1	0
Net cash from operating activities	7,013,113	7,380,972
Net cash from investing activities	1,839,604	(4,887,170)
Net cash from financing activities	(377,340)	(650,853)
Effect of exchange rate changes	(24,588)	(867,939)
Cash and cash equivalents at the end of period[1]	**17,672,271**	**9,221,481**

1 Cash and cash equivalents at the end of period deviates from the item cash reserve due to the disclosure of Raiffeisen Banka d.d., Maribor, and ZUNO BANK AG, Vienna pursuant to IFRS 5.

Payments for taxes, interest and dividends	2015	2014 restated
Interest received	4,925,000	5,566,944
Dividends received	134,871	83,507
Interest paid	(1,755,707)	(1,931,855)
Income taxes paid	(269,626)	(226,362)

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

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

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

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

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

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

Segment reporting

Segment classifciation

As a rule, 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 RZB AG acts primarily as the central institution 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 central institution of Raiffeisen Banking Group, RZB AG 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 RZB.

Raiffeisen Bank International Group (RBI)

This segment comprises the profit of the Raiffeisen Bank International AG group. RBI AG is by far the largest participation of RZB. As the lead bank in the RZB credit institution group, RZB AG has corresponding management and control responsibilities. Together with representatives of its owners, RZB AG appoints eight of the ten RBI Supervisory Board members. Beside the profit arising directly from RBI activities, the segment also covers the expenses incurred for services provided by RZB AG in various areas, such as audit or risk.

Central institution and specialized subsidiaries

This segment consolidates those activities that enable RZB AG to perform its tasks as the central institution of the RBG. This segment accordingly reports all the net income from the banking business of RZB AG within the RBG. In addition, it shows the net income of the specialized subsidiaries which operate in building society, factoring and fund business as well as in the leasing business with numerous project companies in Austria and abroad. In the financial year, the pension fund business was added to the segment due to the purchase of the majority of shares in Valida Vorsorge Management. Allocated expenses 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 profit from participations not connected with the function of RZB AG as the central institution of the RBG. This equity participation portfolio contains predominantly non-controlling interests from the non-banking industries, with income from companies valued at equity. These include inter alia investments in UNIQA Insurance Group AG, 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 expenses 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's 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, release of negative goodwill and any non-recurring 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 presentation of segment performance is based on the income statement. Income and expenses are attributed to the segment in which they are 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 shown in the income statement. The segment result is shown up to consolidated profit/loss. Segment assets are represented by total assets and risk-weighted assets. Liabilities include all the items on the liabilities side of the statement of financial position except the equity.

The reconciliation includes mainly the amounts resulting from the elimination of intra-group results and consolidation between segments. The income statement is finally supplemented with financial ratios conventionally used within the industry to evaluate performance.

Financial year 2015 in € thousand	RBI	Central institute and specialized subsidiaries	Other Equity participations	Reconciliation	Total
Net interest income	3,311,306	188,281	143,173	(19,338)	3,623,422
Net fee and commission income	1,526,940	66,215	(79)	729	1,593,805
Net trading income	16,415	1,621	(2)	(2,333)	15,700
Recurring other net operating income	76,639	56,500	44,359	(77,522)	99,976
Operating income	**4,931,299**	**312,617**	**187,450**	**(98,463)**	**5,332,903**
General administrative expenses	(2,964,231)	(232,131)	(47,661)	73,927	(3,170,095)
Operating result	**1,967,069**	**80,486**	**139,790**	**(24,537)**	**2,162,808**
Net provisioning for impairment losses	(1,263,802)	3,156	0	1,597	(1,259,049)
Other results	(44,757)	(30,570)	(61,632)	(29,931)	(166,889)
Profit/loss before tax	**658,510**	**53,072**	**78,158**	**(52,871)**	**736,869**
Income taxes	(261,290)	(12,289)	2,076	(13)	(271,515)
Profit/loss after tax	**397,220**	**40,783**	**80,234**	**(52,884)**	**465,354**
Profit attributable to non-controlling interests	(195,892)	(15,867)	(16,731)	0	(228,489)
Consolidated profit/loss	**201,329**	**24,917**	**63,503**	**(52,884)**	**236,864**
Risk-weighted assets (credit risk)	51,620,086	5,523,063	1,404,157	1,040,560	59,587,865
Risk-weighted assets (total RWA)	63,436,124	7,118,758	1,449,408	126,321	72,130,611
Total own funds requirement	5,074,890	569,501	115,953	10,106	5,770,449
Assets	114,587,661	26,119,687	1,801,347	(4,082,865)	138,425,830
Risk/revenue ratio	38.2%	(1.7)%	–	–	34.7%
Cost/income ratio	60.1%	74.3%	25.4%	–	59.4%
Average equity	10,838,716	1,270,435	302,418	(2,707,834)	9,703,735
Return on equity before tax	**6.1%**	**4.2%**	**25.8%**	**–**	**7.6%**
Business outlets	2,705	16	0	1	2,722

Financial year 2014 in € thousand	RBI restated	Central institute and specialized subsidiaries	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)
Recurring other net operating income	26,466	80,856	34,474	(59,638)	82,159
Operating income	**5,364,330**	**305,301**	**108,432**	**(45,610)**	**5,732,453**
General administrative expenses	(3,069,108)	(237,280)	(41,832)	54,376	(3,293,844)
Operating result	**2,295,222**	**68,021**	**66,600**	**8,766**	**2,438,609**
Net provisioning for impairment losses	(1,750,029)	(35,775)	0	83	(1,785,721)
Other results	(663,130)	5,624	(279)	(50,813)	(708,597)
Profit/loss before tax	**(117,937)**	**37,870**	**66,321**	**(41,962)**	**(55,708)**
Income taxes	(481,734)	(16,599)	(2,367)	5	(500,695)
Profit/loss after tax	**(599,671)**	**21,271**	**63,954**	**(41,957)**	**(556,403)**
Profit attributable to non-controlling interests	154,128	13,676	(10,173)	0	157,631
Consolidated profit/loss	**(445,543)**	**34,947**	**53,782**	**(41,957)**	**(398,772)**
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	121,605,012	23,397,243	2,624,507	(2,821,970)	144,804,791
Risk/revenue ratio	46.4%	21.3%	–	–	44.4%
Cost/income ratio	57.2%	77.7%	38.6%	–	57.5%
Average equity	11,538,534	1,144,435	251,229	(979,222)	11,945,429
Return on equity before tax	**–**	**3.3%**	**26.4%**	**–**	**–**
Business outlets	2,866	15	0	1	2,882

Notes

Principles underlying the preparation of financial statements

Reporting entity

Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB AG) is the central institution of the RBG and registered at the Vienna Commercial Court (Handelsgericht Wien) under Companies Register number FN 58.882 t. The company address is Am Stadtpark 9, 1030 Vienna.

The Raiffeisen Landesbanken concentrated their holdings in RZB AG 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 RZB AG 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 and published in "Amtsblatt zur Wiener Zeitung".

RZB 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 large 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 and selected Western European locations.

The consolidated financial statements were signed by the Management Board on 7 March 2016 and subsequently submitted to the Supervisory Board for notice.

Principles underlying the consolidated financial statements

The consolidated financial statements for the 2015 financial year and the comparative figures for the 2014 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) insofar as they were adopted by the EU on the basis of IAS Regulation (EC) 1606/2002. The interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC) that were already applicable have been considered. All standards published by the IASB as International Accounting Standards and adopted by the EU have been applied to consolidated financial statements for 2015. The consolidated financial statements also satisfy the requirements of Section 245a of the Austrian Commercial Code (UGB) and Section 59a of the Austrian Banking Act (BWG) regarding exempting consolidated financial statements that comply with internationally accepted accounting principles. IAS 20, IAS 41 and IFRS 6 have not been applied as there were no relevant business transactions in the Group.

The consolidated financial statements are based on the reporting packages of all fully consolidated Group members, which are prepared according to IFRS rules and uniform Group standards. All subsidiaries prepare their annual financial statements as of and for the year end 31 December. Figures in these financial statements are stated in € thousand. The following tables may contain rounding differences.

The consolidated financial statements are based on the going concern principle.

A financial asset is recognized when it is probable that the future economic benefits will flow to the company and the acquisition or 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 reliably measured. An exeption is certain financial instruments which are recognized at fair value at the reporting date. Revenue is recognized if the conditions of IAS 18 are met and if it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured.

Restatements

RBI was subject to an examination under Section 2 (1) 2 of the Accounting Control Act (RL-KG). The examination covered the 2014 consolidated financial statements and 2015 semi-annual consolidated financial statements.

Formally, the examination is deemed completed on notification of the decision. This notification had not yet been issued at the time the consolidated financial statements were prepared. However, the results of this examination were taken into account in the consolidated financial statements of RZB due to materiality. RBI expects the confirmation of the examination result in the second quarter of 2016. The examination identified a need for the following restatements:

- Contrary to the provisions of IAS 36.33(a) in conjunction with IAS 36.34, the intrinsic value of the goodwill of Raiffeisen Polbank of € 93,403 thousand as at 31 December 2014 and 30 June 2015 could not be sufficiently substantiated. The examination led to different assumptions being employed for cash-flow planning with regard to the budgeted net interest income (a key driver for the company's profit/loss), in light of the assessment of underlying economic conditions. This means that an impairment of € 93,403 thousand should have been recorded in profit/loss in the 2014 reporting year.

- Within the context of individual examinations, it was established on the basis of loan valuations of two groups of affiliated customers, that as at 31 December 2014 the amount reported for loans and advances to customers was at least € 34,129 thousand too high; this was because contrary to IAS 39.59, insufficient account had in particular been taken of macroeconomic changes such as the devaluation of the Russian rouble and the collapse in raw material prices in China. This means that a higher individual loan loss provision (by an amount of € 36,820 thousand) should have been recorded in profit/loss in the 2014 reporting year. This resulted in a release of portfolio-based provisions of € 2,691 thousand. After considering the deferred taxes of € 3,422 thousand, the restatement requirement, affecting profit/loss, was € 30,707 thousand.

- Contrary to IAS 7.27, the cash flows of foreign subsidiaries were calculated using the exchange rate on the reporting date instead of an approximation of the actual exchange rate. In particular, this has an impact if foreign currencies are subject to marked fluctuations. As foreign currencies are used to a significant extent within the Group, individual positions within the consolidated cash flow statement are affected accordingly.

According to IAS 8.41, earlier periods must be restated retrospectively. All figures from previous years have been shown in the consolidated financial statements as if the restatement requirement from earlier periods had never occurred. For the consolidated 2014 financial statements, therefore, the restatements described above have been applied retrospectively. The effects on the income statement, the statement of financial position, the consolidated equity and the statement of cash flows are as follows:

Income statement

in € thousand	2014 restated	Restatements	2014 published
Interest income	6,032,498	0	6,032,498
Current income from associates	75,296	0	75,296
Interest expenses	(2,083,681)	0	(2,083,681)
Net interest income	**4,024,113**	**0**	**4,024,113**
Net provisioning for impairment losses	(1,785,721)	(34,129)	(1,751,593)
Net interest income after provisioning	**2,238,392**	**(34,129)**	**2,272,521**
Fee and commission income	2,233,735	0	2,233,735
Fee and commission expense	(587,012)	0	(587,012)
Net fee and commission income	**1,646,724**	**0**	**1,646,724**
Net trading income	(20,543)	0	(20,543)
Net income from derivatives and liabilities	21,881	0	21,881
Net income from financial investments	129,590	0	129,590
General administrative expenses	(3,293,844)	0	(3,293,844)
Other net operating income	(768,077)	(93,403)	(674,674)
Net income from disposal of group assets	(9,832)	0	(9,832)
Profit/loss before tax	**(55,708)**	**(127,532)**	**71,824**
Income taxes	(500,695)	3,422	(504,117)
Profit/loss after tax	**(556,403)**	**(124,110)**	**(432,293)**
Profit attributable to non-controlling interests	157,631	48,628	109,003
Consolidated profit/loss	**(398,772)**	**(75,482)**	**(323,290)**

Statement of financial position

Assets in € thousand	2014 restated	Restatements	2014 published
Cash reserve	9,221,481	0	9,221,481
Loans and advances to banks	18,891,578	0	18,891,578
Loans and advances to customers	87,741,358	0	87,741,358
Impairment losses on loans and advances	(6,481,100)	(34,129)	(6,446,971)
Trading assets	7,868,284	0	7,868,284
Derivatives	1,568,161	0	1,568,161
Financial investments	20,302,533	0	20,302,533
Investments in associates	1,688,260	0	1,688,260
Intangible fixed assets	767,652	(93,403)	861,055
Tangible fixed assets	1,771,300	0	1,771,300
Other assets	1,465,284	3,422	1,461,862
Total assets	**144,804,791**	**(124,110)**	**144,928,901**

Equity and liabilities in € thousand	2014 restated	Restatements	2014 published
Deposits from banks	33,200,342	0	33,200,342
Deposits from customers	75,167,744	0	75,167,744
Debt securities issued	12,490,223	0	12,490,223
Provisions for liabilities and charges	1,187,145	0	1,187,145
Trading liabilities	6,803,904	0	6,803,904
Derivatives	774,820	0	774,820
Other liabilities	1,665,557	0	1,665,557
Subordinated capital	4,307,565	0	4,307,565
Equity	9,207,490	(124,110)	9,331,600
Consolidated equity	5,650,836	0	5,650,836
Consolidated profit/loss	(398,772)	(75,482)	(323,290)
Non-controlling interests	3,955,426	(48,628)	4,004,054
Total equity and liabilities	**144,804,791**	**(124,110)**	**144,928,901**

Equity

in € thousand	2014 restated	Restatements	2014 published
Consolidated equity	5,650,835	0	5,650,835
Subscribed capital	492,466	0	492,466
Capital reserves	1,834,775	0	1,834,775
Retained earnings	3,323,593	0	3,323,593
Consolidated profit/loss	(398,772)	(75,482)	(323,290)
Non-controlling interests	3,955,426	(48,628)	4,004,054
Total	**9,207,490**	**(124,110)**	**9,331,600**

Statement of cash flows

in € thousand	2014 restated	Restatements	2014 published
Profit/loss after tax	**(556,403)**	**(124,110)**	**(432,293)**
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	759,267	93,403	665,864
Net provisioning for liabilities and charges and impairment losses	2,467,550	30,707	2,436,843
Gains (losses) from disposals of tangible fixed assets and financial investments	(61,754)	0	(61,754)
Profit/loss from at-equity	(75,296)	0	(75,296)
Other adjustments (net)	(67,368)	309,862	(377,230)
Subtotal	**2,465,996**	**309,862**	**2,156,134**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions:			
Loans and advances to banks and customers	3,294,720	(207,101)	3,501,821
Trading assets/trading liabilities (net)	894,776	121,542	773,234
Other assets/other liabilities (net)	284,199	128,579	155,620
Deposits from banks and customers	2,036,125	(116,148)	2,152,273
Usage of provisions	(277,888)	(277,888)	
Debt securities issued	(1,316,955)	60,279	(1,377,234)
Net cash from operating activities	**7,380,972**	**19,124**	**7,361,848**
Proceeds from sale of:			
Financial investments	1,506,403	0	1,506,403
Tangible and intangible fixed assets	139,297	0	139,297
Proceeds from disposal of group assets	94,885	0	94,885
Payments for purchase of:			
Financial investments	(6,109,099)	0	(6,109,099)
Tangible and intangible fixed assets	(488,256)	0	(488,256)
Payments for acquisition of subsidiaries	(30,400)	0	(30,400)
Net cash from investing activities	**(4,887,170)**	**0**	**(4,887,170)**
Capital increases	(209,016)	694	(209,709)
Payment ot participation capital	0	0	0
Inflows/outflows of subordinated capital	153,694	(624)	154,318
Dividend payments	(595,556)	0	(595,556)
Change in non-controlling interests	25	0	25
Net cash from financing activities	**(650,853)**	**70**	**(650,922)**

Earnings per share

in € thousand	2014 restated	Restatements	2014 published
Consolidated profit/loss	(398,772)	(124,110)	(323,290)
Average number of ordinary shares outstanding in thousand	6,776,750	0	6,776,750
Earnings per share in €	**(58.84)**		**(47.71)**

Foreign currency translation

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

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

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

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

In the case of two subsidiaries headquartered outside the euro area, the US dollar was the reporting currency for measurement purposes given the economic substance of the underlying transactions, as both the transactions and the refinancing were undertaken in US dollars. In the case of four subsidiaries headquartered in the euro area, the Russian rouble was the reporting currency for measurement purposes given the economic substance of the underlying transactions and for one subsidiary the Swedish Krona was the functional currency.

The following exchange rates were used for currency translation:

Rates in units per €	2015		2014	
	As at 31/12	Average 1/1-31/12	As at 31/12	Average 1/1-31/12
Albanian lek (ALL)	137.280	139.668	140.140	139.932
Belarusian rouble (BYR)	20,300.000	17,582.154	14,380.000	13,612.308
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Kazakh tenge (KZT)	371.310	249.078	221.970	235.872
Croatian kuna (HRK)	7.638	7.621	7.658	7.634
Malaysian Ringgit (MYR)	4.696	4.338	4.247	4.348
Polish zloty (PLN)	4.264	4.191	4.273	4.191
Romanian leu (RON)	4.524	4.444	4.483	4.441
Russian rouble (RUB)	80.674	69.043	72.337	51.424
Swiss franc (CHF)	1.084	1.075	1.2024	1.214
Swedish krona (SEK)	9.190	9.341	9.393	9.100
Serbian dinar (RSD)	121.626	120.779	120.958	117.157
Singapore dollar (SGD)	1.542	1.529	1.606	1.682
Czech koruna (CZK)	27.023	27.305	27.735	27.542
Turkish lira (TRY)	3.177	3.024	2.832	2.899
Ukrainian hryvnia (UAH)	26.223	24.016	19.233	15.638
Hungarian forint (HUF)	315.980	310.045	315.540	308.987
US-Dollar (USD)	1.089	1.113	1.214	1.326

Accounting in hyperinflationary economies – IAS 29

The relevant provisions for accounting in hyperinflationary economies according to IAS 29 were applied for two subsidiaries in Belarus until 31December 2014. Due to the changes in the general purchasing power of the functional currency, it was necessary to retrospectively adjust all historical acquisition and conversion costs arising since 2011 and they were disclosed in the prevailing measuring unit as at 31 December 2014. From 1 January 2015, accounting for hyperinflationary economies was discontinued because the relevant parameters indicating hyperinflation were no longer given. The carrying values in 2015 were based on all carrying values stated in the prevailing measuring unit as at December 31, 2014. Expense and income items were again translated using the average exchange rate for the consolidated financial statements, whereas the application of IAS 29 required period-end exchange rates.

Critical accounting judgments and key sources of estimation uncertainty

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

Risk provisions for loans and advances

At each reporting date, all financial assets, not measured at fair value through profit or loss, are subject to an impairment test to determine whether an impairment loss is to be recognized through profit or loss. In particular, it is required to determine whether there is objective evidence of impairment as a result of a loss event occurring after initial recognition and to estimate the amount and timing of future cash flows when determining an impairment loss. Risk provisions are described in detail in the notes under (43) 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 (41) 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, (24) Other assets, and (28) 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 reporting 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. Mercer's recommendation is used to determine the interest rate. 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. 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 (28) 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 (21) Intangible fixed assets.

Notes to the income statement

(1) Income statement according to measurement categories

in € thousand	2015	2014 restated
Net gains (losses) on financial assets and liabilities held-for-trading	**80,731**	**257,873**
Financial assets and liabilities at fair value through profit or loss	**442,253**	**441,975**
Interest income	250,873	290,211
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	191,380	151,764
Financial assets available-for-sale	**67,341**	**(9,075)**
Interest income	97,612	27,480
Net realized gains (losses) on financial assets available-for-sale	18,166	7,123
Impairment on financial assets available-for-sale	(48,438)	(43,678)
Loans and advances	**3,109,921**	**3,334,029**
Interest income	4,368,687	5,119,750
Net realized gains (losses) on financial assets not measured at fair value through profit and loss	10,848	68,332
Impairment on financial assets not measured at fair value through profit and loss	(1,269,614)	(1,854,053)
Financial assets held-to-maturity	**178,824**	**180,853**
Interest income	167,972	183,299
Net realized gains (losses) on financial assets not measured at fair value through profit and loss	10,831	(2,444)
Write-ups/impairment on financial assets not measured at fair value through profit and loss	21	(2)
Financial liabilities	**(1,844,088)**	**(2,080,414)**
Interest expenses	(1,847,993)	(2,083,681)
Income from repurchase of liabilities	3,905	3,267
Derivatives (hedging)	**192,693**	**134,340**
Net interest income	194,761	109,116
Net gains (losses) from hedge accounting	(2,068)	25,224
Net revaluations from exchange differences	**66,111**	**34,444**
Current income from associates	**132,837**	**75,296**
Sundry operating income and expenses	**(1,689,755)**	**(2,425,029)**
Profit/loss before tax	**736,869**	**(55,708)**

(2) Net interest income

Net interest income includes interest income and interest expenses from banking business, dividend income, and fees and commissions with interest-like characteristics.

in € thousand	2015	2014
Interest and interest-like income, total	**5,338,577**	**6,032,498**
Interest income	5,227,538	5,974,001
from balances at central banks	35,865	41,325
from loans and advances to banks	220,428	247,799
from loans and advances to customers	3,893,419	4,582,723
from financial investments	417,809	471,296
from leasing claims	206,585	219,099
from derivative financial instruments - economic hedge	258,671	302,642
from derivative financial instruments - hedge accounting	194,761	109,116
Current income	98,650	29,694
from shares and other variable-yield securities	1,037	2,214
from shares in affiliated companies	79,741	17,780
from other interests	17,871	9,700
Interest-like income	19,524	28,803
Negative interest (expenses)	(7,134)	0
Current income from associates	**132,837**	**75,296**
Interest expenses and interest-like expenses, total	**(1,847,993)**	**(2,083,681)**
Interest expenses	(1,784,511)	(2,040,920)
on deposits from central banks	(53,964)	(69,089)
on deposits from banks	(259,040)	(327,005)
on deposits from customers	(1,005,150)	(1,092,318)
on debt securities issued	(279,025)	(345,873)
on subordinated capital	(187,330)	(206,634)
Interest-like expenses	(65,941)	(42,761)
Negative interest (income)	2,459	0
Total	**3,623,422**	**4,024,113**

Interest income includes interest income (unwinding) from impaired loans to customers and banks in the amount of € 185,612 thousand (2014: € 209,367 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 increase in current income from associates was due to higher earnings contributions of Leipnik-Lundenburger Invest Beteiligungs AG, Raiffeisen Informatik GmbH and UNIQA Insurance Group AG.

Moreover, the disclosure of negative interest has been changed: to date this has been shown under the item "Other net operating income". Previous year figures have not been reclassified due to materiality reasons.

(3) Net provisioning for impairment losses

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

in € thousand	2015	2014 restated
Individual loan loss provisions	**(1,326,810)**	**(1,909,536)**
Allocation to provisions for impairment losses	(2,009,754)	(2,471,396)
Release of provisions for impairment losses	674,827	620,507
Direct write-downs	(119,822)	(125,221)
Income received on written-down claims	127,939	66,574
Portfolio-based loan loss provisions	**56,912**	**55,483**
Allocation to provisions for impairment losses	(196,676)	(275,553)
Release of provisions for impairment losses	253,588	331,036
Gains from the sales of loans	**10,848**	**68,332**
Total	**(1,259,049)**	**(1,785,721)**

Details on risk provisions are shown under (16) Impairment losses on loans and advances.

(4) Net fee and commission income

in € thousand	2015	2014
Payment transfer business	650,998	718,838
Loan and guarantee business	186,850	188,200
Securities business	130,044	123,934
Foreign currency, notes/coins, and precious metals business	380,977	392,810
Management of investment and pension funds	122,759	112,227
Sale of own and third party products	51,783	49,267
Other banking services	70,393	61,448
Total	**1,593,805**	**1,646,724**

(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	2015	2014[1]
Interest-based transactions	66,002	52,361
Currency-based transactions	(58,641)	(52,729)
Equity-/index-based transactions	6,792	7,861
Credit derivatives business	(926)	(635)
Other transactions	2,473	(27,400)
Total	**15,700**	**(20,543)**

1 Adaptation of previous year figures due to change in earnings allocation to sub-items.

(6) Net income from derivatives and liabilities

in € thousand	2015	2014
Net income from hedge accounting	(2,068)	25,224
Net income from credit derivatives	(74)	(112)
Net income from other derivatives	(127,455)	10,330
Net income from liabilities designated at fair value	111,235	(16,827)
Income from repurchase of liabilities	3,905	3,267
Total	**(14,457)**	**21,881**

Net income from hedge accounting includes a valuation result from derivatives in fair value hedges of minus € 117,161 thousand (2014: plus € 399,401 thousand) and changes in the carrying amount of the fair value hedged items of plus € 115,302 thousand (2014: minus € 374,195 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 € 2,573 thousand (2014: profit of € 166,210 thousand) and a negative effect from changes in market interest rates of € 114,215 thousand (2014: negative effect of € 183,037 thousand).

(7) Net income from financial investments

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

in € thousand	2015	2014
Net income from securities held-to-maturity	**10,851**	**(2,446)**
Net valuations of securities	21	(2)
Net proceeds from sales of securities	10,831	(2,444)
Net income from equity participations	**(34,838)**	**(38,551)**
Net valuations of equity participations	(50,615)	(43,447)
Net proceeds from sales of equity participations	15,776	4,895
Net income from associates	**(93,591)**	**276**
Net valuations of associates	(93,591)	0
Net proceeds from associates	0	276
Net income from securities at fair value through profit and loss	**80,428**	**168,591**
Net valuations of securities	56,728	113,289
Net proceeds from sales of securities	23,700	55,302
Net income from available-for-sale securities	**4,567**	**1,721**
Total	**(32,583)**	**129,590**

Net proceeds from sales of securities held-to-maturity resulted exclusively from sales of bonds which were close to their maturity date.

(8) General administrative expenses

in € thousand	2015	2014
Staff expenses	(1,514,634)	(1,578,515)
Other administrative expenses	(1,277,034)	(1,285,516)
Depreciation of tangible and intangible fixed assets	(378,427)	(429,813)
Total	**(3,170,095)**	**(3,293,844)**

Staff expenses

in € thousand	2015	2014
Wages and salaries	(1,152,133)	(1,191,102)
Social security costs and staff-related taxes	(274,798)	(289,171)
Other voluntary social expenses	(40,479)	(42,257)
Expenses for defined contribution pension plans	(16,642)	(16,267)
Expenses for defined benefit pension plans	301	4,440
Expenses for other post-employment benefits	(7,497)	(16,991)
Expenses for other long-term employee benefits	(6,505)	(7,379)
Termination benefits	(11,028)	(1,678)
Expenses on share incentive program (SIP)	(1,929)	(955)
Deferred bonus payments according to Section 39b BWG	(3,925)	(17,156)
Total	**(1,514,634)**	**(1,578,515)**

Other administrative expenses

in € thousand	2015	2014
Office space expenses	(279,791)	(316,691)
IT expenses	(275,141)	(271,384)
Communication expenses	(71,424)	(77,466)
Legal, advisory and consulting expenses	(120,333)	(134,705)
Advertising, PR and promotional expenses	(128,702)	(129,262)
Office supplies	(28,667)	(34,983)
Car expenses	(17,899)	(19,956)
Security expenses	(35,462)	(48,295)
Traveling expenses	(17,700)	(19,795)
Training expenses for staff	(17,751)	(18,356)
Sundry administrative expenses	(113,770)	(107,846)
Operating other administrative expenses	**(1,106,640)**	**(1,178,739)**
Deposit insurance fees	(128,078)	(106,777)
Resolution fund	(42,316)	0
Regulatory other administrative expenses	**(170,394)**	**(106,777)**
Total	**(1,277,034)**	**(1,285,516)**

Legal, advisory and consulting expenses include audit fees of RZB AG and its subsidiaries which comprise expenses for the audit of financial statements amounting to € 8,057 thousand (2014: € 8,435 thousand) and tax advisory as well as other additional consulting services amounting to € 7,065 thousand (2014: € 4,727 thousand). Thereof, € 3,099 thousand (2013: € 2,245 thousand) relates to the Group auditor for the audit of the financial statements and € 2,218 thousand (2014: € 844 thousand) accounts for the other consulting services.

Depreciation of tangible and intangible fixed assets

in € thousand	2015	2014
Tangible fixed assets	(165,300)	(208,881)
Intangible fixed assets	(174,925)	(181,410)
Leased assets (operating lease)	(38,202)	(39,521)
Total	**(378,427)**	**(429,813)**

Amortization of intangible fixed assets capitalized in the course of initial consolidation amounted to € 5,747 thousand (2014: € 3,204 thousand) which relates to scheduled amortization of the customer base.

The depreciation of tangible and intangible fixed assets includes impairments of € 53,252 thousand (2014: € 60,389 thousand). The impairments comprise impairment losses for buildings and land of € 17,850 thousand and impairment losses for intangible assets of € 31,993 thousand, mainly for the brand Polbank and software.

Expenses on severance payments and retirement benefits

in € thousand	2015	2014
Members of the management board and senior staff	(4,343)	(21,975)
Other employees	(27,543)	(32,558)
Total	**(31,886)**	**(54,533)**

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 Managgrement Board are entitled to severance payments in accordance with the Salaried Employees Act (Angestelltengesetz) in connection with 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	2015	2014 restated
Net income arising from non-banking activities	18,437	65,178
Sales revenues from non-banking activities	111,092	536,769
Expenses arising from non-banking activities	(92,655)	(471,592)
Net income from additional leasing services	5,609	(5,349)
Revenues from additional leasing services	69,800	65,648
Expenses from additional leasing services	(64,191)	(70,997)
Rental income from operating lease (vehicles and equipment)	41,884	43,184
Rental income from investment property incl. operating lease (real estate)	49,091	34,751
Net proceeds from disposal of tangible and intangible fixed assets	1,457	1,772
Other taxes	(77,075)	(86,689)
Net expense from allocation and release of other provisions	(4,864)	(34,257)
Negative interest	0	(363)
Sundry operating income	159,282	172,375
Sundry operating expenses	(93,844)	(108,442)
Recurring other net operating income	**99,976**	**82,159**
Impairment of goodwill	(30,924)	(399,066)
Income from release of negative goodwill	18,167	2
Bank levies	(139,836)	(199,864)
Profit/loss from banking business due to governmental measures	(19,249)	(251,308)
Total	**(71,866)**	**(768,077)**

The reduction in sales revenues and expenses from non-banking activities primarily resulted from previous year's disposal of the Centrotrade Group, the F.J. Elsner Trading Gesellschaft mbH, Vienna, as well as the sale of wind parks.

The other net operating income includes impairment of goodwill amounting to € 30,924 thousand which were mainly made in relation to Group units in Ukraine, Serbia and Austria. In the previous year, impairment of goodwill totaling € 399,066 thousand for Group units in Russia, Poland and Albania were included. Moreover, it included income from release of negative goodwill in the amount of € 18,167 thousend which was relating to initial consolidation of Valida Group due to insurance-specific classification of equity.

The item "profit/loss from banking business due to governmental measures" comprises provisions in Croatia of € 81,987 thousand and in Serbia of € 3,951 thousand. In contrast, in Hungary part of the provision in the amount of € 251,308 thousand formed in the previous year was released (€ 66,689 thousand).

Moreover, the disclosure of negative interest has been changed: this is now shown under the item “interest income”. Previous year figures have not been reclassified due to materiality reasons.

(10) Net income from disposal of group assets

In the reporting period, 32 subsidiaries were excluded from the consolidated Group due to materiality reasons. Four subsidiaries were excluded due to merger. Moreover, 15 subsidiaries were excluded due to sale. Net income from this disposal Group assets amounted to plus € 51,993 thousand (2014: minus € 9,832 thousand).

in € Tausend	2015	2014
Net income from disposal of group assets	104,223	(9,832)
Impairment of assets held for sale	(51,772)	0
Total	**51,993**	**(9,832)**

The sale of ZAO NPF Raiffeisen, Moscow, resulted in a gain of € 86,171 thousand. The currency effects of € 4,018 thousand that were realized from this transaction have been reclassified to the income statement. Moreover, the sale of Raiffeisen Windpark GmbH, Vienna, resulted in a gain of € 5,061 thousand.

A provision of € 51,772 thousand has been recognized for the expected loss from the sale of Raiffeisen Banka d.d., Maribor. The contract was signed in December 2015. After receipt of regulatory approvals, the closing is expected in the first half-year 2016.

(11) Income taxes

in € thousand	2015	2014 restated
Current income taxes	(275,618)	(307,060)
Austria	(38,028)	(32,051)
Foreign	(237,590)	(275,010)
Deferred taxes	4,102	(193,635)
Total	**(271,515)**	**(500,695)**

RZB AG is the parent company of a tax group comprising 37 subsidiaries and 15 other affiliated companies. This makes it possible to attribute the negative tax result of group members to the tax result of the parent company. In the reporting year, the existing tax compensation agreement was expanded with a supplementary agreement. If RBI AG has a negative result in the tax accounts which cannot be used in the group, the group parent is not obliged to pay negative tax contributions to RBI AG. However, the amount is to be settled in the event of a withdrawal from the tax group. The obligation of the tax group head to pay a negative tax contribution to RBI AG for usable losses remains.

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

in € thousand	2015	2014 restated
Profit/loss before tax	**847,543**	**(55,708)**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	**(211,886)**	**13,927**
Effect of divergent foreign tax rates	78,761	83,321
Tax decrease because of tax-exempted income from equity participations and other income	92,731	74,704
Tax increase because of non-deductible expenses	(209,400)	(213,601)
Impairment on loss carry-forwards	(4,284)	(196,370)
Other changes	(17,437)	(262,676)
Effective tax burden	**(271,515)**	**(500,695)**
Tax rate in per cent	**32.04%**	–

In the reporting year, impairment of deferred tax assets from tax loss carryforwards amounting to € 4.284 thousand (2014: € 196.370 thousand) was recognized because the tax losses cannot be used based on the current medium-term tax planning.

Notes to the statement of financial position

(12) Statement of financial position according to measurement categories

Assets according to measurement categories in € thousand	2015	2014 restated
Cash reserve	**17,401,694**	**9,221,481**
Trading assets	**6,545,557**	**8,494,683**
Positive fair values of derivative financial instruments	3,573,783	5,053,523
Shares and other variable-yield securities	203,282	347,823
Bonds, notes and other fixed-interest securities	2,768,493	3,093,337
Call/time deposits from trading purposes	0	0
Financial assets at fair value through profit or loss	**9,983,551**	**7,130,585**
Shares and other variable-yield securities	257,491	244,145
Bonds, notes and other fixed-interest securities	9,726,060	6,886,439
Investments in associates	**1,590,384**	**1,688,260**
Financial assets available-for-sale	**4,482,654**	**3,399,674**
Investments in other affiliated companies	222,019	407,972
Other interests	249,793	198,450
Bonds, notes and other fixed-interest securities	3,958,963	2,542,643
Shares and other variable-yield securities	51,880	250,608
Loans and advances	**86,371,223**	**101,447,713**
Loans and advances to banks	12,113,132	18,891,578
Loans and advances to customers	79,457,653	87,741,358
Other non-derivative financial assets	1,200,174	1,295,877
Impairment losses on loans and advances	(6,399,737)	(6,481,100)
Financial assets held-to-maturity	**7,982,022**	**9,772,274**
Bonds, notes and other fixed-interest securities	7,982,022	9,772,274
Derivatives (hedging)	**709,272**	**941,762**
Positive fair values of derivatives (hedging)	709,272	941,762
Other assets	**3,359,474**	**2,708,359**
Intangible and tangible fixed assets	2,494,020	2,538,953
Inventories	91,314	66,638
Assets held for sale (IFRS 5)	774,139	102,769
Total assets	**138,425,830**	**144,804,791**

Positive fair values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category “trading assets”.

Equity and liabilities according to measurement categories in € thousand	2015	2014 restated
Trading liabilities	**5,575,505**	**7,378,175**
Negative fair values of other derivative financial instruments	4,427,187	6,187,236
Short-selling of trading assets	453,459	498,071
Certificates issued	694,859	692,868
Financial liabilities	**120,807,168**	**124,235,750**
Deposits from banks	28,113,082	33,200,342
Deposits from customers	78,078,973	75,167,744
Debt securities issued	8,126,365	10,360,194
Subordinated capital	4,203,781	3,841,912
Other non-derivative financial liabilities	991,198	1,654,054
Liabilities held for sale (IFRS 5)	1,293,769	11,503
Liabilities at fair value through profit and loss	**1,226,965**	**2,595,682**
Debt securities issued	1,226,965	2,130,029
Subordinated capital	0	465,653
Derivatives (hedging)	**434,791**	**200,549**
Negative fair values of derivatives (hedging)	434,791	200,549
Provisions for liabilities and charges	**1,085,276**	**1,187,145**
Equity	**9,296,127**	**9,207,490**
Total equity and liabilities	**138,425,830**	**144,804,791**

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

(13) Cash reserve

in € thousand	2015	2014
Cash in hand	2,495,488	3,026,382
Balances at central banks	14,906,206	6,195,099
Total	**17,401,694**	**9,221,481**

(14) Loans and advances to banks

in € thousand	2015	2014
Giro and clearing business	1,496,485	1,890,403
Money market business	7,696,647	14,337,838
Loans to banks	2,670,594	2,126,227
Purchased loans	49,781	290,807
Leasing claims	27,036	29,415
Claims evidenced by paper	172,590	216,888
Total	**12,113,132**	**18,891,578**

The purchased loans amounting to € 49,781 thousand (2014: € 290,807 thousand) are fully assigned to the measurement category "loans and advances".

Loans and advances to banks classified regionally (counterparty domicile) are as follows:

in € thousand	2015	2014
Austria	4,643,729	6,719,995
Foreign	7,469,403	12,171,583
Total	**12,113,132**	**18,891,578**

Loans and advances to banks break down into the following segments:

in € thousand	2015	2014
Central banks	2,356,843	3,164,576
Commercial banks	9,749,499	15,721,850
Multilateral development banks	6,790	5,151
Total	**12,113,132**	**18,891,578**

(15) Loans and advances to customers

in € thousand	2015	2014
Credit business	45,917,322	52,651,255
Money market business	3,619,819	4,273,595
Mortgage loans	22,988,846	23,418,138
Purchased loans	1,783,525	1,814,893
Leasing claims	4,490,838	4,680,082
Claims evidenced by paper	657,303	903,394
Total	**79,457,653**	**87,741,358**

Purchased loans amounting to € 1,783,525 thousand (2014: € 1,814,893 thousand) are assigned to the measurement category "loans and advances".

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

in € thousand	2015	2014
Sovereigns	939,350	1,583,680
Corporate customers – large corporates	44,163,046	51,110,870
Corporate customers – mid market	3,190,375	3,434,726
Retail customers – private individuals	28,311,038	28,905,151
Retail customers – small and medium-sized entities	2,853,843	2,706,932
Total	**79,457,653**	**87,741,358**

Loans and advances to customers classified regionally (counterparty domicile) are as follows:

in € thousand	2015	2014
Austria	12,330,774	14,213,264
Foreign	67,126,879	73,528,094
Total	**79,457,653**	**87,741,358**

Details on leasing claims are shown in the notes under (45) Finance leases.

(16) Impairment losses on loans and advances

Provisions for impairment losses are formed in accordance with uniform Group standards and cover all recognizable credit risks. A table with the development of the impairment losses on loans and advances can be found in the risk report – under (43). Provisions for impairment losses are allocated to the following asset classes:

in € thousand	2015	2014 restated
Banks	119,981	114,637
Sovereigns	5,408	1,007
Corporate customers – large corporates	4,009,412	3,873,423
Corporate customers – mid market	348,398	379,088
Retail customers – private individuals	1,636,799	1,856,940
Retail customers – small and medium-sized entities	279,738	256,005
Total	**6,399,737**	**6,481,100**

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

2015 in € thousand	Fair value	Carrying amount	Individually impaired assets	Individual loan loss provisions	Portfolio-based loan loss provisions	Net carrying amount
Banks	12,036,944	12,113,132	120,657	117,672	2,310	11,993,151
Sovereigns	834,758	939,350	7,808	5,027	381	933,942
Corporate customers – large corporates	39,395,403	44,163,046	5,873,198	3,848,988	160,424	40,153,634
Corporate customers – mid market	2,820,763	3,190,375	483,758	337,792	10,606	2,841,978
Retail customers – private individuals	26,956,959	28,311,038	1,881,097	1,458,974	177,825	26,674,238
Retail customers – small and medium-sized entities	2,709,872	2,853,843	380,006	251,520	28,218	2,574,105
Total	**84,754,699**	**91,570,785**	**8,746,525**	**6,019,972**	**379,765**	**85,171,049**

2014 restated in € thousand	Fair value	Carrying amount	Individually impaired assets	Individual loan loss provisions	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	6,177,396	3,658,259	215,164	47,237,447
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**	**9,476,341**	**6,041,824**	**439,275**	**100,151,836**

Impaired financial assets

Impairments and collateral according to asset classes are as follows:

2015 in € thousand	Individually impaired assets	Individual loan loss provisions	Individually impaired assets after deduction of ILLP	Collateral for individually impaired assets	Interest on individually impaired assets
Banks	120,657	117,672	2,986	183	153
Sovereigns	7,808	5,027	2,781	46	30
Corporate customers – large corporates	5,873,198	3,848,988	2,024,211	1,401,764	96,913
Corporate customers – mid market	483,758	337,792	145,966	82,404	12,898
Retail customers – private individuals	1,881,097	1,458,974	422,123	418,340	58,652
Retail customers – small and medium-sized entities	380,006	251,520	128,486	123,087	16,965
Total	**8,746,525**	**6,019,972**	**2,726,553**	**2,025,823**	**185,612**

ILLP Individual loan loss provisions.

2014 restated in € thousand	Individually impaired assets	Individual loan loss provisions	Individually impaired assets after deduction of ILLP	Collateral for individually impaired assets	Interest on individually impaired assets
Banks	128,379	111,768	16,612	11,983	165
Sovereigns	375	35	340	103	55
Corporate customers – large corporates	6,177,396	3,658,259	2,519,137	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	**9,476,341**	**6,041,824**	**3,434,518**	**3,014,305**	**209,367**

ILLP Individual loan loss provisions.

(17) Trading assets

in € thousand	2015	2014
Bonds, notes and other fixed-interest securities	**2,768,493**	**3,093,337**
Treasury bills and bills of public authorities eligible for refinancing	1,029,632	1,658,097
Other securities issued by the public sector	299,452	349,213
Bonds and notes of non-public issuers	1,439,409	1,086,027
Shares and other variable-yield securities	**203,282**	**347,823**
Shares	173,360	320,670
Mutual funds	29,922	27,144
Other variable-yield securities	0	9
Positive fair values of derivative financial instruments	**2,802,799**	**4,427,124**
Interest-based transactions	1,901,487	3,286,928
Currency-based transactions	829,254	1,056,690
Equity-/index-based transactions	69,838	63,599
Credit derivatives business	1,776	18,087
Other transactions	443	1,820
Total	**5,774,573**	**7,868,284**

Pledged securities which are permitted to be sold or repledged by the the transferee shown under the item “trading assets” amounted to € 1,079,590 thousand (2014: € 679,017 thousand).

(18) Derivatives

in € thousand	2015	2014
Positive fair values of derivatives in fair value hedges (IAS 39)	**691,539**	**941,453**
Interest-based transactions	691,539	941,266
Currency-based transactions	0	187
Positive fair values of derivatives in cash flow hedges (IAS 39)	**1,021**	**309**
Currency-based transactions	1,021	309
Positive fair values of derivatives in net investment hedge (IAS 39)	**16,711**	**0**
Currency-based transactions	16,711	0
Positive fair values of credit derivatives	**0**	**23**
Positive fair values of other derivatives	**770,984**	**626,376**
Interest-based transactions	467,613	195,235
Currency-based transactions	303,371	430,939
Equity-/index-based transactions	0	202
Total	**1,480,256**	**1,568,161**

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

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

The 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	2015	2014
1 year	411,398	380,276
More than 1 year, up to 5 years	1,577,255	1,174,058
More than 5 years	3,460,207	3,190,637

(19) Financial investments

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

in € thousand	2015	2014
Bonds, notes and other fixed-interest securities	**21,667,044**	**19,201,356**
Treasury bills and bills of public authorities eligible for refinancing	14,283,121	11,142,239
Other securities issued by the public sector	3,849,438	5,789,947
Bonds and notes of non-public issuers	3,514,122	2,246,365
Other	20,363	22,806
Shares and other variable-yield securities	**309,371**	**494,753**
Shares	3,556	5,050
Mutual funds	296,857	231,883
Other variable-yield securities	8,958	257,821
Equity participations	**471,812**	**606,423**
Interest in affiliated companies	222,019	407,972
Other interests	249,793	198,450
Total	**22,448,227**	**20,302,533**

Pledged securities permitted to be sold or repledged by the transferee shown under item "financial investments" amounted to € 259,526 thousand (2014: € 351,868 thousand).

The carrying amount of the securities reclassified into the category "held-to-maturity" amounted at the date of reclassifications to € 452,188 thousand. Thereof, reclassifications in 2008 amounted to € 371,686 thousand and in 2011 € 80,502 thousand. As at 31 December 2015, the carrying amount totaled € 13,614 thousand and the fair value totaled € 14,208 thousand. In 2015, a result from the reclassified securities of € 557 thousand (2014: € 1,414 thousand) was shown in the income statement. If the reclassification had not been made, a loss of € 355 thousand (2014: loss of € 1 thousand) would have arisen.

The carrying amount of the securities reclassified into the category "loans and advances" amounted to € 1,559,682 thousand at the date of reclassification in 2008. As at 31 December 2015, none of the securities that had been reclassified into the category "loans and advances" remained. In the previous year, the carrying amount was € 17,928 thousand.

Equity participations valued at amortized cost for which fair values could not be measured reliably amounted to € 334,096 thousand (2014: € 602,946 thousand).

(20) Investments in associates

in € thousand	2015	2014[1]
Investments in associates	1,590,384	1,688,260
hereof goodwill	228,107	313,765

1 Previous year figures were restated.

In the reporting year, the participations in UNIQA Insurance Group AG and ZVEZA were impaired by € 85,658 thousand respectively € 7,933 thousand.

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)	All kind of bank transactions except of 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%
ZVEZA BANK, registrirana zadruga z omejenim jamstvom, bank and audit association, registered cooperative with limited liability, Klagenfurt (AT)	All kind of bank transactions	50.7%

Financial information on associated companies is as follows:

in € thousand	CCSB 31/12/2015	LLI[1] 31/12/2015	NTB 31/12/2015	OEHT 31/12/2015	OEKB 31/12/2015
Assets	536,830	1,209,795	2,424,223	999,031	28,775,190
Operating income	22,183	38,207	16,069	3,206	50,801
Profit or loss from continuing operations	73,705	47,405	7,795	7,328	60,144
Post-tax profit from discontinued operations	0	0	0	0	0
Other comprehensive income	1,260	(24,373)	0	0	749
Total comprehensive income	**74,965**	**23,032**	**7,795**	**7,328**	**60,893**
Attributable to non-controlling interests	0	(562)	0	0	228
Attributable to investee's shareholders	0	23,594	0	0	60,665
Current assets	510,369	288,158	1,591,148	169,808	9,913,114
Non-current assets	26,461	921,637	833,075	829,223	18,862,076
Current liabilites	(555,861)	(344,610)	(1,668,644)	(245,304)	(12,114,013)
Non-current liabilities	(17,520)	(375,721)	(727,771)	(722,964)	(15,915,633)
Net assets	**53,088**	**489,464**	**27,808**	**30,763**	**745,544**
Attributable to non-controlling interests	0	128,457	0	0	4,439
Attributable to investee's shareholders	0	361,007	0	0	741,105
Group's interest in net assets of investee as at 1/1	**11,823**	**118,684**	**7,240**	**9,373**	**57,465**
Change in share	0	0	0	0	0
Total comprehensive income attributable to the Group	5,027	7,036	1,864	709	4,338
Dividends received	(3,578)	(6,903)	(1,874)	(469)	(1,626)
Share in capital increase	0	531	0	0	0
Group's interest in net assets of investee as at 31/12	**13,272**	**119,349**	**7,230**	**9,613**	**60,178**
Goodwill	0	57,973	0	0	0
Other adaptations	0	0	0	0	0
Carrying amount	**13,272**	**177,322**	**7,230**	**9,613**	**60,178**

1 Consolidated financial statements: profit and equity is before deduction of non controlling interests.
CCSB: card complete Service Bank AG, Vienna (AT)
LLI: LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (AT)
NTB: NOTARTREUHANDBANK AG, Vienna (AT)
OEHT: Österreichische Hotel- und Tourismusbank Ges.m.b.H., Vienna (AT)
OEKB: Österreichische Kontrollbank AG, Vienna (AT)

in € thousand	PSS 31/12/2015	REV[1] 31/12/2015	RIZ 31/12/2015	UNIQA[2] 30/9/2015	ZVEZA 31/12/2015
Assets	2,719,774	280,772	1,043,270	33,241,437	276,382
Operating income	137,738	(55,035)	33,893	340,395	(3,271)
Profit or loss from continuing operations	22,747	(57,334)	53,218	247,770	(12,855)
Post-tax profit from discontinued operations	0	0	0	0	0
Other comprehensive income	(761)	(5,675)	(165)	(109,275)	(75)
Total comprehensive income	**21,985**	**(63,009)**	**53,053**	**138,495**	**(12,930)**
Attributable to non-controlling interests	0	(9)	2	4,238	0
Attributable to investee's shareholders	0	(63,000)	53,051	134,257	0
Current assets	472,091	206,432	704,970	2,377,956	111,637
Non-current assets	2,247,683	74,341	338,300	30,863,481	164,404
Current liabilites	(626,993)	(215,699)	(745,800)	(1,629,084)	(153,340)
Non-current liabilities	(1,852,631)	0	(193,000)	(28,510,673)	(107,052)
Net assets	**240,150**	**65,073**	**104,470**	**3,101,679**	**15,648**
Attributable to non-controlling interests	0	1,150	809	19,820	0
Attributable to investee's shareholders	0	63,923	103,661	3,081,859	0
Group's interest in net assets of investee as at 1/1	**78,148**	**52,758**	**26,366**	**970,252**	**0**
Change in share	0	0	169	0	8,102
Total comprehensive income attributable to the Group	7,186	(27,189)	27,175	40,638	(10,118)
Dividends received	(7,285)	0	(4,725)	(40,745)	0
Share in capital increase	0	0	0	0	9,948
Group's interest in net assets of investee as at 31/12	**78,049**	**25,569**	**48,984**	**970,145**	**7,933**
Goodwill	0	0	0	255,792	0
Other adaptations	0	0	0	(13,238)	(7,933)
Carrying amount	**78,049**	**25,569**	**48,984**	**1,212,698**	**0**

1 Consolidated financial statements: profit and equity is before deduction of non controlling interests.
2 Consolidated figures as at 30. September 2015, because UNIQA is a listed company and has not yet published consolidated financial statements of 2015. Fair value of the shares held and based on stock exchange price as at 31. December 2015 amounted to € 731,962 thousand (2014: € 756,474 thousand)
PSS: Prva stavebna sporitelna a.s., Bratislava (SK)
REV: Raiffeisen evolution project development GmbH, Vienna (AT)
RIZ: Raiffeisen Informatik GmbH, Vienna (AT)
UNIQA: UNIQA Insurance Group AG, Vienna (AT)
ZVEZA: ZVEZA BANK, registrirana zadruga z omejenim jamstvom, bank and audit association, registered cooperative with limited liability, Klagenfurt (AT)

in € thousand	CCSB 2014	LLI[1] 2014	NTB 2014	OEHT 2014	OEKB 2014	PSS 2014	REV[1] 2014	RIZ 2014	UNIQA[2] 2013
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	4,351	0	0	96	22,210
Attributable to investee's shareholders	0	358,994	0	0	714,072	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**	**881,837**
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)
Other adaptations	0	(8,087)	0	(40)	0	(608)	(1,119)	(7,044)	(110,260)
Group's interest in net assets of investee as at 31/12	**11,823**	**118,684**	**7,240**	**9,373**	**57,465**	**78,148**	**52,758**	**26,366**	**871,255**
Goodwill	0	57,973	0	0	0	0	0	0	255,792
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 at 31 December 2014 amounted to € 756,474 thousand (2014: € 902,575 thousand)
CCSB: card complete Service Bank AG, Vienna (AT)
LLI: LEIPNIK-LUNDENBURGER INVEST Beteiligungs AG, Vienna (AT)
NTB: NOTARTREUHANDBANK AG, Vienna (AT)
OEHT: Österreichische Hotel- und Tourismusbank Ges.m.b.H., Vienna (AT)
OEKB: Österreichische Kontrollbank AG, Vienna (AT)
PSS: Prva stavebna sporitelna a.s., Bratislava (SK)
REV: Raiffeisen evolution project development GmbH, Vienna (AT)
RIZ: Raiffeisen Informatik GmbH, Vienna (AT)
UNIQA: UNIQA Insurance Group AG, Vienna (AT)

Further information regarding associated companies is stated under (53) Group composition.

(21) Intangible fixed assets

in € thousand	2015	2014 restated
Software	548,899	547,276
Goodwill	98,188	129,450
Other intangible fixed assets	56,717	90,926
hereof brand	36,657	61,966
hereof customer relationships	12,643	19,872
Total	**703,804**	**767,652**

Software

The item "software" comprises acquired software amounting to € 420,873 thousand (2014: € 429,675 thousand) and internally developed software amounting to € 126,271 thousand (2014: € 117,601 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 relate to Raiffeisenbank a.s., Prague (RBCZ) and Raiffeisen Kapitalanlage-Gesellschaft mbH, Vienna (RKAG).

Development of goodwill

2015 in € thousand	RBAL	RBCZ	RBPL	RBRU	RKAG	Other	Total
As at 1/1	**0**	**36,908**	**0**	**0**	**53,728**	**38,814**	**129,450**
Additions	0	0	0	0	0	(91)	(91)
Impairment	0	0	0	0	0	(30,924)	(30,924)
Exchange rate changes	0	972	0	0	0	(1,220)	(247)
As at 31/12	**0**	**37,881**	**0**	**0**	**53,728**	**6,579**	**98,188**
Gross amount	51,705	37,881	193,225	133,138	53,728	176,934	646,611
Cumulative impairment[1]	(51,705)	0	(193,225)	(133,138)	0	(170,355)	(548,423)

2014 restated in € thousand	RBAL	RBCZ	RBPL	RBRU	RKAG	Other	Total
As at 1/1	**50,628**	**37,323**	**198,323**	**236,974**	**53,728**	**49,806**	**626,799**
Impairment	(50,726)	0	(194,757)	(148,482)	0	(5,101)	(399,066)
Exchange rate changes	97	(414)	(3,566)	(88,492)	0	(5,890)	(98,282)
As at 31/12	**0**	**36,908**	**0**	**0**	**53,728**	**38,814**	**129,450**
Gross amount	56,428	36,908	192,845	148,482	53,728	208,314	696,705
Cumulative impairment[1]	(56,428)	0	(192,845)	(148,482)	0	(169,500)	(567,255)

1 Calculated at average exchange rate
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 2015, impairment of goodwill on Group level amounted to € 30,924 thousand (2014: € 399,066 thousand) and related to impairment of goodwill of Raiffeisen Bausparkasse GmbH in the amount of € 18,351 thousand and Raiffeisen Wohnbaubank AG in the amount of € 5,619 thousand. Moreover, impairments were recognized at Ukrainian Processing Center PJSC, Kiev in the amount of € 5,380 thousand and a Group unit in Serbia. The gross amount and cumulative impairments relating to Raiffeisen Bank Aval JSC, Kiev is now shown in the column Other. The changes in the amounts are a result of exchange rate movements.

Contrary to the provisions of IAS 36.33(a) in conjunction with IAS 36.34, the intrinsic value of the goodwill of Raiffeisen Polbank of € 93,403 thousand as at 31 December 2014 and 30 June 2015 could not be sufficiently substantiated. The assumptions used for cash-flow planning with regard to the budgeted net interest income as a key driver for the company's profit/loss did not comply with the specifications for impairment tests which state that cash-flow forecasts have to be based on reasonable and justifiable assumptions with regard to the estimated underlying economic conditions. This means that an impairment in the amount of € 93,403 thousand should have been recognized in the 2014 financial year profit/loss.

Impairment test for goodwill

At the end of each financial year, goodwill is reviewed by comparing the recoverable value of each cash generating unit for which goodwill is recognized with 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 if a reason for impairment occurs.

Recoverable value

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

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 (stabilization phase) is based on the premise of perpetuity (perpetual annuity); in the majority of cases country nominal growth rates of earnings are assumed, which are based on the long-term expected rate of inflation. For companies that have a significant 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 stabilization phase, profit retention relating to growth while ensuring compliance with capital requirements is imperative. If, however, zero growth is assumed in the stabilization phase no profit retention is required.

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

Key assumptions

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

2015 Cash generating units	RBCZ	RKAG
Discount rates (after tax)	9.7% - 10.7%	7.8% - 9.3%
Growth rates in phase I and II	9.0%	1.9%
Growth rates in phase III	3.0%	2.0%
Planning period	5 years	5 years

In the previous year, RZB used the following parameters:

2014 Cash generating units	RBCZ	RBPL	RKAG
Discount rates (after tax)	9.1% - 9.7%	9.2% - 9.7%	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)

The use value of a cash generating unit is sensitive to various parameters: primarily to the level and development of future dividends, to the discount rates as well as the nominal growth rate in the stabilization phase. The applied discount rates have been calculated using the capital asset pricing model: they are composed of a risk-free interest rate and a risk premium for entrepreneurial risk taking. The risk premium is calculated as the market risk premium that varies according to the country in which the unit is registered multiplied by the beta factor for the indebted company. The values for the risk-free interest rate and the market risk premium are defined using accessible external market data sources. The risk measure beta factor 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 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.
RKAG	RKAG is one of the leading Austrian fund enterprises with a managed consolidated volume of € 29.2 billion as at year-end 2015 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 (CZ)
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).

2015 Maximum sensitivity[1]	RBCZ	RKAG
Increase in discount rate	0.3 PP	0.7 PP
Reduction of the growth rates in phase III	Not meaningful	0.5 PP

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

The reference values for 2014 are as follows:

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	Not meaningful	Not meaningful	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 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:

2015 in € thousand	AVAL	RBPL	Total
As at 1/1	**15,163**	**46,803**	**61,966**
Impairment[1]	(1,102)	(20,731)	(21,833)
Exchange differences	(3,953)	476	(3,477)
As at 31/12	**10,109**	**26,548**	**36,657**
Gross amount	27,073	46,905	73,978
Cumulative impairment[2]	(16,964)	(20,357)	(37,321)

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

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

According to IAS 36.9 at the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired based on a list of external and internal indicators of impairment. In the fourth quarter, there were such indicators due to increased political uncertainty and higher refinancing costs in Poland. As a result, an impairment of € 20,731 thousand was recognized for the brand Polbank.

The brand value of the Raiffeisen Bank Aval JSC, Kiev (AVAL), was determined using the comparable historical cost approach, because neither immediately comparable transactions nor a market with observable prices was available at the time of purchase price allocation. Documentation of brand-related marketing expenses in the previous years was taken as the basis for the historical cost approach. In 2015, the impairment test led to an impairment of € 1,102 thousand.

The value of the Polbank brand was determined using the relief from royalty method, because neither immediately comparable transactions nor a market with observable prices was available at the time of purchase price allocation. The underlying premise of this method is that the brand has a fair value equal to the present value of the royalty income attributable to it.

Customer relationships

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

The group has customer relationship intangibles activated only 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 developed as follows:

2015 in € thousand	AVAL	RBPL	Total
As at 1/1	10,390	9,481	19,872
Depreciation	(992)	(3,329)	(4,321)
Impairment[1]	(324)	0	(324)
Exchange differences	(2,661)	78	(2,583)
As at 31/12	**6,413**	**6,230**	**12,643**
Gross amount	18,171	16,511	34,682
Cumulative impairment[2]	(11,758)	(10,280)	(22,039)

2014 in € thousand	AVAL	RBPL	Total
As at 1/1	22,159	14,119	36,278
Depreciation	(1,239)	(4,245)	(5,484)
Impairment[1]	(1,092)	0	(1,092)
Exchange differences	(9,437)	(393)	(9,830)
As at 31/12	**10,390**	**9,481**	**19,872**
Gross amount	24,784	16,475	41,258
Cumulative impairment[2]	(14,394)	(6,993)	(21,387)

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

The impairment test of customer relationships of Raiffeisenbank Aval JSC, Kiev (AVAL), recognized for the business division retail customers at the date of initial consolidation, identified an impairment loss of € 324 thousand in the reporting year. The impairment test of customer relationships of Raiffeisen Bank Polska S.A., Warsaw (RBPL), identified no impairment need in 2015.

(22) Tangible fixed assets

in € thousand	2015	2014
Land and buildings used by the Group for own purpose	629,695	694,799
Other land and buildings (investment property)	497,803	322,266
Office furniture, equipment and other tangible fixed assets	244,368	347,883
Leased assets (operating lease)	418,350	406,352
Total	**1,790,217**	**1,771,300**

The fair value of investment property totaled € 501,299 thousand (2014: € 323,679 thousand).

Details about leasing claims are shown in the notes under (45) Finance leases.

(23) Development of fixed assets

	Cost of acquisition or conversion						
in € thousand	As at 1/1/2015	Change in consolidated group	Exchange differences	Additions	Disposals	Transfers	As at 31/12/2015
Intangible fixed assets	**2,374,199**	**(4,565)**	**(130,026)**	**162,024**	**(64,667)**	**13,669**	**2,350,634**
Goodwill	696,685	4,100	(50,074)	0	0	(4,100)	646,611
Software	1,508,125	(8,648)	(58,168)	160,753	(63,425)	17,294	1,555,930
Other intangible fixed assets	169,389	(17)	(21,784)	1,272	(1,242)	475	148,092
Tangible fixed assets	**3,290,907**	**61,678**	**(96,784)**	**232,983**	**(234,299)**	**(13,669)**	**3,240,816**
Land and buildings used by the Group for own purpose	1,087,450	295	(71,620)	56,865	(45,211)	553	1,028,332
Other land and buildings	385,315	154,617	59,399	11,721	(18,232)	(5,041)	587,779
of which land value of developed land	12,539	(3)	(907)	495	(567)	0	11,557
Other tangible fixed assets	1,218,415	(108,374)	(76,043)	82,553	(111,955)	(14,945)	989,652
Leased assets (operating lease)	599,726	15,140	(8,521)	81,843	(58,901)	5,764	635,052
Total	**5,665,105**	**57,113**	**(226,810)**	**395,007**	**(298,966)**	**0**	**5,591,449**

in € thousand	Write-ups, amortization, depreciation, impairment Cumulative	hereof Write-ups	hereof Depreciation	Carrying amount 31/12/2015
Intangible fixed assets	**(1,646,830)**	**0**	**(205,850)**	**703,804**
Goodwill	(548,423)	0	(30,924)	98,188
Software	(1,007,032)	0	(146,728)	548,899
Other intangible fixed assets	(91,375)	0	(28,198)	56,717
Tangible fixed assets	**(1,450,599)**	**7,502**	**(203,502)**	**1,790,217**
Land and buildings used by the Group for own purpose	(398,637)	2,919	(50,187)	629,695
Other land and buildings	(89,976)	667	(21,185)	497,803
of which land value of developed land	(530)	0	(578)	11,028
Other tangible fixed assets	(745,285)	3,634	(93,928)	244,368
Leased assets (operating lease)	(216,702)	282	(38,202)	418,350
Total	**(3,097,429)**	**7,502**	**(409,352)**	**2,494,020**

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

2014 restated in € thousand	Write-ups, amortization, depreciation, impairment Cumulative	hereof Write-ups	hereof Depreciation	Carrying amount 31/12/2014
Intangible fixed assets	**(1,577,798)**	**987**	**(580,476)**	**767,652**
Goodwill	(538,487)	0	(399,066)	129,450
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	**(3,097,405)**	**7,322**	**(828,878)**	**2,538,952**

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

(24) Other assets

in € thousand	2015	2014 restated
Tax assets	407,310	480,014
Current tax assets	111,714	160,711
Deferred tax assets	295,596	319,303
Receivables arising from non-banking activities	93,681	99,378
Accruals and deferred items	146,769	280,699
Clearing claims from securities and payment transfer business	135,568	260,177
Lease in progress	47,791	39,199
Assets held for sale (IFRS 5)	774,139	102,769
Inventories	91,314	66,638
Valuation fair value hedge portfolio	24,058	29,157
Other assets	344,996	107,254
Total	**2,065,627**	**1,465,284**

Application of IFRS 5

The item "assets held for sale" mainly comprises Raiffeisen Banka d.d., Maribor, and ZUNO BANK AG, Vienna.

In the consolidated financial statements of RBI, these companies are reported on the statement of financial position as of 31 December 2015 as assets held for sale under the items "other assets" and "other liabilities", on the basis of IFRS 5 application criteria. In accordance with IFRS 5 disclosure requirements, the statement of financial position items (assets and liabilities) relating to the above companies have been neither reclassified nor otherwise changed for prior periods. As the sales do not meet any of the criteria set out in IFRS 5.32, they are not classified as discontinued operations.

In December 2015, Raiffeisen Bank International signed the contract for the sale of its 100 per cent stake in Raiffeisen Banka d.d., Maribor, to Biser Bidco. Biser Bidco is a company managed by Apollo Global Management, LLC and is not a related party of RBI. Due to procedural aspects in respect to formal approval of the transaction by the financial market regulatory authorities, closing of the transaction is expected in the first half of 2016.

On a consolidated basis, the asset held for sale in accordance with IFRS 5 is measured at the lower of carrying amount and fair value less disposal costs. As the sales contract was signed before the end of the fourth quarter, the agreed purchase price is the best indicator of the fair value of the asset held for sale. The agreed sales price is lower than the equity of Raiffeisen Banka d.d., Maribor, which amounted to € 43,550 thousand as of 31 December 2015. The resulting impairment loss was initially allocated to the non-current assets of the asset held for sale in accordance with IFRS 5. A provision for onerous contracts in accordance with IAS 37 was formed for the remaining impairment loss, as the contractual obligation already existed on 31 December 2015.

The impairment loss relating to the non-financial assets as well as the charge for the provision were reported under other net operating income:

in € thousand	2015
Impairment of tangible fixed assets	(11,934)
Impairment of intangible fixed assets	(1,879)
Allocation of provisions on an onerous contract	(37,958)
Total	**(51,772)**

In September 2015, Raiffeisen Bank International signed the contract for the sale of its 100 per cent stake in ZUNO BANK AG, Vienna, to ABH Holdings S.A., the parent company of Alfa Banking Group, domiciled in Luxembourg. ABH Holdings S.A. is not a related party of Raiffeisen Bank International. During the period in which the financial statements were being prepared, ABH Holdings S.A., the entity with which RBI had reached an agreement in 2015, withdrew from the purchase contract. The reasons for the withdrawal are not connected with the company for sale. RBI 's intention to sell remains unchanged and negotiations with potential buyers are being resumed. On a consolidated basis, the asset held for sale in accordance with IFRS 5 is valued at the lower of carrying amount and fair value less disposal costs. As the sales contract was signed before the end of the third quarter, the agreed purchase price has been used as the best indicator of the fair value of the asset held for sale. Despite the withdrawal of the buyer, it is assumed that the sales price will be higher than the equity of the company, which amounted to € 19,471 thousand as of 31 December 2015.

The carrying amounts of the assets and liabilities as at 31 December 2015 are as follows:

Assets held for sale in € 000	ZUNO	RBSI	Others	Total
Cash reserve	57,019	213,558	0	270,576
Loans and advances to banks	0	11,593	0	11,593
Loans and advances to customers	74,762	339,974	0	414,735
Impairment losses on loans and advances	(5,257)	(61,524)	0	(66,781)
Financial investments	2,846	107,983	0	110,829
Intangible fixed assets	4,208	0	0	4,208
Tangible fixed assets	1,372	0	0	1,372
Other assets	1,412	2,349	23,846	27,607
Total	**136,362**	**613,932**	**23,846**	**774,139**

Liabilities held for sale in € 000	ZUNO	RBSI	Others	Total
Deposits from banks	0	69,941	0	69,941
Deposits from customers	773,170	435,529	0	1,208,700
Provisions for liabilities and charges	2,057	3,339	0	5,396
Other liabilities	3,514	6,218	0	9,732
Total	**778,742**	**515,027**	**0**	**1,293,769**

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

In the previous year, assets held for sale amounted to € 102,769 thousand. There derived from trading business of Centrotrade Group.

Deferred taxes

in € thousand	2015	2014 restated
Deferred tax assets	295,596	319,303
Provisions for deferred taxes	(82,763)	(70,651)
Net deferred taxes	**212,833**	**248,652**

The net deferred taxes result from the following items:

in € thousand	2015	2014 restated
Loans and advances to customers	200,420	132,078
Impairment losses on loans and advances	184,163	184,382
Tangible and intangible fixed assets	12,465	13,676
Other assets	4,633	4,113
Provisions for liabilities and charges	70,420	72,114
Trading liabilities	72,177	93,832
Other liabilities	367,042	163,298
Tax loss carry-forwards	54,444	42,613
Other items of the statement of financial position	285,577	71,728
Deferred tax assets	**1,251,341**	**777,834**
Loans and advances to banks	40,791	40,088
Loans and advances to customers	88,281	51,599
Impairment losses on loans and advances	98,371	44,186
Trading assets	85,922	84,691
Financial investments	23,602	14,028
Tangible and intangible fixed assets	84,308	84,740
Other assets	515,971	117,936
Deposits from customers	603	458
Provisions for liabilities and charges	769	80
Other liabilities	20,253	4,204
Other items of the statement of financial position	79,636	87,173
Deferred tax liabilities	**1,038,508**	**529,182**
Net deferred taxes	**212,833**	**248,652**

In the consolidated financial statements, deferred tax assets are recognized for unused tax loss carry-forwards which amounted to € 54,444 thousand (2014: € 42,613 thousand). The tax loss carry-forwards are mainly without any time limit. The Group did not recognize deferred tax assets of € 510,591 thousand (2014: € 407,231 thousand) because from a current point of view there is no prospect of realizing them within a reasonable period of time.

(25) Deposits from banks

in € thousand	2015	2014
Giro and clearing business	4,904,136	5,934,889
Money market business	18,472,173	20,364,829
Long-term refinancing	4,736,772	6,900,624
Total	**28,113,082**	**33,200,342**

The Group refinances itself periodically with international commercial banks and multinational development banks. These credit contracts contain ownership clauses normally used in business. These clauses give permission to an exceptional termination in the case of change in direct or indirect control over RBI AG, e.g. if RZB AG 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 domicile) break down as follows:

in € thousand	2015	2014
Austria	17,738,079	19,569,071
Foreign	10,375,003	13,631,271
Total	**28,113,082**	**33,200,342**

Deposits from banks break down into the following segments:

in € thousand	2015	2014
Central banks	1,241,339	1,634,593
Commercial banks	24,973,657	29,689,971
Multilateral development banks	1,898,085	1,875,779
Total	**28,113,082**	**33,200,342**

(26) Deposits from customers

Deposits from customers break down as follows:

in € thousand	2015	2014
Sight deposits	37,431,299	33,345,006
Time deposits	30,878,402	32,409,113
Savings deposits	9,769,272	9,413,625
Total	**78,078,973**	**75,167,744**

in € thousand	2015	2014
Sovereigns	1,721,972	1,178,522
Corporate customers – large corporates	30,674,121	31,284,552
Corporate customers – mid market	2,992,483	2,731,605
Retail customers – private individuals	37,594,151	35,833,212
Retail customers – small and medium-sized entities	5,096,246	4,139,853
Total	**78,078,973**	**75,167,744**

Deposits from customers classified regionally (counterparty domicile) are as follows:

in € thousand	2015	2014
Austria	13,957,101	12,805,958
Foreign	64,121,872	62,361,786
Total	**78,078,973**	**75,167,744**

(27) Debt securities issued

in € thousand	2015	2014
Bonds and notes issued	9,238,849	11,941,399
Money market instruments issued	94,024	516,859
Other debt securities issued	20,457	31,965
Total	**9,353,330**	**12,490,223**

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

(28) Provisions for liabilities and charges

in € thousand	As at 1/1/2015	Change in consolidated group	Allocation	Release	Usage	Transfers, exchange differences	As at 31/12/2015
Severance payments and other	111,004	1,402	17,309	(5,195)	(5,353)	(384)	118,783
Retirement benefits	108,068	676	519	(8,942)	(590)	(5)	99,724
Taxes	158,406	1,499	113,590	(25,388)	(65,457)	(12,558)	170,092
Current	87,755	(1,235)	91,006	(22,941)	(64,943)	(2,313)	87,329
Deferred	70,651	2,734	22,584	(2,447)	(513)	(10,245)	82,763
Contingent liabilities and commitments	112,149	6,661	50,041	(44,242)	(13,539)	2,735	113,804
Pending legal issues	96,291	57	35,559	(14,547)	(35,146)	(422)	81,793
Overdue vacation	55,031	621	8,930	(8,394)	(306)	(3,108)	52,774
Bonus payments	164,161	71	133,110	(107,019)	(51,327)	(1,791)	137,204
Restructuring	12,658	0	20,671	(6,506)	(10,686)	(832)	15,305
Provisions for banking business due to governmental measures	251,308	0	81,987	(67,258)	(163,319)	12,044	114,762
Other	118,071	26,120	110,484	(21,242)	(95,638)	43,239	181,033
Total	**1,187,145**	**37,107**	**572,200**	**(308,733)**	**(441,361)**	**38,917**	**1,085,276**

Severance and similar payments include provisions for anniversary bonuses and other payments in the amount of € 33,794 thousand (2014: € 26,905 thousand) and obligations from other benefits due to termination of employment according to IAS 19R in the amount of € 84,989 thousand (2014: € 84,099 thousand). The item "assets held for sale" includes provisions for severance payments and similar of € 349 thousand.

The item "provision for banking business charges due to governmental measures" comprises provisions in Croatia of € 81,987 thousand and in Serbia of € 3,951 thousand. In contrast, in Hungary part of the provision in the amount of € 251,308 thousand formed in the previous year was released (€ 66,689 thousand).

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 € 81,793 thousand (2014: € 96,291 thousand). Single cases exceeding € 10,000 thousand occurred in Austria and Slovakia (2014: in Austria and in Slovakia).

- Legal steps were taken against Raiffeisen Bank International AG, Vienna, in connection with the early repayment of Icelandic claims.
- In Slovakia, a customer has taken legal action in relation to a disputed amount of approximately € 71 million against Tatra banka a.s., Bratislava, in connection with agreed credit facilities and non-execution of payment transfer orders, which ultimately led to the termination of the customer's business activities.

Pension obligations and other termination benefits

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 € 818 thousand in contributions to its defined benefit plans in 2016 (2015: € 1,887 thousand).

Pension obligations/defined benefit pension plans

Financial status

in € thousand	2015	2014
Defined benefit obligation (DBO)	150,376	159,731
Plan assets at fair value	(50,652)	(51,663)
Net liability/asset	99,724	108,068

The defined benefit obligations developed as follows:

in € thousand	2015	2014
DBO as at 1/1	159,731	138,152
Change in consolidated group	676	0
Current service cost	1,955	2,317
Interest cost	3,122	4,689
Past service costs	(1,145)	0
Payments	(6,098)	(6,076)
Transfer	(2,498)	(2,946)
Remeasurement	(5,365)	23,594
DBO as at 31/12	**150,376**	**159,731**

Plan assets developed as follows:

in € thousand	2015	2014
Plan assets at fair value as at 1/1	51,663	50,542
Interest income	1,022	1,727
Contributions to plan assets	1,619	1,738
Payments from fund	(1,831)	(1,732)
Transfer	(2,568)	(2,876)
Return on plan assets excluding interest income	747	2,265
Plan assets at fair value as at 31/12	**50,652**	**51,663**

The return on plan assets for 2015 was € 1,769 thousand (2014: € 3,990 thousand). For 2015, the fair value of rights to reimbursement recognized as an asset was € 17,056 thousand (2014: € 19,085 thousand).

Structure of plan assets

Plan assets broke down as follows:

Per cent	2015	2014
Bonds	51	57
Shares	27	33
Alternative Investments	2	1
Property	4	4
Cash	17	5
Total	**100**	**100**
hereof own financial instruments	0	1

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

Asset Liability Matching

The pension provider Valida Pension AG 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 "VRG 60" and "VRG 7", in which the accrued amounts for RZB/RBI are invested with an investment concept. The weighting of predefined asset classes move between a band-width 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	2015	2014
Discount rate	2.0	2.0
Future pension basis increase	3.0	3.0
Future pension increase	2.0	2.0

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

Years	2015	2014
Longevity at age 65 for current pensioners - males	20.9	20.8
Longevity at age 65 for current pensioners - females	23.5	24.4
Longevity at age 65 for current members aged 45 - males	24.5	23.4
Longevity at age 65 for current members aged 45 - females	26.7	26.6

The weighted average duration of the net defined benefit obligation was 16.0 years (2014: 14.8 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:

	2015		2014	
in € thousand	Addition	Decrease	Addition	Decrease
Discount rate (1 per cent change)	(17,502)	21,572	(19,655)	24,259
Future salary growth (0.5 per cent change)	1,100	(1,031)	1,430	(1,374)
Future pension increase (0.25 per cent change)	4,211	(4,016)	4,593	(4,396)
Remaining life expectancy (change 1 year)	8,785	(9,386)	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	2015	2014
DBO as at 1/1	84,014	72,066
Changes in consolidated group	761	0
Current service cost	4,914	4,603
Interest cost	1,557	2,298
Payments	(3,488)	(3,955)
Loss/(gain) on DBO due to past service cost	(17)	(25)
Transfer	(2,657)	1,799
Remeasurement	294	7,229
DBO as at 31/12	**85,378**	**84,014**

Actuarial assumptions

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

Per cent	2015	2014
Discount rate	2.0	2.0
Additional future salary increase for employees	3.0	3.0

Sensitivity analysis

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:

in € thousand	2015 Addition	2015 Decrease	2014 Addition	2014 Decrease
Discount rate (1 per cent change)	(8,641)	10,230	(9,157)	9,360
Future salary growth (0.5 per cent change)	4,747	(4,485)	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.

(29) Trading liabilities

in € thousand	2015	2014
Negative fair values of derivative financial instruments	**3,883,631**	**5,612,965**
Interest-based transactions	1,945,568	3,005,908
Currency-based transactions	783,852	1,444,139
Equity-/index-based transactions	1,024,218	1,017,816
Credit derivatives business	1,960	17,372
Other transactions	128,033	127,730
Short-selling of trading assets	**453,459**	**498,071**
Certificates issued	**694,859**	**692,868**
Total	**5,031,949**	**6,803,904**

(30) Derivatives

in € thousand	2015	2014
Negative fair values of derivatives in fair value hedges (IAS 39)	**194,932**	**137,379**
Interest-based transactions	194,932	137,379
Negative fair values of derivatives in cash flow hedges (IAS 39)	**239,858**	**63,171**
Currency-based transactions	239,858	63,171
Negative fair values of credit derivatives	**154**	**23**
Negative fair values of other derivative financial instruments	**543,402**	**574,248**
Interest-based transactions	184,702	268,896
Currency-based transactions	358,700	305,290
Equity-/index-based transactions	0	62
Total	**978,346**	**774,820**

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	2015	06.7.1905
1 year	3,714,123	3,166,513
More than 1 year, up to 5 years	385,701	0
More than 5 years	109,874	0

Net losses of € 435 thousand (2014: € 10,241 thousand) relating to the effective portion of cash flow hedges were recognized in other comprehensive income.

(31) Other liabilities

in € thousand	2015	2014
Liabilities from non-banking activities	131,780	108,710
Liabilities from insurance contracts	112	202,694
Prepayments and other deferrals	318,427	263,140
Liabilities from dividends	1,069	2,926
Clearing claims from securities and payment transfer business	171,735	425,098
Valuation fair value hedge portfolio	63,839	143,605
Liabilities held for sale (IFRS 5)	1,293,769	11,503
Other liabilities	304,236	507,882
Total	**2,284,967**	**1,665,557**

Details on liabilities held for sale are shown under note (24).

Liabilities from insurance contracts were reduced significantly due to sale of ZAO NPF Raiffeisen, Moscow.

(32) Subordinated capital

in € thousand	2015	2014
Hybrid tier 1 capital	396,725	396,725
Subordinated liabilities and supplementary capital	3,807,056	3,910,840
Total	**4,203,781**	**4,307,565**

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 € 187,330 thousand (2014: € 209,135 thousand).

(33) Equity

in € thousand	2015	2014 restated
Consolidated equity	5,151,101	5,650,836
Subscribed capital	492,466	492,466
Capital reserves	1,834,775	1,834,775
Retained earnings	2,823,860	3,323,594
Consolidated profit/loss	236,864	(398,772)
Non-controlling interests	3,908,160	3,955,426
Total	**9,296,127**	**9,207,490**

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

Subscribed capital

As of 31 December 2015, the subscribed capital of Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB AG) as defined by the articles of incorporation amounted to unchanged € 492,466 thousand. The subscribed capital consists of 6,776,750 non-par bearer shares.

Dividend proposal

The Management Board intends to propose at the Annual General Meeting that no dividend is distributed for the financial year 2015.

Non-controlling interests

The following table contains financial information on subsidiaries which are held by the Group and in which material non-controlling interests exist. In December 2015 RZB purachased the remaining interest in Raiffeisen Bausparkasse. As at year-end 2015, thus non-controlling interest did not exist. Intra-group transactions are not eliminated in the below reported amounts.

2015 in € thousand	Ownership interest	Net assets	Profit/loss after tax	Other comprehensive income	Total comprehensive income
Raiffeisen Bank International Group, Vienna (AT)	39%	3,655,921	204,581	(23,195)	181,386
Raiffeisen Bausparkasse Group, Vienna (AT)	–	–	12,359	(1,371)	10,988
Other	n.a.	252,239	11,549	(7,276)	4,273
Total		**3,908,160**	**228,489**	**(31,842)**	**196,647**

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)**

The European Bank for Reconstruction and Development (EBRD) participated in the capital increase of Raiffeisen Bank Aval JSC, Kiev, which took place in December 2015. The non-controlling interests changed by 28 per cent to 31.8 per cent.

As opposed to the above stated financial information which only relates to non-controlling interests, the following table contains summary financial information of the individual subsidiaries (including non-controlling interests):

	2015	2014	
in € thousand	**RBI**	**RBI**	**RBSPK**
Operating income	4,783,447	4,527,967	142,787
Profit/loss after tax	434,991	(587,189)	84,424
Other comprehensive income	(53,269)	(1,290,575)	3,943
Total comprehensive income	**381,722**	**(1,877,764)**	**88,367**
Current assets	56,755,272	59,634,964	2,188,333
Non-current assets	57,671,311	61,864,808	9,018,505
Current liabilites	81,932,301	84,746,976	4,816,751
Non-current liabilities	23,993,316	28,575,071	5,814,717
Net assets	**8,500,966**	**8,177,725**	**575,370**
Net cash from operating activities	4,515,016	5,482,842	(192,984)
Net cash from investing activities	1,752,615	(4,319,501)	237,613
Net cash from financing activities	(73,093)	(221,086)	(40,765)
Effect of exchange rate changes	248,748	(847,798)	0
Net increase in cash and cash equivalents	**6,443,286**	**94,458**	**3,864**
Dividends paid to non-controlling interests during the year [1]	41,185	50,516	4,410

1 Included in net cash from investing activities.
RBI: Raiffeisen Bank International Group, Vienna (AT)
RBSPK: Raiffeisen Bausparkasse Group, Vienna (AT)

Significant restrictions

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

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

The EBRD participated in the capital increase of Raiffeisen Bank Aval JSC, Kiev, which took place in December 2015. Within the course of this transaction, RBI agreed with EBRD to offer RBI shares to EBRD in exchange of AVAL shares held by EBRD after six years of its participation in a so-called share swap. The execution of this transaction is subject to approvals from regulatory authorities, the Annual General Meeting and Committees.

As at end of 2014, the Ukrainian National Bank launched foreign currency transfer controls. Besides other restrictions, a foreign investor is not able to carry out dividend payments and other capital transactions. First of all, this restriction is valid til first quarter 2016.

Share-based remuneration

In 2014, the share incentive program (SIP) was terminated due to regulatory complexities. The last tranches of the SIP were issued in 2011, in 2012 and in 2013. The respective duration periods are five years, therefore the next tranche will not mature before 2016. As at the reporting date, contingent shares for three tranches were allotted. As at 31 December 2015, the number of these contingent shares was 900,223 (of which 198,258 shares were attributable to the 2011 allotment, 370,857 shares to the 2012 allotment and 331,108 shares to the 2013 allotment). The originally published number of contingently allotted shares changed due to various personnel changes within Group units. It is shown on an aggregated level in the following table:

Share incentive program (SIP) 2011 – 2013 Group of persons	Number of contingently allotted shares as at 31/12/2015	Minimum of allotment of shares	Maximum of allotment of shares
Members of the management board of the company	289,066	86,720	433,599
Members of the management boards of bank subsidiaries affiliated with the company	372,176	111,653	558,264
Executives of the company and other affiliated companies	238,981	71,694	358,472

In the financial year 2015, no shares were bought back for the share incentive program.

Disclosures to financial instruments

(34) Breakdown of remaining terms to maturity

2015 in € thousand	Short-term assets/liabilities Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Long-term assets/liabilities More than 1 year, up to 5 years	More than 5 years
Cash reserve	17,401,694	0	0	0	0
Loans and advances to banks	1,806,826	7,286,494	1,431,939	1,037,009	550,865
Loans and advances to customers	7,843,649	11,789,791	11,047,274	25,255,573	23,521,366
Impairment losses on loans and advances	(6,399,737)	0	0	0	0
Trading assets	440,114	405,102	643,079	2,804,192	1,482,085
Financial investments	758,515	4,433,907	3,542,481	9,534,378	4,178,946
Investments in associates	1,590,384	0	0	0	0
Sundry assets	3,194,792	523,658	485,349	987,309	848,796
Total assets	**26,636,238**	**24,438,953**	**17,150,121**	**39,618,461**	**30,582,058**
Deposits from banks	4,132,372	12,333,946	3,453,581	5,713,976	2,479,208
Deposits from customers	41,251,133	17,228,830	10,545,654	7,021,850	2,031,506
Debt securities issued	0	732,383	1,191,696	5,804,041	1,625,210
Trading liabilities	412,028	482,034	598,650	2,019,264	1,519,973
Subordinated capital	0	5,807	27,525	514,642	3,655,806
Sundry liabilities	2,043,623	864,670	552,251	591,929	296,116
Subtotal	**47,839,156**	**31,647,670**	**16,369,357**	**21,665,702**	**11,607,818**
Equity	9,296,127	0	0	0	0
Total equity and liabilities	**57,135,283**	**31,647,670**	**16,369,357**	**21,665,702**	**11,607,818**

2014 restated in € thousand	Short-term assets/liabilities Due at call or without maturity	Up to 3 months	More than 3 months, up to 1 year	Long-term assets/liabilities 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	(6,481,100)	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	3,180,927	714,356	652,472	566,486	458,157
Total assets	**18,845,837**	**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	82,942	536,806	3,679,088
Sundry liabilities	2,023,228	782,873	383,267	238,379	199,776
Subtotal	**45,952,009**	**35,533,950**	**16,299,270**	**24,870,597**	**12,941,475**
Equity	9,207,490	0	0	0	0
Total equity and liabilities	**55,159,499**	**35,533,950**	**16,299,270**	**24,870,597**	**12,941,475**

(35) Foreign currency volumes

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

in € thousand	2015	2014
Assets	58,227,540	65,848,508
Liabilities	51,014,932	60,421,010

(36) Securitization

RZB as originator

Securitization represents a special form of refinancing and credit risk enhancement under which risks from loans or lease agreements are packaged into portfolios and placed with capital market investors. The objective of RZB's securitization transactions is to retrieve Group regulatory total capital and to use additional refinancing sources.

The following transactions for all or at least individual tranches were executed with external contractual partners and are still active in the reporting year. The stated amounts represent the volumes of the underlying portfolios and the junior tranche at the transaction closing date. Three of the transactions shown in the table in 2014 were terminated early, in the course of 2015, and are shown in a separate table:

in € thousand	Seller of claims or secured party	Date of contract	End of maturity	Volume	Portfolio	Junior tranche
Synthetic Transaction ROOF INFRASTRUCTURE 2014	Raiffeisen Bank International AG, Vienna	December 2014	March 2027	1,500,416	Corporate loans, guarantees, revolving credit facilities	6.1%
Synthetic Transaction ROOF RBCZ 2015	Raiffeisenbank a.s., Prague	December 2015	April 2024	1,000,000	Corporate loans and guarantees	1.4%
Synthetic Transaction ROOF Real Estate 2015	Raiffeisen Bank International AG, Vienna	July 2015	May 2025	719,628	Corporate loans (real estate financing)	7.1%
True Sale Transaction ROOF Poland Leasing 2014 Ltd, Dublin (IE)	Raiffeisen-Leasing Polska S.A. Warsaw (PL)	top-up - December 2015	October 2025	345,927	Car and machine leasing contracts	26.0%
Synthetic Transaction (JEREMIE) ROOF Romania SME 2011(1)	Raiffeisenbank S.A., Bucharest (RO)	December 2010	December 2023	172,500	SME loans	25.0%
Synthetic Transaction (JEREMIE) ROOF Bulgaria SME 2011(1)	Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	December 2010	August 2020	65,000	SME loans	25.0%
Synthetic Transaction (JEREMIE) ROOF Slovakia SME 2013(1)	Tatra banka a.s., Bratislava (SK)	March 2014	June 2025	60,000	SME loans	17.5%
WB EDIF First Loss Portfolio Guarantee	Raiffeisenbank Austria d.d., Zagreb (HR)	April 2015	May 2023	20,000	SME loans	22.0%

SME: Small and medium-sized entities.

In the reporting year some new securitization programs with external investors were initiated. They are described briefly as follows:

The synthetic securitization "ROOF Real Estate 2015" is composed of real estate loans and advances to corporate customers from Austria and Germany originated by RBI AG and was concluded in July 2015. The transaction was split into a senior and a junior tranche. The junior tranche was externally placed and includes a portfolio guarantee amount of up to € 55,000 thousand.

In December 2015 a synthetic securitization of € 1,000,000 thousand in loans and advances to corporate customers and project finance loans originated by Raiffeisenbank a.s., Prague, was concluded. This synthetic securitization is referred to as "ROOF RBCZ 2015" and was split into a senior, a mezzanine and a junior tranche. The mezzanine tranche was sold to two institutional investors, while Raiffeisenbank a.s. holds the credit risk of the junior and senior tranches.

Another securitization transaction initially placed in 2014 by a leasing subsidiary in Poland with an underlying portfolio of car leasing contracts was tapped in December 2015. The original underlying transaction volume was raised from PLN 950,000 thousand to approximately PLN 1,500,000 thousand. The SPV (Special Purpose Vehicle, SPV) established for this transaction is fully consolidated because the leasing subsidiary in Poland as the only transferor possesses decision-making rights in relation to the SPV that could significantly affect the value of the SPV's assets and liabilities. It has the ability to direct the activities that most significantly affect the SPV's returns, as it has the right to make decisions about the customer loans in the portfolio (i.e. the assets acquired by the SPV) and the refinancing of the SPV. Therefore, according to IFRS 10 effective control exists. The senior and mezzanine tranches of the notes are externally placed through supranational and institutional investors and the junior tranche of the notes amounting to PLN 383,500 thousand, or 26 per cent of the total transaction volume, is held internally by the originating leasing subsidiary in Poland.

In the reporting year, Raiffeisenbank Austria d.d., Zagreb, signed a portfolio guarantee agreement under the Western Balkan Enterprise Development and Innovation Facility (WB EDIF); the agreement is financed by the EU and aims to support small and medium-sized enterprises in accessing finance.

The following securitization programs concluded in former years were still active in the reporting year:

A synthetic securitization of loans and advances to corporate customers essentially originated by RBI AG has been active since 2014 under "ROOF INFRASTRUCTURE 2014". The junior tranche is externally placed and amounts to € 88,100 thousand.

Within the scope of further synthetic securitizations, the Group participated in the JEREMIE programs in Bulgaria and Romania ("ROOF Romania and Bulgaria SME 2011-1"), as well as in Slovakia since 2013 ("ROOF Slovakia SME 2013-1"). The European Investment Fund (EIF) provides guarantees from EIF under the JEREMIE initiative to network banks granting loans to small and medium-sized enterprises. The current volume of the portfolio under the JEREMIE first loss guarantees amounts to € 31,463 thousand (2014: € 71,436 thousand) for the utilized volume of Raiffeisenbank S.A., Bucharest, € 13,963 thousand (2014: € 64,845 thousand) for Raiffeisenbank (Bulgaria) EAD, Sofia, and € 45,699 thousand (2014: € 13,483 thousand) for Tatra banka a.s., Bratislava.

In addition to the securitizations with investors external to the Group as shown in the table, a true sale securitization program in relation to a retail mortgage loans portfolio of AO Raiffeisenbank, Moscow, rolled out in 2013 and amounting to approximately € 125,000 thousand is still active and in place within the Group. The senior tranche as well as the junior tranche are held within the Group. Due to portfolio amortization and repayments, the carrying amount of the outstanding loans and advances of this transaction amounted to € 30,666 thousand at year-end 2015 (2014: € 44,106 thousand).

The following securitization programs from previous years were terminated in the reporting year:

in € thousand	Seller of claims or secured party	Date of contract	End of maturity	Volume	Portfolio	Junior tranche
True Sale Transaction Raiffeisen Leasing Polska Auto Lease Securitisation	Raiffeisen-Leasing Polska S.A. Warsaw (PL)	February 2012	early termination April 2015	141,068	Car leasing contracts	15.0%
Synthetic transaction ROOF WESTERN EUROPE CLO - 2012-1	Raiffeisen Bank International AG, Vienna	July 2012	early termination July 2015	996,076	Corporate loans, securities, guarantees	0.8%
Future Flow Securitization ROOF Russia DPR Finance Company S.A.	ZAO Raiffeisenbank, Moscow (RU)	June 2012	early termination June 2015	126,894	Rights in "diversified payment rights" (DPR)	n.a.

The true sale transaction comprising Polish car leasing contracts was repaid early, in April 2015. It had been concluded in 2012 by transferring securitized receivables to a SPV called Compass Variety Funding Limited, Dublin (IE)

In July 2015 RBI AG exercised the contractually foreseen early call option for the synthetic securitization closed in 2012 (ROOF WESTERN EUROPE CLO - 2012- 1) with an underlying portfolio of corporate customer assets originated by RBI AG. With the exception of the mezzanine tranche which amounted to € 47,000 thousand, the other tranches had been placed within the Group.

In June 2015 the externally placed "Diversified Payments Rights" transaction of AO Raiffeisenbank, Moscow ("Future Flow Securitization ROOF Russia DPR") was repaid early.

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 relates to investments in Structured Credit Products, Asset Based Financing and partly also Diviersified Payment Rights. During the financial year market value changes led to a negative valuation result of around € 12 thousand (2014: positive valuation result of € 28 thousand) and to a realized result from sale of € 811 thousand (2014: € 126 thousand).

Total exposure to structured products (excluding Credit Default Swaps):

in € thousand	2015 Outstanding nominal amount	2015 Carrying amount	2014 Outstanding nominal amount	2014 Carrying amount
Asset-backed securities (ABS)	450,764	450,913	668,688	669,027
Asset-Based Financing (ABF)	225,406	225,406	248,378	248,378
Collateralized debt obligations (CDO)	34,633	159	31,793	173
Other	0	0	20,000	841
Total	**710,803**	**676,478**	**968,859**	**918,419**

(37) Transferred assets

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

Transferred financial assets not derecognized

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

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

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

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

2015	Transferred assets			Associated liabilities		
in € thousand	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	390,409	327,669	62,741	323,619	268,322	55,297
Trading assets	288,276	0	288,276	251,613	0	251,613
Financial investments	37,705	0	37,705	36,098	0	36,098
Total	**716,391**	**327,669**	**388,722**	**611,330**	**268,322**	**343,009**

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**

Transferred financial assets that are not entirely derecognized

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

(38) Assets pledged as collateral and received financial assets

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

in € thousand	2015	2014
Loans and advances[1]	6,831,870	7,214,251
Trading assets[2]	1,077,547	694,067
Financial investments	573,805	711,713
Total	**8,483,221**	**8,620,031**

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

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

in € thousand	2015	2014
Deposits from banks	3,469,602	4,978,526
Deposits from customers	561,207	176,946
Debt securities issued	1,586,489	1,317,728
Other liabilities	645,593	188,645
Contingent liabilities and commitments	115,798	716
Total	**6,378,689**	**6,662,561**

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

in € thousand	2015	2014
Securities and other financial assets accepted as collateral which can be sold or repledged	1,780,968	6,538,220
hereof which have been sold or repledged	307,566	1,744,451

The Group received 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 interests might restrict the ability of the Group to access and transfer assets freely to or from other Group entities and settle liabilities. As at reporting date, the Group has not granted 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 in relation to derivative liabilities, securitizations and various insurance activities. The table below shows assets pledged as collateral and otherwise restricted assets with a corresponding liability. These assets are restricted from usage to secure funding, for legal or other reasons.

in € thousand	2015 Pledged	2015 Otherwise restricted with liabilities	2014 Pledged	2014 Otherwise restricted with liabilities
Loans and advances[1]	6,831,870	1,983,278	7,214,251	1,735,310
Trading assets[2]	1,077,547	56,227	694,067	33,405
Financial investments	573,805	7,327	711,713	131,049
Total	**8,483,221**	**2,046,832**	**8,620,031**	**1,899,764**

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

(39) Offsetting of financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's statement of financial position or are subject to an enforceable/unenforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position or not.

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

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

2015	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)	4,398,364	563,947	3,834,417	2,693,543	33,017	1,107,857
Reverse repurchase, securities lending & similar agreements (legally enforceable)	1,326,950	0	1,326,950	1,310,863	0	16,087
Other financial instruments (legally enforceable)	1,966,507	14,427	1,952,079	1,753,855	0	198,224
Total	**7,691,821**	**578,374**	**7,113,447**	**5,758,261**	**33,017**	**1,322,168**

2015	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)	4,329,171	563,947	3,765,224	2,656,661	170,599	937,964
Repurchase, securities lending & similar agreements (legally enforceable)	225,431	0	225,431	217,366	0	8,065
Other financial instruments (legally enforceable)	1,854,837	14,427	1,840,409	1,753,855	0	86,554
Total	**6,409,439**	**578,374**	**5,831,064**	**4,627,883**	**170,599**	**1,032,583**

In 2015, assets which were not subject to legally enforceable netting agreements amounted to € 133,182,045 thousand (2014: € 124,939,703 thousand), of which an immaterial part was accounted for by derivative financial instruments and cash balances from reverse repo business. Moreover, liabilities which are not subject to legally enforceable netting agreements totaled € 128,933,061 thousand in 2015 (2014: € 128,887,062 thousand), of which 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 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**

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**

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

(40) Derivative financial instruments

2015 in € thousand	Nominal amount by maturity Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	Fair values Positive	Negative
Total	**80,580,384**	**74,772,538**	**47,597,891**	**202,950,813**	**4,283,054**	**(4,861,977)**
Interest rate contracts	**31,071,496**	**61,600,114**	**44,925,399**	**137,597,009**	**3,060,640**	**(2,325,202)**
OTC products						
Interest rate swaps	24,020,987	52,939,891	39,024,610	115,985,488	2,774,203	(2,068,327)
Interest rate futures	1,913,964	0	0	1,913,964	1,231	(2,549)
Interest rate options – purchased	979,419	4,442,682	2,944,024	8,366,125	284,805	0
Interest rate options – sold	1,282,299	4,183,344	2,879,449	8,345,092	0	(254,268)
Other similar contracts	2,161	0	0	2,161	0	0
Products trading on stock exchange						
Interest rate futures	2,872,666	34,198	58,945	2,965,809	336	(57)
Interest rate options	0	0	18,371	18,371	64	0
Foreign exchange rate and gold contracts	**47,600,542**	**10,220,395**	**2,226,613**	**60,047,550**	**1,150,357**	**(1,382,410)**
OTC products						
Cross-currency interest rate swaps	6,338,993	9,176,610	2,213,084	17,728,687	734,968	(940,896)
Forward foreign exchange contracts	37,327,296	866,568	0	38,193,865	381,261	(390,292)
Currency options – purchased	1,497,065	105,479	0	1,602,545	31,221	0
Currency options – sold	1,639,230	68,754	0	1,707,984	0	(29,878)
Other similar currency contracts	0	0	0	0	0	0
Gold commodity contracts	0	2,984	13,529	16,512	47	(12,240)
Products trading on stock exchange						
Currency contracts (futures)	797,957	0	0	797,957	2,859	(9,103)
Equity/index contracts	**1,250,956**	**1,820,016**	**401,990**	**3,472,961**	**69,838**	**(1,024,218)**
OTC products						
Equity-/index-based options - purchased	84,862	505,331	113,035	703,229	39,062	0
Equity-/index-based options - sold	133,298	647,167	161,624	942,088	0	(161,175)
Other similar equity/index contracts	229,331	644,521	127,331	1,001,183	120	(826,338)
Products trading on stock exchange						
Equity/index futures - forward pricing	436,540	0	0	436,540	24,803	(22,172)
Equity/index futures	366,924	22,997	0	389,921	5,853	(14,532)
Commodities	**141,386**	**128,795**	**43,889**	**314,071**	**442**	**(110,759)**
Credit derivatives	**494,078**	**992,305**	**0**	**1,486,383**	**1,776**	**(2,114)**
Precious metals contracts	**21,926**	**10,912**	**0**	**32,838**	**1**	**(17,274)**

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.

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)
Gold commodity contracts	0	2,969	0	2,969	41	0
Products trading on stock exchange						
Currency contracts (futures)	365,208	0	0	365,208	5,482	(3,287)
Other similar currency contracts	0	1,500	42,511	44,011	34	(14,600)
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	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)**

(41) Fair value of financial instruments

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

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

If fair value cannot be measured using either 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.

In the Group, well-known conventional 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 taken into account 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 in the notes under (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 the Group has to the counterparty at the respective future points in time. Values implied by the market are also used to calculate the own probability of default. Direct CDS quotations are used where available. If no CDS quotation is available, the own probability of default is calculated by assigning the own rating to a sector and rating-specific CDS curve.

The changed probability of default for the credit risk of the counterparty amounted to minus € 12,021 thousand (2014: minus € 9,620 thousand) in interest-based business.

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

in € thousand	2015 Level I	Level II	Level III	2014 Level I	Level II	Level III
Trading assets	**2,758,057**	**3,763,285**	**24,214**	**3,133,374**	**5,246,792**	**114,517**
Positive fair values of derivatives[1]	64,453	3,507,009	2,320	158,754	4,822,166	72,603
Shares and other variable-yield securities	202,596	449	237	345,500	2,086	237
Bonds, notes and other fixed-interest securities	2,491,009	255,827	21,657	2,629,120	422,540	41,677
Financial assets at fair value through profit or loss	**6,845,476**	**3,072,102**	**65,973**	**6,711,618**	**332,688**	**86,279**
Shares and other variable-yield securities	256,283	0	1,209	240,425	0	3,720
Bonds, notes and other fixed-interest securities	6,589,193	3,072,102	64,764	6,471,193	332,688	82,559
Financial assets available-for-sale	**3,441,965**	**536,074**	**170,518**	**1,881,248**	**583,237**	**332,243**
Other interests[2]	48,279	0	89,436	3,477	0	0
Bonds, notes and other fixed-interest securities	3,344,302	536,074	78,586	1,877,164	583,237	82,242
Shares and other variable-yield securities	49,384	0	2,496	607	0	250,001
Derivatives (hedging)	**0**	**709,272**	**0**	**0**	**941,575**	**187**
Positive fair values of derivatives from hedge accounting	0	709,272	0	0	941,575	187

1 Including other derivatives.
2 Includes securities traded on the stock exchange and also shares measured according to income approach.

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

in € thousand	2015 Level I	Level II	Level III	2014 Level I	Level II	Level III
Trading liabilities	**524,973**	**5,021,550**	**28,982**	**555,458**	**6,795,374**	**27,342**
Negative fair values of derivative financial instruments[1]	161,769	4,243,504	21,914	128,449	6,039,341	19,446
Short-selling of trading assets	363,204	90,255	0	427,010	71,062	0
Certificates issued	0	687,791	7,068	0	684,972	7,896
Liabilities at fair value through profit and loss	**0**	**1,226,965**	**0**	**0**	**2,595,682**	**0**
Debt securities issued[2]	0	1,226,965	0	0	2,595,682	0
Derivatives (hedging)	**0**	**434,791**	**0**	**0**	**200,549**	**0**
Negative fair values of derivatives from hedge accounting	0	434,791	0	0	200,549	0

1 Including other derivatives.
2 Adaptation of previous year figures.

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

Movements between Level I and Level II

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

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

The increase in the item "bonds and other fixed-income securities" shown in Level II of approximately € 2.7 billion and in Level I of approximately € 1.5 billion mainly resulted from additions during the year.

Movements in Level III of financial instruments at fair value

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

in € thousand	As at 1/1/2015	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	114,517	0	(19,066)	74,821	(160,103)
Financial assets at fair value through profit or loss	86,279	0	(126)	47,921	(97,716)
Financial assets available-for-sale	332,243	0	274	26,044	(269,705)
Derivatives (hedging)	187	0	(41)	0	(2,069)

in € thousand	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 31/12/2015
Trading assets	9,724	(75)	4,396	0	24,214
Financial assets at fair value through profit or loss	27,183	0	2,432	0	65,973
Financial assets available-for-sale	2,143	75,981	3,538	0	170,518
Derivatives (hedging)	(118)	2,041	0	0	0

in € thousand	As at 1/1/2015	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	27,342	0	(46)	7,515	(5,996)

in € thousand	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 31/12/2015
	(4,704)	0	5,713	(842)	28,982

In the reporting year, gains resulting from financial instruments of the Level III fair value hierarchy amounted to € 34,227 thousand (2014: € 6,770 thousand).

Qualitative information for the measurement of Level III financial instruments

Financial assets	Type	Fair value in € thousand	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Shares and other variable-yield securities	Closed end real estate fund	237	Net asset value	Haircuts	20 - 50%
Shares and other variable-yield securities	Shares	3,703	Approximation method	–	n/a.
Other investments	Shares	89,436	Gross rental method	Forecasted cash flows	-
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	164,670	Discounted cash flow method	Credit spread	2 - 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	338	Broker estimate	Probability of default Loss severity Expected prepayment rate	n/a
Positive fair value of banking book derivatives without hedge accounting	Forward foreign exchange contracts	2,320	Discounted cash flow method	Interest rate	10 - 30%
Total		**260,705**			

Financial liabilities	Type	Fair value in € thousand	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of banking book derivatives without hedge accounting	OTC options	21,914	Option model	Closing period Currency risk LT volatility Index category	2 - 16% 0 - 5% 0 - 3% 0 - 5%
Issued certificates for trading purposes	Certificates	7,068	Option model	Closing period Bid-Ask spread LT volatility Index category	0 - 3% 0 - 3% 0 - 3% 0 - 2.5%
Total		**28,982**			

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.

2015 in € thousand	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	17,401,694	0	17,401,694	17,401,694	0
Loans and advances to banks	0	6,275,003	5,761,941	12,036,944	11,993,151	43,793
Loans and advances to customers	0	15,617,281	57,100,474	72,717,755	73,177,898	(460,142)
Financial investments	5,876,839	2,389,865	2,013,225	10,279,929	9,954,782	325,147
Liabilities						
Deposits from banks	0	12,999,050	15,352,481	28,351,531	28,113,082	238,449
Deposits from customers	0	26,977,038	51,559,426	78,536,465	78,078,973	457,492
Debt securities issued	2,174,292	4,314,378	1,806,157	8,294,827	8,126,365	168,463
Subordinated capital	0	4,147,392	441,623	4,589,015	4,203,781	385,234

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	5,835,125	1,776,060	10,030,664	9,894,541	136,122
Subordinated capital	0	4,238,844	532,404	4,771,248	4,307,565	463,684

(42) Contingent liabilities and commitments

in € thousand	2015	2014
Contingent liabilities	**10,030,100**	**10,632,268**
Acceptances and endorsements	26,180	62,929
Credit guarantees	4,939,167	6,297,589
Other guarantees	3,079,943	2,323,032
Letters of credit (documentary business)	1,237,908	1,396,379
Other contingent liabilities	746,901	552,338
Commitments	**10,481,542**	**10,423,451**
Irrevocable credit lines and stand-by facilities	10,481,542	10,423,451
Up to 1 year	2,993,998	3,116,115
More than 1 year	7,487,543	7,307,336

The following table contains revocable credit lines which are according to CRR unweighted:

in € thousand	2015	2014
Revocable credit lines	**16,186,591**	**17,639,786**
Up to 1 year	9,988,236	11,869,281
More than 1 year	4,124,391	3,600,912
Without maturity	2,073,964	2,169,593

RZB AG and RBI 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).

Institutional Protection Scheme

Starting from the 1st January 2014, in the course of the regulatory changes brought about by CRR, there were some significant adjustments to the provisions contained thus far in Austrian Banking Law (BWG) for decentralized cooperative banking groups. According to the EU regulation, cooperative banking groups with holdings of equity instruments of banks outside the banking group, should deduct these holdings from equity, unless an exemption though an Institutional Protection Scheme (IPS) exists. For this reason an IPS was established in the Raiffeisen Banking Group, and contractual and statutory guarantees agreed upon, which cover participating institutions and in particular maintain, when needed, liquidity and solvency in order to avoid bank failure. Based on the structure of the Raiffeisen Banking Group the IPS has been designed in two stages and applications submitted to the competent supervisory authority. The Financial Market Authority (FMA) approved the proposals in October and November of 2014.

RZB AG, as the central institution of the Raiffeisen Banking Group, is a participant in the federal level IPS alongside the Raiffeisen-landesbanken, Raiffeisen-Holding Niederosterreich-Wien, ZVEZA Bank, Raiffeisen Wohnbaubank AG and the Raiffeisen Bauspar-kasse Gesellschaft m.b.H. Furthremore, in most of the Austrian federal states there is a regional level IPS.

The participants in the regional level IPS are the central Raiffeisen banks of the individual federal states and local Raiffeisen banks.

The core of the federal level IPS is a uniform and joint risk monitoring within the framework of the early warning system of the Austrian Raiffeisen Deposit Guarantee scheme (ÖRE). The IPS is furthermore part of the foundation of mutual cooperation in the framework of the Raiffeisen Banking Group, which comes into effect when members have economic difficulties. In 2015 the scheme was used in the case of ZVEZA Bank where the affected institute received equity and subordinated loans from fund assets.

Risk report

(43) 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 RZB AG. The principles include the following risk policies:

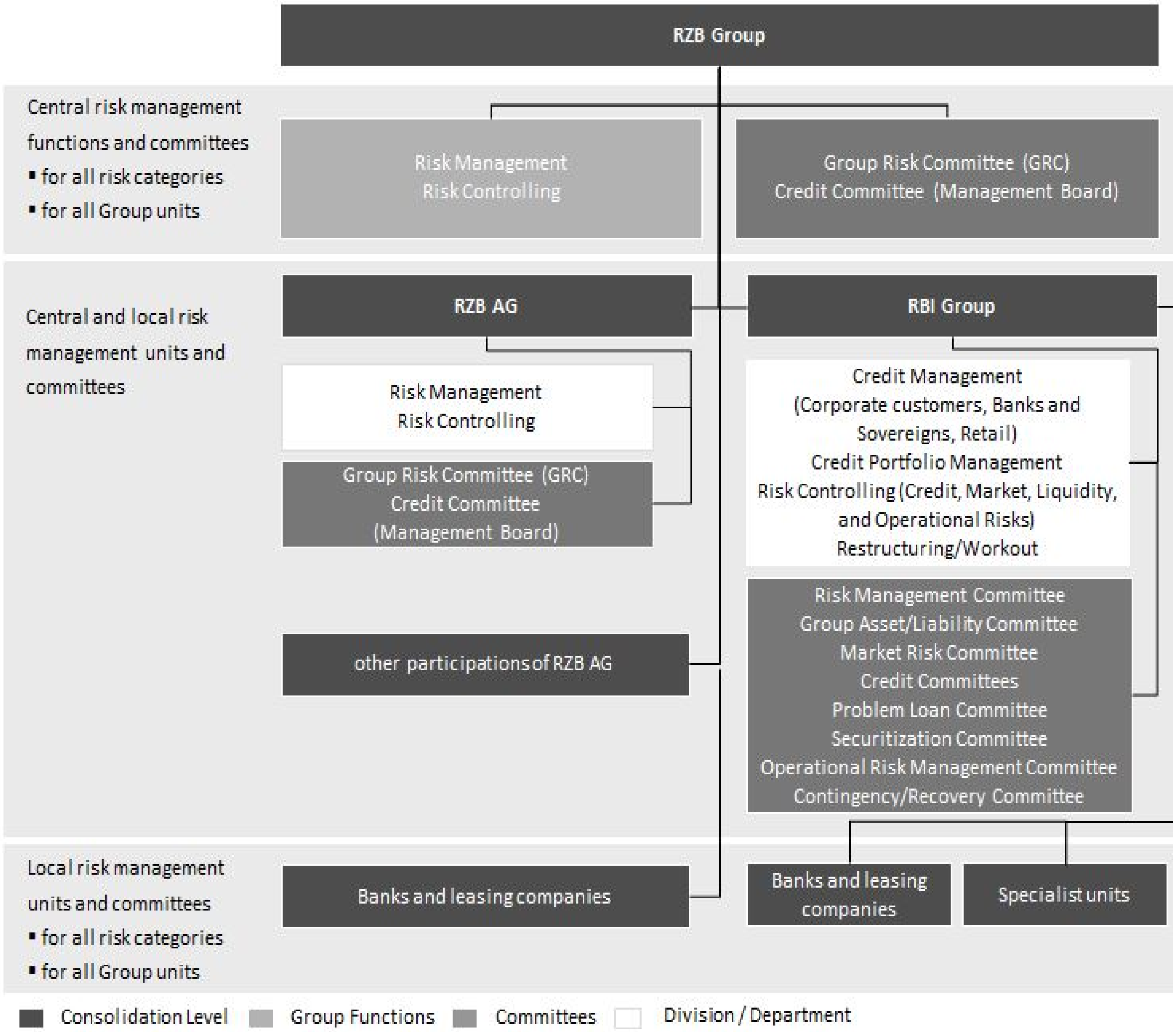
- Integrated risk management: Credit and country risks, participation, market and liquidity risks, and operational risks are managed as main risks on a Group-wide basis. For this purpose, these risks are measured, limited, aggregated, and compared to available risk coverage capital.
- Standardized methodologies: 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 the risk appetite 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. RZB AG 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. Its responsibilities include developing the Group-wide framework for overall bank risk management (integrating all risk types) and preparing independent reports on the risk profile for the Risk Committee of the Supervisory Board, 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 appetite, 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 risks calculated and the limit utilization, as well as the results of scenario analyses and stress tests with respect to market risks.

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

The Problem Loan Committee (PLC) is the most important committee in the evaluation and decision-making process concerning problem loans. It comprises primarily decision making bodies (members of the Management Board of RZB and RBI). 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 special exposure management (workout).

The Securitization Committee is the decision-making committee for limit requests in relation to securitization positions within the specific decision-making authority framework and develops proposals for modifications to the securitization strategy for the Management Board. In addition, the Securitization Committee is a platform for exchanging information regarding securitization positions and market developments.

The Operational Risk Management Committee comprises representatives of the business divisions (retail, market and corporate customers) and representatives from Compliance, Fraud Management, Internal control system (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.

The Contingency/Recovery Committee is a decision-making body convened by the Management Board. The composition of the committee varies depending on the intensity and focus of the specific requirements pertaining to the situation (e. g. capital and/or liquidity). The core task of the committee is to maintain or recover financial stability in accordance with BaSAG (Austrian Bank Recovery and Resolution Act) and BRRD (Banking Recovery and Resolution Directive) in the event of a critical financial situation.

Quality assurance and 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 division Organization & Processes which analyzes the internal control system on an ongoing basis and – if actions are necessary for addressing any deficiencies – is also responsible for tracking their implementation.

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

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

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

Overall bank risk management

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

Objective	Description of risk	Measurement technique	Confidence level
Target rating perspective	Risk of not being able to satisfy claims of the Group´s senior lenders	Unexpected losses on an annual basis (economic capital) must not exceed the present value of equity and subordinated liabilities	99.92 per cent as derived from the default probability implied by the target rating
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 capital
Sustainability perspective	Risk of falling short of a sustainable tier 1 ratio over a full business cycle	Capital and net income projection for a three-year planning period based on a severe macroeconomic downturn scenario	70–90 per cent based on the management decision that the Group might be required to temporarily reduce risks or raise additional capital

Target rating perspective

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

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

During the year, the economic capital of the Group decreased to € 6,508,677 thousand. One of the key drivers was the strong decline in market risk. As at year-end 2014, the high volatility of the Russian rouble and the steep interest rate hike carried out by the Russian Central Bank, resulted in an unusual increase in economic capital for market risk. As at end of reporting date, credit risk accounted for 57 per cent (2014: 54 per cent) of economic capital. Additionally, a general buffer for other risks, unchanged at 5 per cent of calculated economic capital, is added. In the breakdown of economic capital as at 31 December 2015, the largest share of economic capital, at around 34per cent (2014: 28 per cent), is allocated to Group units located in Central Europe, followed by Austria at 32 per cent (2014: 21 per cent).

The economic capital is compared to internal capital, which mainly comprises equity and subordinated capital of the Group. This capital form serves as a primary provision for risk coverage for servicing claims of senior lenders if the bank should incur losses. As at year-end 2015, total utilization of available risk capital (the ratio of economic capital to internal capital) amounted to 56.1 per cent (2014: 70.4 per cent).

Economic capital is an important instrument in overall bank risk management. Economic capital limits are allocated to individual business areas during the annual budgeting process and are supplemented for day-to-day management by volume, sensitivity, or value-at-risk limits. This planning is undertaken on a revolving basis for the upcoming three years and incorporates the future development of economic capital as well as available internal capital. Economic capital thus substantially influences the plans for future lending activities and the overall limit for taking market risks.

Risk-adjusted performance measurement also is based on this risk measure. The profitability of business units is examined in relation to the amount of economic capital attributed to these units (risk-adjusted profit 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	2015	Share	2014	Share
Credit risk corporate customers	1,757,551	27.1%	1,984,996	24.5%
Credit risk retail customers	1,279,394	19.7%	1,629,304	20.1%
Macroeconomic risk	737,885	11.4%	462,000	5.7%
Operational risk	671,084	10.3%	676,042	8.3%
Credit risk sovereigns	445,733	6.9%	489,046	6.0%
Participation risk	384,696	5.9%	434,035	5.3%
Market risk	401,399	6.2%	1,367,626	16.9%
Other tangible fixed assets	237,269	3.7%	316,882	3.9%
Credit risk banks	200,529	3.1%	236,716	2.9%
Liquidity risk	38,245	0.6%	92,822	1.1%
CVA risk	32,483	0.5%	40,481	0.5%
Risk buffer	309,313	4.8%	386,508	4.8%
Total	**6,495,581**	**100.0%**	**8,116,458**	**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 include: interest rates, foreign exchange rates and securities prices, as well as changes in default probabilities and rating migrations in the credit portfolio.

The main focus of this integrated stress test is the resulting tier 1 ratio at the end of the multi-year period. It should not fall below a sustainable level and thus neither requires the bank to substantially increase capital nor to significantly reduce business activities. The current minimum amount of tier 1 capital is therefore determined by the size of the potential economic downturn. In this downturn scenario the need for allocating loan loss provisions, potential pro-cyclical effects that increase minimum regulatory capital requirements, the impact of foreign exchange rate fluctuations as well as other valuation and earnings effects are incorporated.

This perspective thus also complements traditional risk measurement based on the value-at-risk concept (which is in general based on 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 solvency under extreme situations. Based on these analyses risk management in the Group enhances portfolio diversification, for example via limits for the total exposure of individual industry segments and countries and through ongoing updates to its lending standards.

Changes in the regulatory environment

The Bank Recovery and Resolution Directive (BRRD), which was already passed on 15 May 2014, constitutes the framework of standardized and harmonized guidelines and instruments for the recovery and the resolution of banks.

The directive provides a three-stage structure:

- Preparation and prevention
- Early intervention – early intervention of supervisory authorities
- Resolution

By the implementation of the BRRD into national law, the previous Bank Intervention and Restructuring Directive (BIRG) expired. The Bank Recovery and Resolution Act (BaSAG) became effective as of 1 January 2015.

The Group recovery and resolution plan established pursuant to the Bank Intervention and Restructuring Act was examined by taking the regulatory changes and harmonized requirements into account. Based on this and as part of the continuing development of the Group-wide recovery plan, the governance organization was strengthened in case a critical financial situation should occur, and appropriate processes for monitoring the revised resolution indicators were implemented. The recovery plan is consistently supervised by the ECB by means of the Single Supervisory Mechanism (SSM) which became already effective in November 2014.

With regard to the Single Resolution Mechanism (SRM), all 28 EU member states had to establish a national resolution fund (BRRD) as of 1 January 2015. As of 1 January 2016, the national resolution funds of 18 euro area states are transferred into an EU standardized resolution fund (Single Resolution Fund, SRF).

Credit risk

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

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

Limit application process

In the non-retail division, each lending transaction runs through the limit application process beforehand. This process covers – besides new lending – increases in existing limits, rollovers, overdrafts, and changes in the risk profile of a borrower (e.g. with respect to the financial situation of the borrower, the terms and conditions, or collateral) compared to the time of the original lending decision. It is also used when setting counterparty limits in trading and new issuance operations, other credit limits, and for equity participations.

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

The whole limit application process is based on defined uniform principles and rules. Account management for multinational customers doing business simultaneously with more than one 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 to a larger extent automated due to the high number of applications and lower exposure amounts. Limit applications often are assessed and approved in central processing centers based on credit score cards. This process is facilitated by the respective IT systems.

Credit portfolio management

Credit portfolio management in the Group is, among other aspects, based on the credit portfolio strategy which is in turn based on the business and risk strategy. By means of the selected strategy, the exposure amount in different countries, industries or product types is limited and thus prevents undesired risk concentrations. Additionally, the long-term potentials of different markets are continuously analyzed. This allows for an early strategic repositioning of future lending activities.

The following table translates items of the statement of financial position (bank and trading book positions) into the maximum credit exposure, which is used in portfolio management. It includes exposures on and off the statement of financial position before the application of credit-conversion factors and thus represents the total credit exposure. It is not reduced by the effects of credit risk mitigation 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	2015	2014 restated
Cash reserve	14,906,206	6,195,099
Loans and advances to banks	12,113,132	18,891,578
Loans and advances to customers	79,457,653	87,741,358
Trading assets	5,774,573	7,868,284
Derivatives	1,480,256	1,568,161
Financial investments	21,667,044	19,201,356
Other assets	1,761,724	1,031,701
Contingent liabilities	10,030,100	10,632,268
Commitments	10,481,542	10,423,451
Revocable credit lines	16,186,591	17,639,786
Disclosure differences	(3,630,283)	(5,137,974)
Total[1]	**170,228,538**	**176,055,069**

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

A more detailed credit portfolio analysis is based on individual customer ratings. Ratings are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organization unit. Default probabilities assigned to individual rating grades are 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, banks A3, and sovereigns A3) is not directly comparable between these asset classes.

Rating models in the main non-retail asset classes – corporates, banks, and sovereigns – are uniform in all Group units and rank creditworthiness in 27 grades for corporate customers and ten grades for banks and sovereigns. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Customer rating, as well as validation is supported by specific software tools (e.g. business valuation, 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 corporate ratings (large corporates and mid-market). For presentation purposes, the individual grades of the rating scale are summarized to the nine main rating grades.

in € thousand		2015	Share	2014	Share
1	Minimal risk	3,817,317	5.4%	4,291,375	5.5%
2	Excellent credit standing	8,662,606	12.3%	10,506,550	13.4%
3	Very good credit standing	8,515,453	12.1%	9,496,232	12.1%
4	Good credit standing	10,891,873	15.5%	10,612,215	13.5%
5	Sound credit standing	11,970,443	17.0%	14,729,105	18.7%
6	Acceptable credit standing	10,968,351	15.6%	11,676,207	14.8%
7	Marginal credit standing	5,861,593	8.3%	6,150,359	7.8%
8	Weak credit standing / sub-standard	2,314,686	3.3%	2,795,788	3.6%
9	Very weak credit standing / doubtful	1,010,099	1.4%	1,617,029	2.1%
10	Default	6,033,767	8.6%	6,345,897	8.1%
NR	Not rated	358,314	0.5%	479,079	0.6%
Total		**70,404,502**	**100.0%**	**78,699,836**	**100.0%**

Compared to year-end 2014, the maximum credit exposure to corporates decreased € 8,295,334 thousand to € 70,404,502 thousand (2014: € 78,699,836 thousand). At 94.7 per cent or € 66,701,672 thousand (2014: € 74,842,411 thousand) the subgroup Raiffeisen Bank International was the largest segment.

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

in € thousand		2015	Share	2014	Share
6.1	Excellent project risk profile – very low risk	3,445,305	44.4%	3,668,308	41.1%
6.2	Good project risk profile – low risk	2,187,270	28.2%	3,166,844	35.4%
6.3	Acceptable project risk profile – average risk	733,737	9.4%	821,815	9.2%
6.4	Poor project risk profile – high risk	475,503	6.1%	509,459	5.7%
6.5	Default	911,151	11.7%	769,470	8.6%
NR	Not rated	12,055	0.2%	0	0.0%
Total		**7,765,021**	**100.0%**	**8,935,897**	**100.0%**

The maximum credit exposure in project finance amounted to € 7,765,021 thousand (2014: € 8,935,897 thousand) at year-end 2015. At 72.6 per cent (2014: 76.5 per cent), projects rated in the two best rating grades excellent project risk profile – very low risk (rating 6.1) or good project risk profile – low risk (rating 6.2) accounted for the highest share of the portfolio. This reflects mainly the high level of collateralization in specialized lending transactions. The decrease of € 223,003 thousand in rating grade 6.1 resulted mainly from facility financing and project financing. The decrease in rating grade 6.2 is predominantly caused by volumes. However, project finance in rating grade 6.5 increased due to defaults in Canada and Poland.

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

in € thousand	2015	Share	2014[1]	Share
Central Europe	22,162,792	28.4%	22,890,603	26.1%
Austria	16,286,588	20.8%	18,324,322	20.9%
Eastern Europe	11,853,521	15.2%	15,574,401	17.7%
Southeastern Europe	10,232,070	13.1%	10,924,599	12.5%
Western Europe	9,631,502	12.3%	10,283,248	11.7%
Asia	3,478,362	4.4%	4,995,724	5.7%
Other	4,524,689	5.8%	4,642,837	5.3%
Total	**78,169,524**	**100.0%**	**87,635,733**	**100.0%**

1 Adaptation of previous year figures due to change in the disclosure of regions.

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

in € thousand	2015	Share	2014	Share
Manufacturing	16,842,968	21.5%	18,465,837	21.1%
Wholesale and retail trade	16,840,189	21.5%	19,602,630	22.4%
Real estate	9,753,003	12.5%	11,027,036	12.6%
Other industries	8,912,240	11.4%	10,363,073	11.8%
Financial intermediation	8,759,273	11.2%	10,253,033	11.7%
Construction	5,821,141	5.3%	6,100,893	7.0%
Freelance/technical services	4,129,728	7.4%	4,532,006	5.2%
Electricity, gas, steam and hot water supply	3,601,980	4.5%	3,492,331	4.0%
Transport, storage and communication	3,509,002	4.6%	3,798,894	4.3%
Total	**78,169,524**	**100.0%**	**87,635,733**	**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	2015	Share	2014[1]	Share
Retail customers – private individuals	31,085,492	90.3%	31,904,634	90.5%
Retail customers – small and medium-sized entities	3,325,216	9.7%	3,359,246	9.5%
Total	**34,410,708**	**100.0%**	**35,263,881**	**100.0%**
hereof non-performing loans	2,375,292	6.9%	2,699,046	7.7%
hereof individual loan loss provision	1,720,489	5.0%	1,908,252	5.4%
hereof portfolio-based loan loss provision	210,180	0.6%	204,692	0.6%

1 Adaptation of previous year figures.

Compared to year-end 2014, the retail credit portfolio decreased € 853,173 thousand to € 34,410,708 thousand (2014: € 35,263,881 thousand). This was mainly due to a decline of exposure volumes in retail customers division in Hungary and Russia which was partly offset by increases in exposure volumes in Slovakia and Poland due to the development of the Swiss franc.

The highest volume of € 17,506,416 thousand (2014: € 16,989,711 thousand) was booked in the region Central Europe, thus representing an increase of € 516,705 thousand compared to the previous year. This was mainly due to an increase in credit portfolio of private individuals in Slovakia (up € 438,947 thousand). Southeastern Europe ranks second at € 7,819,979 thousand (2014: € 7,954,732 thousand).

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

in € thousand	2015	Share	2014	Share
Mortgage loans	20,543,031	59.7%	19,927,623	56.5%
Personal loans	6,901,299	20.1%	7,031,341	19.9%
Credit cards	2,441,433	7.1%	2,551,371	7.2%
SME financing	1,573,858	4.6%	2,332,797	6.6%
Overdraft	1,699,054	4.9%	1,781,552	5.1%
Car loans	1,252,033	3.6%	1,639,197	4.6%
Total	**34,410,708**	**100.0%**	**35,263,881**	**100.0%**

Car loans decreased € 387,164 thousand to € 1,252,033 thousand, as no new financing in this area was undertaken in Russia as a result of the strategy review. Also other segments recorded significant declines in this product category due to changes in business strategy.

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	2015	Share	2014	Share
Swiss franc	3,584,587	44.7%	4,230,269	46.6%
Euro	3,616,814	45.1%	3,955,101	43.6%
US-Dollar	816,245	10.2%	883,630	9.7%
Other foreign currencies	3,290	0.0%	10,406	0.1%
Loans in foreign currencies	**8,020,937**	**100.0%**	**9,079,406**	**100.0%**
Share of total loans	**23.3%**		**25.7%**	

Compared to year-end 2014, loans denominated in Swiss francs, US dollars and euros decreased. The decrease in foreign currency loans denominated in Swiss francs was mainly due to loan conversion into Hungarian forint as result of the Settlement Act in Hungary.

Credit portfolio – Banks

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

The following table provides a breakdown of maximum credit exposure by country of risk grouped into regions:

in € thousand	2015	Share	2014	Share
Western Europe	8,154,948	43.3%	11,716,726	46.8%
Austria	6,518,062	34.6%	8,155,233	32.6%
Asia	1,232,447	6.5%	1,716,195	6.9%
Eastern Europe	1,003,535	5.3%	1,443,455	5.8%
Central Europe	674,585	3.6%	650,653	2.6%
Southeastern Europe	108,093	0.6%	144,824	0.6%
Other	1,151,119	6.1%	1,219,560	4.9%
Total	**18,842,790**	**100.0%**	**25,046,646**	**100.0%**

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

in € thousand		2015	Share	2014	Share
A1	Excellent credit standing	0	0.0%	0	0.0%
A2	Very good credit standing	2,441,364	13.0%	1,970,895	7.9%
A3	Good credit standing	2,545,996	13.5%	10,642,987	42.5%
B1	Sound credit standing	9,603,114	51.0%	6,612,923	26.4%
B2	Average credit standing	1,305,967	6.9%	2,844,208	11.4%
B3	Mediocre credit standing	1,034,455	5.5%	1,275,391	5.1%
B4	Weak credit standing	1,320,821	7.0%	541,349	2.2%
B5	Very weak credit standing	289,400	1.5%	339,013	1.4%
C	Doubtful/high default risk	158,099	0.8%	123,653	0.5%
D	Default	137,493	0.7%	194,061	0.8%
NR	Not rated	6,081	0.0%	502,166	2.0%
Total		**18,842,790**	**100.0%**	**25,046,646**	**100.0%**

The maximum credit exposure to banks amounted to € 18,842,790 thousand (2014: € 25,046,646 thousand) at year-end 2015. Compared to year-end 2014, this represented a decrease of € 6,203,856 thousand resulting mainly from a decline in repo, swap and money market business. The decline was partly offset by an increase in bonds to banks and guarantees given.

At 13.5 per cent (2014: 42.5 per cent), rating grade A3 (good credit standing) recorded a decrease of € € 8,096,991 thousand. This resulted mainly from a rating downgrade of domestic banks from A3 to B1. Compared to year-end 2014, the rating grade B1 showed the largest increase of € 2,990,192 thousand. The medium rating grades from B1 (sound credit standing) to B3 (mediocre credit standing) represented around 63.4 per cent (2014: 42.9 per cent) of credit exposure. The increase in rating grade B4 was mainly due to a rating downgrade of banks in Turkey from B3 to B4.

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 banks (excluding central banks) by products:

in € thousand	2015	Share	2014	Share
Bonds	4,002,594	21.2%	3,486,776	13.9%
Derivatives	3,732,340	19.8%	5,172,039	20.6%
Loans	3,719,462	19.7%	4,248,822	17.0%
Money market	3,601,648	19.1%	5,448,632	21.8%
Repo	1,157,084	6.1%	4,149,703	16.6%
Other	2,629,662	14.0%	2,540,674	10.1%
Total	**18,842,790**	**100.0%**	**25,046,646**	**100.0%**

Credit exposure – Sovereigns

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

in € thousand		2015	Share	2014	Share
A1	Excellent credit standing	13,833,598	35.6%	7,488,685	26.6%
A2	Excellent credit standing	983,802	2.5%	2,428,606	8.6%
A3	Good credit standing	5,829,338	15.0%	4,754,899	16.9%
B1	Sound credit standing	4,922,665	12.7%	3,106,338	11.1%
B2	Average credit standing	4,815,592	12.4%	3,499,891	12.5%
B3	Mediocre credit standing	2,850,059	7.3%	1,721,149	6.1%
B4	Weak credit standing	4,178,438	10.8%	3,953,149	14.1%
B5	Very weak credit standing	735,627	1.9%	881,511	3.1%
C	Doubtful/high default risk	618,117	1.6%	272,248	1.0%
D	Default	3,305	0.0%	229	0.0%
NR	Not rated	34,975	0.1%	2,103	0.0%
Total		**38,805,517**	**100.0%**	**28,108,809**	**100.0%**

The maximum credit exposure to sovereigns amounted to € 38,805,517 thousand (2014: € 28,108,809 thousand) at year-end 2015. It represented 22.8 per cent (2014: 16.0 per cent) of the total credit exposure.

The rating grade excellent credit standing (rating A1) showed the highest increase of € 6,344,913 thousand. This mainly resulted from the rise in short-term deposits at the Austrian National Bank (up € 8,614,475 thousand), while the portfolio of Austrian and Netherland government bonds decreased (down € € 2,384,786 thousand).

The medium rating grades good credit standing (rating A3) to mediocre credit standing (rating B3) represented a share at 47.4 per cent (2014: 46.6 per cent). The high exposure in the medium rating grades resulted amongst other factors from deposits of network banks in Central and Southeastern Europe at their local central banks. The deposits at local central banks are mandatory for meeting the respective minimum reserve requirements or used in order to manage excess liquidity on a short-term basis and therefore are intrinsically linked to the banking business in these countries. Furthermore, this high exposure also derived from bonds of central banks and central governments in Central and Southeastern Europe. The increase in rating grade B3 mainly resulted from a rating downgrade of Russia from B2 to B3 and an increase of deposits at the Bulgarian National Bank. The increase in rating grade B3 was partly offset by a rating upgrade of Slovenia from B3 to B2.

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

in € thousand	2015	Share	2014	Share
Bonds	19,775,193	51.0%	18,064,849	64.3%
Loans	18,273,408	47.1%	8,535,231	30.4%
Derivatives	718,848	1.9%	790,564	2.8%
Other	38,068	0.1%	718,166	2.6%
Total	**38,805,517**	**100.0%**	**28,108,809**	**100.0%**

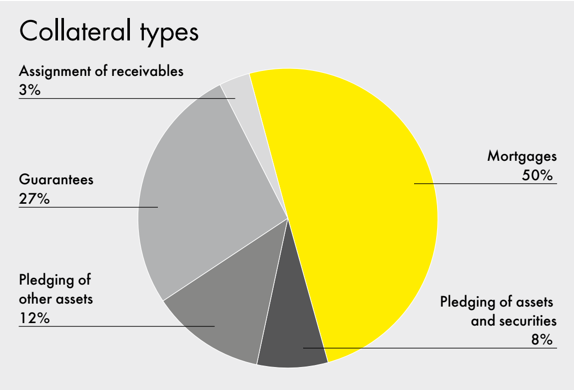
The table below shows the credit exposure to the public sector in non-investment grade (rating B3 and below):

in € thousand	2015	Share	2014[1]	Share
Hungary	2,624,900	31.2%	2,646,246	38.7%
Croatia	994,753	11.8%	894,450	13.1%
Bulgaria	953,359	11.3%	395,204	5.8%
Albania	856,583	10.2%	743,743	10.9%
Russia	604,315	7.2%	-	-
Serbia	503,747	6.0%	310,056	4.5%
Bosnia and Herzegovina	477,723	5.7%	432,491	6.3%
Ukraine	396,901	4.7%	267,167	3.9%
Belarus	210,800	2.5%	242,724	3.6%
Portugal[2]	199,990	2.4%	0	0.0%
Vietnam	160,226	1.9%	173,950	2.5%
Other	437,226	5.2%	724,358	10.6%
Total	**8,420,521**	**100.0%**	**6,830,390**	**100.0%**

1 Separate presentation of Slovenia in previous year. Due to rating upgrade of Slovenia to B2, reclassification to Other.
2 In 2014, no credit exposure to sovereigns.

Compared to year-end 2014, the credit exposure to sovereigns in non-investment grade increased € 1,590,131 thousand to € 8,420,521 thousand. This increase resulted primarily from a rating downgrade of Russia from B2 to B3 and an increase of the minimum reserve requirement at the Bulgarian National Bank.

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



Credit risk mitigation

Collateralization is one of the main strategies and an actively pursued measure for reducing potential credit risks. The value of collateral and the effect of other risk mitigation techniques are determined within each limit application. The risk mitigation effect taken into account is the value that the Group expects to receive when selling the collateral within a reasonable liquidation period. Eligible 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 discounts, and expert assessments.

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

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

2015 in € thousand	Maximum credit exposure Net exposure	 Commitments/guarantees issued	Fair value of collateral
Banks	11,993,151	2,588,957	1,989,231
Sovereigns	933,942	438,732	499,671
Corporate customers – large corporates	40,153,646	29,035,389	27,572,621
Corporate customers – mid market	2,841,978	1,041,942	2,424,180
Retail customers – private individuals	26,674,238	3,162,935	17,773,004
Retail customers – small and medium-sized entities	2,574,105	495,495	1,939,840
Total	**85,171,060**	**36,763,451**	**52,198,546**

2014[1] in € thousand	Maximum credit exposure Net exposure	 Commitments/guarantees issued	Fair value of collateral
Banks	18,776,941	3,082,391	5,591,214
Sovereigns	1,582,673	391,295	617,749
Corporate customers – large corporates	47,271,576	30,640,820	31,302,603
Corporate customers – mid market	3,055,637	956,420	2,600,893
Retail customers – private individuals	27,048,211	3,121,461	17,767,006
Retail customers – small and medium-sized entities	2,450,927	541,339	1,783,557
Total	**100,185,965**	**38,733,726**	**59,663,022**

1 Adaptation of previous year figures.

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, banks, and sovereigns. This includes a rating review and the re-evaluation of financial and tangible collateral.

Problem loans (where debtors might run into material financial difficulties or a delayed payment is expected) need special treatment. In non-retail divisions, problem loan committees in individual Group units make decisions on problematic exposures. If the need for intensified treatment and workout is identified, then problem loans are assigned either to a designated specialist or to a restructuring unit (workout department). Employees of the workout units are specially trained and have extensive experience. They typically handle medium-sized to large cases and are assisted by in-house legal departments or by external specialists as well. Workout units play a decisive role in accounting and analyzing as well as booking provisions for impairment losses (write-offs, value adjustments or provisioning). Their early involvement can help reduce losses resulting from problem loans.

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

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

2015 in € thousand	Current	Up to 30 days	Overdue More than 31 days, up to 90 days	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	11,992,471	0	1	0	0	3	0
Sovereigns	892,413	39,048	62	0	1	17	1,682
Corporate customers – large corporates	37,379,416	752,241	60,768	14,275	43,685	29,199	588,491
Corporate customers – mid market	2,622,016	64,631	13,710	3,590	2,754	7,878	70,091
Retail customers – private individuals	24,479,432	1,448,509	321,039	113,757	27,964	39,240	772,017
Retail customers – small and medium-sized entities	2,197,653	217,675	44,923	8,948	2,830	4,112	213,588
Total	**79,563,402**	**2,522,104**	**440,502**	**140,570**	**77,233**	**80,449**	**1,645,870**

2014 restated in € thousand	Current	Up to 30 days	Overdue More than 31 days, up to 90 days	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	43,766,729	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	**93,487,245**	**2,741,426**	**573,086**	**193,052**	**44,687**	**117,099**	**2,130,975**

Non-performing exposure (NPE)

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

The crucial aspect 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 such a modification for a loan previously considered as non-performing is carried out, then the loan is assessed as non-performing exposure independent of whether a reason for default according to Article 178 CRR exists. The classification as forborne/NPE does not lead to an individual loan loss provision; this is based on the default definition of CRD IV/CRR.

In the division retail customers restructured loans are subject to an observation period of at least three months in order to be sure that the customer meets the newly agreed terms. In those cases where the 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.

As of 18 March 2015, an amended definition of non-performing exposure was published on the EBA homepage (Article 179). This amendment led to a considerable decline of the non-performing exposure according to CRR/CRD IV definition. Only those exposures which were classified as non-performing loans in the past, but recovered in the meantime, are automatically classified as non-performing exposure due to a repeated restructuring. Exposures not classified as non-performing loans in the past are to be re-assessed in the course of a further restructuring and are not automatically classified as non-performing exposure. This explains the strong decrease compared to year-end 2014.

The following table shows the non-performing exposure according to asset classes:

in € thousand	Refinancing 2015	Refinancing 2014	Instruments with modified time and modified conditions 2015	Instruments with modified time and modified conditions 2014	NPE total 2015	NPE total 2014
Corporate customers	15,357	24,802	159,467	756,745	174,824	781,547
Retail customers	29,547	39,851	188,188	258,925	217,735	298,776
Banks	0	0	0	624	0	624
Sovereigns	0	0	0	0	0	0
Total	**44,904**	**64,653**	**347,654**	**1,016,295**	**392,559**	**1,080,948**

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 customers concerned have improved.

Non-performing loans (NPL) and provisioning

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

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

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

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

in € thousand	As at 1/1/2015 restated	Change in consolidated group/ Exchange differences	Additions	Disposals	As at 31/12/2015
Corporate customers	6,802,120	112,492	1,528,494	(1,983,210)	6,459,896
Retail customers	2,687,943	90,334	551,299	(975,553)	2,354,024
Sovereigns	229	22	3,305	(251)	3,305
Total non-banks	**9,490,293**	**202,848**	**2,083,098**	**(2,959,013)**	**8,817,225**
Banks	129,909	4,837	0	(7,250)	127,496
Total	**9,620,202**	**207,685**	**2,083,098**	**(2,966,264)**	**8,944,721**

in € thousand	As at 1/1/2014	Change in consolidated group/ Exchange differences	Additions/disposals	As at 31/12/2014 restated
Corporate customers	6,231,760	(409,540)	979,901	6,802,120
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)**	**996,397**	**9,490,293**
Banks	153,469	(397)	(23,163)	129,909
Total	**9,426,246**	**(779,278)**	**973,233**	**9,620,202**

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	2015	2014 restated	2015	2014 restated	2015	2014 restated
Corporate customers	6,459,896	6,802,120	13.3%	12.5%	63.8%	62.5%
Retail customers	2,354,024	2,687,943	9.6%	8.5%	77.3%	78.6%
Sovereigns	3,305	229	0.8%	0.0%	129.8%	439.2%
Total non-banks	**8,817,225**	**9,490,293**	**11.1%**	**10.8%**	**71.2%**	**67.1%**
Banks	127,496	129,909	0.7%	0.7%	94.1%	88.2%
Total	**8,944,721**	**9,620,202**	**8.8%**	**9.0%**	**75.1%**	**67.4%**

In 2015, in the asset class corporate customers, non-performing loans increased 5.0 per cent, or € 342,224 thousand, to € 6,459,896 thousand (2014: € 6,802,120 thousand). The ratio of non-performing loans to credit exposure rose 0.8 percentage points to 13.3 per cent; the NPL coverage ratio went up 1.3 percentage points to 63.8 per cent.

In the retail portfolio, NPL sank 12.4 per cent, or € 333,919 thousand, to € 2,354,024 thousand (2014: € 2,687,943 thousand). The ratio of non-performing loans to credit exposure increased to 9.6 per cent, however the NPL coverage ratio went down 1.3 percentage points to 77.3 per cent.

The portfolio of NPL in the division banks amounted to € 127,496 thousand (2014: € 129,909 thousand) at year-end, the NPL coverage ratio increased 5.9 percentage points to 94.1 per cent.

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

in € thousand	As at 1/1/2015 restated	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 31/12/2015
Individual loan loss provisions	**6,125,022**	**438**	**2,001,637**	**(674,827)**	**(1,394,056)**	**48,919**	**6,107,132**
Banks	111,768	0	(6,462)	(224)	8,151	4,439	117,672
Corporate customers	4,020,224	(15,236)	1,304,706	(361,545)	(768,870)	6,484	4,185,762
Retail customers	1,909,798	6,646	683,816	(281,049)	(642,211)	34,510	1,711,510
Sovereigns	35	2,528	(20,703)	(90)	22,412	845	5,028
Off-balance sheet obligations	83,197	6,500	40,279	(31,918)	(13,539)	2,642	87,160
Portfolio-based loan loss provisions	**468,227**	**648**	**196,676**	**(253,588)**	**(1,021)**	**(4,532)**	**406,410**
Banks	2,869	(16)	1,551	(2,071)	0	(23)	2,310
Corporate customers	232,288	413	53,407	(114,567)	(126)	(383)	171,031
Retail customers	203,147	156	131,952	(124,024)	(895)	(4,293)	206,044
Sovereigns	972	(67)	117	(659)	0	18	380
Off-balance sheet obligations	28,952	161	9,649	(12,267)	0	149	26,644
Total	**6,593,249**	**1,085**	**2,198,313**	**(928,415)**	**(1,395,078)**	**44,387**	**6,513,541**

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

in € thousand	As at 1/1/2014	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 31/12/2014 restated
Individual loan loss provisions	**5,569,339**	**123,032**	**2,530,043**	**(620,507)**	**(1,139,744)**	**(337,141)**	**6,125,022**
Banks	111,447	0	3,219	(1,910)	(4,951)	3,962	111,768
Corporate customers	3,384,069	128,680	1,694,765	(349,830)	(603,920)	(233,540)	4,020,224
Retail customers	1,968,957	8,784	785,530	(223,832)	(523,704)	(105,937)	1,909,798
Sovereigns	5,118	0	41	(6,176)	0	1,052	35
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**	**(331,036)**	**(39)**	**(42,936)**	**468,227**
Banks	6,697	(154)	2,146	(5,834)	0	15	2,869
Corporate customers	321,868	35	105,041	(177,970)	(2)	(16,684)	232,288
Retail customers	190,572	1,109	154,881	(118,544)	(37)	(24,835)	203,147
Sovereigns	1,053	0	366	(539)	0	92	972
Off-balance sheet obligations	45,490	14	13,120	(28,149)	0	(1,523)	28,952
Total	**6,135,019**	**124,037**	**2,805,596**	**(951,543)**	**(1,139,783)**	**(380,077)**	**6,593,249**

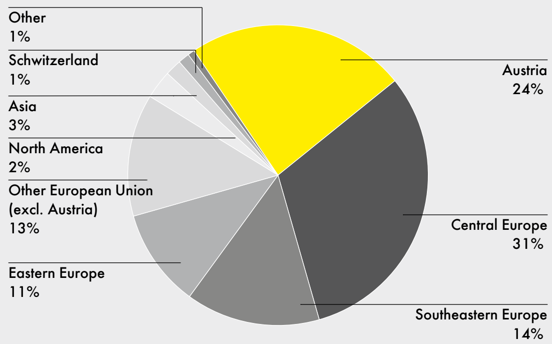
1 Allocation including direct write-downs and income on written down claims.
2 Usage including direct write-downs and income on written down claims.

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 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 complying with customer limits. The limit size for individual countries is set by using a model which takes into account the internal rating for the sovereign, the size of the country, and the Group's own capitalization.

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 expected 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.

As part of the strategic realignment the limit structures related to concentration risk for each customer segment were reviewed.

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

in € thousand	2015	Share	2014[1]	Share
Austria	**40,238,838**	**23.6%**	**37,504,959**	**21.3%**
Central Europe	**53,416,676**	**31.4%**	**50,940,338**	**28.9%**
Poland	16,752,594	9.8%	14,659,932	8.3%
Czech Republic	14,156,843	8.3%	14,388,059	8.2%
Slovakia	13,881,293	8.2%	11,969,633	6.8%
Hungary	7,584,673	4.5%	8,482,656	4.8%
Other	1,041,273	0.6%	1,440,057	0.8%
Other European Union	**22,423,672**	**13.2%**	**26,635,834**	**15.1%**
Germany	6,463,041	3.8%	7,149,349	4.1%
Great Britain	4,554,303	2.7%	6,070,394	3.4%
France	2,311,797	1.4%	4,914,629	2.8%
Italy	1,961,293	1.2%	1,461,664	0.8%
Netherlands	1,746,944	1.0%	2,029,952	1.2%
Other	5,386,293	3.2%	5,009,846	2.8%
Southeastern Europe	**24,611,964**	**14.5%**	**24,377,561**	**13.8%**
Romania	9,010,667	5.3%	9,067,092	5.2%
Croatia	5,031,868	3.0%	5,234,062	3.0%
Bulgaria	3,890,892	2.3%	3,693,408	2.1%
Bosnia and Herzegovina	2,123,749	1.2%	2,022,947	1.1%
Serbia	1,953,501	1.1%	1,658,269	0.9%
Albania	1,912,134	1.1%	1,848,491	1.0%
Other	689,152	0.4%	853,292	0.5%
Asia	**5,221,052**	**3.1%**	**7,640,363**	**4.3%**
China	1,779,777	1.0%	3,206,966	1.8%
Singapore	676,391	0.4%	1,336,725	0.8%
Other	2,764,884	1.6%	3,096,672	1.8%
Eastern Europe	**17,995,786**	**10.6%**	**22,964,826**	**13.0%**
Russia	12,522,077	7.4%	16,824,614	9.6%
Ukraine	3,546,669	2.1%	4,007,324	2.3%
Belarus	1,470,571	0.9%	1,580,776	0.9%
Other	456,468	0.3%	552,113	0.3%
North America	**3,002,050**	**1.8%**	**2,908,376**	**1.7%**
Switzerland	**2,067,549**	**1.2%**	**1,835,749**	**1.0%**
Rest of World	**1,250,950**	**0.7%**	**1,247,063**	**0.6%**
Total	**170,228,538**	**100.0%**	**176,055,069**	**100.0%**

1 Adaptation of previous year figures due to change in the disclosure of regions. As of second quarter 2015, Far East is mapped to Asia.

The Group does not own any banking subsidiaries that are incorporated in the so-called European periphery countries. Nonetheless, some of the bank's loans and advances are to customers domiciled in these countries and result from credit financing and capital market activities. The Group holds no material volumes of government bonds issued by these countries.

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

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

in € thousand	2015	Share	2014	Share
Banking and insurance	48,579,744	28.5%	46,625,646	26.5%
Private households	30,038,292	17.6%	32,939,943	18.7%
Public administration and defence and social insurance institutions	17,117,709	10.1%	16,686,853	9.5%
Wholesale trade and commission trade (except car trading)	12,807,034	7.5%	14,795,106	8.4%
Other manufacturing	11,434,128	6.7%	12,200,627	6.9%
Real estate activities	9,966,560	5.9%	10,945,609	6.2%
Construction	6,013,367	3.5%	6,149,403	3.5%
Other business activities	4,394,938	2.6%	4,680,255	2.7%
Retail trade except repair of motor vehicles	3,647,624	2.1%	3,886,802	2.2%
Electricity, gas, steam and hot water supply	3,607,604	2.1%	3,426,153	1.9%
Manufacture of basic metals	2,192,921	1.3%	2,642,640	1.5%
Other transport	2,098,337	1.2%	2,191,544	1.2%
Manufacture of food products and beverages	1,972,447	1.2%	2,333,702	1.3%
Land transport, transport via pipelines	1,926,729	1.1%	2,031,234	1.2%
Manufacture of machinery and equipment	1,632,855	1.0%	1,279,642	0.7%
Sale of motor vehicles	1,127,408	0.7%	1,244,178	0.7%
Extraction of crude petroleum and natural gas	686,746	0.4%	1,235,157	0.7%
Other industries	10,984,094	6.5%	10,760,576	6.1%
Total	**170,228,538**	**100.0%**	**176,055,069**	**100.0%**

Structured credit portfolio

The Group's strategy for the structured credit portfolio is to progressively reduce these investments. This will be achieved either through repayment at maturity or through assets sales depending on the market situation. The size of the structured credit portfolio is shown under (35) Securitization. Around 67 per cent of this portfolio
(2014: 72 per cent) is rated A or better by external rating agencies. The pools mainly contain exposures to European customers.

Counterparty credit risk

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

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

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

Market risk

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

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

Organization of market risk management

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

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

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

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

Limit system

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

- Value-At-Risk (VaR) confidence level 99 per cent, risk horizon 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 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. As of 2015, the equity positions including hedges are allocated to the banking book instead of the trading book.

The strong decline in VaR related to currency risk was mainly due to the decreased volatility of the Russian rouble and the Belarus rouble. The devaluation and the hedging strategy implemented was a further reason for the decrease of the Russian rouble position from € 760,000 thousand to € 368,000 thousand.

Trading book VaR 99% 1d in € thousand	VaR as at 31/12/2015	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2014
Currency risk[1]	2,381	13,261	1,563	35,348	114,464
Interest rate risk	1,534	1,970	817	6,581	5,940
Credit spread risk	3,869	2,792	1,480	4,634	4,583
Share price risk	676	1,009	676	2,531	1,294
Vega risk	779	1,589	327	11,391	632
Total	9,168	18,860	8,122	42,746	108,571

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

Banking book VaR 99% 1d in € thousand	VaR as at 31/12/2015	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2014
Currency risk[1]	27,593	28,458	15,578	87,185	0
Interest rate risk	10,556	12,567	6,139	26,747	53,119
Credit spread risk[2]	17,699	22,682	8,917	57,770	20,161
Share price risk	180	77	59	180	0
Vega risk	6,194	2,697	446	8,729	940
Total	38,579	46,065	26,731	89,646	69,390

1 Currency risk of equity positions of subsidiaries denominated in foreign currency was shown in banking book in 2015 and in trading book in 2014.
2 As at 31 December 2015, the credit spread modeling was converted to an improved methodology considering negative interest.

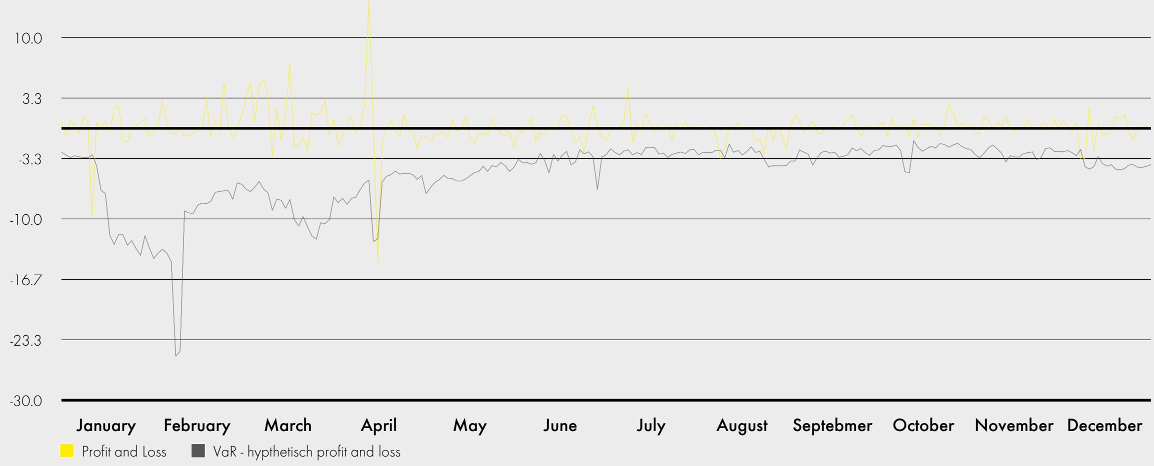
Total VaR 99% 1d in € thousand	VaR as at 31/12/2015	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2014
Currency risk[1]	28,919	31,515	14,654	108,162	109,282
Interest rate risk	33,930	47,948	24,721	120,852	52,492
Credit spread risk[2]	20,525	23,510	9,235	58,151	19,164
Share price risk	1,037	1,163	896	2,782	1,294
Vega risk	6,490	2,503	524	7,572	914
Total	41,808	51,757	29,144	123,592	127,986

1 Currency risk of equity positions of subsidiaries denominated in foreign currency was shown in banking book in 2015 and in trading book in 2014.
2 As at 31 December 2015, the credit spread modeling was converted to an improved methodology considering negative interest.

The risk measurement approaches employed are verified – besides analyzing returns qualitatively – on an ongoing basis through backtesting and statistical validation techniques. If model weaknesses are identified, then they are improved accordingly. The following chart compares VaR and theoretical profits and losses on a daily basis. VaR denotes the maximum loss that will not be exceeded with a 99 per cent confidence level on the next day. It is compared to the theoretical profits and losses, which shows the hypothetical returns that the bank would have realized due to the actual changes in market parameters on the next day. In the reporting year, four backtesting exceedings arose from the strong movements in the foreign exchange market. The strong devaluation of the euro against the Swiss franc of approximately 20 per cent in the middle of January 2015, the CNY devaluation of the Chinese renminbi due to turbulences on the Chinese stock market and the high Russian rouble volatility contributed to the exceedings.

Value-at-Risk and theoretical market price changes of the trading book

in € million



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 at31 December 2015 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.

The open currency positions in the most material currencies were significantly reduced by hedging strategy year-on-year:

in € thousand	2015	2014
ALL	77,775	98,707
BAM	118,140	167,381
BGN	285,101	158,633
BYR	118,937	178,372
CHF	(13,911)	(28,367)
CNY	49,720	161,123
CZK	231,894	204,720
HRK	398,544	542,274
HUF	169,923	(37,341)
PLN	734,121	949,633
RON	478,732	567,552
RSD	384,463	436,143
RUB	368,721	701,043
UAH	(184,372)	32,471
USD	501,983	(14,418)

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

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

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 denominated in foreign currencies also changes correspondingly. This risk is managed on a monthly basis in the Group Asset/Liability Committee based on historical foreign exchange volatilities, exchange rate forecasts, and the sensitivity of the tier 1 ratio to changes in individual foreign exchange rates.

Interest rate risk in the trading book

The following tables show the largest present value changes for the trading book of the Group given a one-basis-point interest rate increase for the whole yield curve in € thousand for the reporting dates 31 December 2015 and 31 December 2014. Currencies where the total interest rate sensitivity exceeds € 1 thousand are shown separately. There are only minor changes in the risk factors within the reporting period.

2015 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 J	>20y
ALL	(21)	0	(2)	(1)	(4)	(2)	(11)	0	0	0	0	0
BGN	(4)	0	0	0	(1)	(1)	(2)	0	0	0	0	0
CHF	2	6	(2)	3	(3)	(3)	1	(4)	3	(1)	1	0
CNY	12	2	0	10	0	0	0	0	0	0	0	0
CZK	18	(1)	9	4	(9)	(3)	2	5	14	(2)	0	0
EUR	(173)	(6)	(15)	(10)	(85)	(8)	56	(40)	(88)	11	27	(15)
GBP	6	0	0	0	1	0	0	0	5	0	0	0
HRK	(12)	(1)	0	(2)	(5)	0	(3)	0	0	0	0	0
HUF	(8)	(2)	0	2	0	(2)	4	(1)	(8)	1	0	0
PLN	(4)	(4)	7	6	(4)	(1)	2	(10)	0	0	0	0
RON	(26)	1	(1)	0	0	(2)	(14)	(4)	(5)	0	0	0
RUB	(9)	(2)	(2)	0	(18)	2	(3)	1	6	6	0	0
USD	57	0	6	(49)	33	(6)	(4)	38	33	(23)	4	25
Other	1	0	0	(1)	(2)	0	1	0	1	0	1	0

The presentation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity:

2014 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 J	>20y
ALL	(31)	(1)	(3)	(1)	(4)	(5)	(10)	(7)	0	0	0	0
BGN	(4)	0	0	(1)	(1)	(2)	0	0	(1)	0	0	0
CHF	(8)	3	(6)	1	1	(2)	3	(4)	(1)	(1)	(1)	(1)
CNH	(3)	0	0	(2)	(1)	0	0	0	0	0	0	0
CNY	1	1	0	0	0	0	0	0	0	0	0	0
CZK	5	(2)	(4)	3	0	4	(6)	13	1	(3)	0	0
EUR	(131)	8	(51)	12	(65)	(52)	60	21	(42)	(2)	(6)	(15)
GBP	(1)	(1)	0	0	0	0	0	0	0	0	0	0
HRK	(11)	0	0	(1)	(8)	(1)	(1)	0	0	0	0	0
PLN	(6)	0	(14)	22	(6)	(6)	3	(4)	0	0	0	0
RON	7	0	3	3	0	0	1	0	0	0	0	0
RUB	4	(3)	3	(9)	(2)	(3)	10	0	2	7	0	0
USD	(25)	7	7	(25)	(7)	42	(28)	35	(31)	(25)	(13)	12
Other	(2)	(1)	2	0	0	(1)	3	0	1	1	0	0

Interest rate risk in the banking book

Different maturities and repricing schedules of assets and the corresponding liabilities (i. e. deposits and financing 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 the euro and US dollar as major currencies as well as for local currencies of Group units located in Austria, 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 2015, 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 2015 and 31 December 2014. The table contains currencies where the total interest rate sensitivity exceeds € 1 thousand. The higher sensitivity results derived from positions of newly integrated units. Long-term mortgage loans of RBSPK lead also to significantly higher sensitivity amounts in euro.

2015 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 J	>20y
ALL	(31)	2	(4)	(3)	(14)	(5)	(4)	(4)	0	0	0	0
AUD	1	0	0	1	0	0	0	0	0	0	0	0
BAM	2	2	(1)	(5)	0	0	(1)	2	3	1	0	0
BGN	26	(1)	0	(7)	(2)	8	56	(9)	(8)	(7)	(2)	0
BYR	(28)	0	(1)	(8)	(10)	(5)	(2)	(1)	(1)	0	0	0
CHF	(351)	15	(3)	(20)	(9)	(6)	(18)	(15)	(71)	(138)	(71)	(13)
CNY	2	(4)	1	5	0	0	0	0	0	0	0	0
CZK	63	(3)	(15)	15	22	3	(12)	(18)	49	14	6	2
EUR	166	(38)	(26)	92	98	(48)	(85)	266	261	(218)	(48)	(88)
GBP	(2)	1	0	2	0	0	(1)	(1)	(2)	0	0	0
HRK	(21)	0	0	0	(11)	0	13	(12)	(8)	(3)	0	0
HUF	16	1	(5)	12	(5)	(13)	2	(11)	4	22	8	1
PLN	(29)	7	24	14	(29)	0	(1)	(9)	(13)	(15)	(7)	(1)
RON	45	5	(8)	(3)	(37)	9	95	(9)	(5)	(1)	0	0
RSD	(26)	(1)	(2)	(2)	(7)	(3)	(5)	(5)	0	0	0	0
RUB	(82)	(3)	(16)	(9)	(35)	(1)	32	(12)	(25)	(12)	(1)	0
SGD	(7)	1	0	(8)	0	0	0	0	0	0	0	0
UAH	(1)	(1)	0	(1)	(3)	3	9	(4)	(4)	(1)	0	0
USD	84	17	19	43	(30)	33	(7)	6	9	8	(3)	(10)
Other	1	0	0	1	0	0	0	0	0	0	0	0

The representation of currencies changed year-on-year depending on the absolute amount of interest rate sensitivity.

2014 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 J	>20y
ALL	(38)	1	(3)	9	(10)	(7)	(10)	(18)	(2)	0	0	0
BAM	15	3	(2)	(3)	8	3	2	1	2	2	0	0
BGN	31	0	0	(2)	(1)	9	31	(2)	(3)	(1)	0	0
BYR	(33)	0	(1)	(7)	(10)	(8)	(4)	(1)	(1)	(1)	0	0
CAD	7	0	7	0	0	0	0	0	0	0	0	0
CHF	(382)	11	(2)	0	(29)	(11)	(20)	(25)	(73)	(140)	(77)	(17)
CNY	10	(6)	0	16	0	0	0	0	0	0	0	0
CZK	68	(8)	4	40	50	23	(170)	38	105	(11)	(3)	0
EUR	125	3	(125)	28	(75)	(4)	61	338	332	(180)	(101)	(153)
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	(27)	(3)	(5)	(15)	(20)	(1)	36	(13)	(5)	1	(1)	0
RSD	(24)	(2)	(3)	(6)	(11)	(2)	0	0	0	0	0	0
RUB	(164)	(9)	(18)	27	(66)	(61)	38	(17)	(37)	(19)	(2)	0
SGD	(4)	(4)	0	0	0	0	0	0	0	0	0	0
UAH	(39)	0	(1)	(2)	(8)	0	(19)	(3)	(4)	(2)	0	0
USD	(100)	56	50	13	(15)	(30)	5	(5)	(49)	19	0	(144)
Other	1	1	(1)	1	0	0	0	0	0	0	0	0

Credit spread risk

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

Liquidity risk

An important role of banks is maturity transformation in the international financial markets. The need for maturity transformation arises from the needs of depositors to access their funds at short notice and the opposing need of borrowers for long-term loans. This function constantly results in positive or negative liquidity gaps for different maturities that are managed through transactions with other market participants under normal market conditions.

Liquidity management, i. e. ensuring that the Group maintains its ability to pay at all times, is performed both centrally by the Treasury division in Vienna and on a decentralized basis by local banking subsidiaries. Cash flows are calculated and analyzed by currency on a periodic basis Group-wide in an internal monitoring system. Based on this data, the Group creates liquidity balances, and analyzes Group conformity to legal regulations on liquidity positions and to defined internal liquidity limits. Liquidity analyses also include simulations of defined market or bank-specific liquidity crises in scenario-based cash flow forecasts. All these analyses are discussed in the Group Asset/Liability Committee. The Group possesses all instruments for liquidity risk management required by the credit institutions risk management directive (including a sufficiently large liquidity buffer, stress tests based on different scenarios, and liquidity contingency plans).

Short-term liquidity risk

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

in € thousand	2015			2014		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	23,274,530	21,762,918	25,838,768	17,310,547	17,351,162	18,412,917
Liquidity ratio	169%	143%	127%	150%	133%	117%

Internal limits have been established in each Group unit in order to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model. The Group holds sizeable amounts of liquid securities and favors assets eligible in tender transactions in the lending business in order to ensure liquidity in various currencies. In the case of a liquidity shortage in the

Group, contingency plans would come into force. Such prioritized action lists for handling short-term liquidity needs (also with regard to the publicity impact) exist for all major Group units.

Liquidity coverage ratio

The Group meets all regulatory requirements related to liquidity risk management. They are monitored on Group and on individual unit level and limited by a comprehensive limit system. The calculation of expected inflows and outflows of funds is based on a centrally steered and consistent model approach.

The liquidity coverage ratio (LCR) supports the short-term resilience of banks by ensuring that they have an adequate stock of unencumbered high-quality liquid assets (HQLA) to meet potential liability run offs that might occur in a crisis, which can be converted into cash to meet liquidity needs for a minimum of 30 calendar days in a liquidity stress scenario. As of October 2015, a regulatory minimum ratio for the LCR of 60 per cent is applicable which will be raised to 100 per cent by 2018.

in € thousand	2015
Average liquid assets	**24,673,520**
Net outflows	**17,343,569**
Inflows	11,447,251
Outflows	28,790,820
LCR	**142%**

At year-end 2015, the liquidity coverage ratio of the Group was higher than during the course of the year. The reasons were funding activities in the fourth quarter of 2015 carried out in preparation for wholesale funding repayments in the first half of 2016 and short-term placements of call deposits from ZUNO Bank. During the year 2016, a decrease of the liquidity coverage ratio is expected.

Funding liquidity risk

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

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

In the Group's funding plans, special attention is paid to a diversified structure of funding to mitigate funding liquidity risk. In the Group, funds are not only raised by RBI AG as the Group's 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 provided by supranational institutions. These funding sources are based on long-term business relationships.

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

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

2015 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
Non-derivative liabilities	**123,182,451**	**129,879,676**	**80,032,761**	**17,188,701**	**24,980,368**	**7,677,847**
Deposits from banks	28,113,082	31,807,393	17,025,923	4,467,967	8,060,527	2,252,976
Deposits from customers	78,078,973	79,758,948	60,417,473	10,914,498	7,509,142	917,835
Debt securities issued	9,353,330	10,588,917	913,498	1,479,390	6,527,438	1,668,592
Other liabilities	3,433,285	2,561,034	1,646,154	172,699	493,576	248,605
Subordinated capital	4,203,781	5,163,384	29,713	154,147	2,389,685	2,589,839
Derivatives	**4,861,978**	**10,639,092**	**3,664,022**	**2,088,620**	**3,246,526**	**1,639,924**
Derivatives in the trading book	3,883,631	8,647,584	3,015,915	1,793,715	2,282,827	1,555,127
Hedging derivatives	434,791	261,907	30,076	13,782	243,506	(25,457)
Other derivatives	543,402	1,729,395	617,963	280,985	720,193	110,254
Credit derivatives	154	206	68	138	0	0
Contingent liabilities	**10,030,099**	**1,176,796**	**667,453**	**306,735**	**163,070**	**39,538**
Credit guarantees	4,965,347	164,257	70,380	70,545	21,413	1,919
Other guarantees	3,079,943	297,240	193,652	68,501	34,466	621
Letters of credit (documentary business)	1,237,908	676,857	401,977	167,689	107,191	0
Other contingent liabilities	746,901	38,442	1,444	0	0	36,998
Commitments	**10,481,542**	**10,637,565**	**4,888,866**	**1,765,380**	**3,724,109**	**259,211**
Irrevocable credit lines	10,481,542	10,637,565	4,888,866	1,765,380	3,724,109	259,211

2014 in € thousand	Carrying amount	Contractual cash flows	Up to 3 months	More than 3 months, up to 1 year	More than 1 year, up to 5 years	More than 5 years
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

Operational risk

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

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

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

Risk identification

Identifying and evaluating risks that might endanger the Group's existence (but the occurrence of which is highly improbable) and areas where losses are more likely to arise more frequently (but have only limited impact) are important aspects of operational risk management.

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

Monitoring

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

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

Quantification and mitigation

The Group currently calculates regulatory capital requirements for operational risks according to 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 financial crime management which reduces potential fraud related losses through proactive monitoring and preventive actions. The Group also conducts an extensive staff training program and has different contingency plans and back-up systems in place.

Other disclosures

(44) Fiduciary business

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

in € thousand	2015	2014
Loans and advances to banks	11,168	7,939
Loans and advances to customers	274,912	273,375
Financial investments	9,480	9,235
Other fiduciary assets	76,869	69,616
Fiduciary assets	**372,429**	**360,166**
Deposits from banks	148,028	138,292
Deposits from customers	143,252	148,223
Other fiduciary liabilities	81,149	73,651
Fiduciary liabilities	**372,429**	**360,166**

Fiduciary income and expenses break down as follows:

in € thousand	2015	2014
Fiduciary income	14,191	12,796
Fiduciary expenses	352	315

The following table contains the funds managed by the Group:

in € thousand	2015	2014
Retail investment funds	**22,866,753**	**23,332,586**
Equity-based and balanced funds	11,468,451	10,698,817
Bond-based funds	11,094,921	11,826,575
Money market funds	0	5,480
Other	303,382	801,715
Special funds	**9,093,808**	**9,982,767**
Property-based funds	**242,143**	**255,768**
Total	**32,202,704**	**33,571,121**

(45) Finance leases

in € thousand	2015	2014
Gross investment value	**5,072,885**	**5,296,086**
Minimum lease payments	4,614,687	4,797,172
Up to 3 months	435,560	605,519
More than 3 months, up to 1 year	1,002,114	914,844
More than 1 year, up to 5 years	2,461,895	2,523,792
More than 5 years	715,117	753,017
Non-guaranteed residual value	458,198	498,914
Unearned finance income	**611,934**	**700,852**
Up to 3 months	58,622	52,460
More than 3 months, up to 1 year	126,542	139,212
More than 1 year, up to 5 years	308,699	355,542
More than 5 years	118,069	153,637
Net investment value	**4,460,952**	**4,595,235**

As of 31 December 2015, write-offs on unrecoverable minimum lease payments totaled € 65,618 thousand (2014: € 67,122 thousand).

Assets under finance leases break down as follows:

in € thousand	2015	2014
Vehicles leasing	1,976,266	1,895,779
Real estate leasing	1,777,128	1,902,459
Equipment leasing	707,558	796,997
Total	**4,460,952**	**4,595,235**

(46) Operating leases

Operating leases from view of lessor

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

in € thousand	2015	2014
Up to 1 year	35,552	40,458
More than 1 year, up to 5 years	65,200	91,127
More than 5 years	1,991	17,364
Total	**102,743**	**148,948**

Operating leases from view of lessee

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

in € thousand	2015	2014
Up to 1 year	77,781	90,902
More than 1 year, up to 5 years	148,687	158,761
More than 5 years	36,687	38,329
Total	**263,154**	**287,992**

(47) Other disclosures according to BWG

Geographical markets

2015 Monetary values in € thousand	Operating income	hereof net interest income	Profit/loss before tax	Current income taxes	Employees as at reporting date
Central Europe	**1,048,134**	**654,409**	**309,943**	**(65,813)**	**8,623**
Czech Republic	362,680	234,950	127,100	(25,251)	2,753
Hungary	465,516	298,189	164,078	(40,023)	3,854
Slovakia	220,112	120,892	18,765	(539)	2,016
Southeastern Europe	**1,213,972**	**780,220**	**260,174**	**(32,686)**	**15,041**
Albania	90,430	69,880	14,872	(2,428)	1,349
Bosnia and Herzegovina	103,914	66,066	36,346	(4,169)	1,311
Bulgaria	158,217	116,144	34,275	(3,410)	2,546
Croatia	232,475	135,882	(14,028)	2,746	2,133
Kosovo	49,434	39,675	21,703	(2,278)	715
Romania	446,533	263,938	118,935	(18,933)	5,437
Serbia	133,352	88,637	48,072	(4,214)	1,550
Eastern Europe	**1,360,673**	**948,557**	**549,515**	**(127,589)**	**19,369**
Belarus	256,348	124,975	156,759	(38,185)	2,086
Kazakhstan	2,985	863	406	185	9
Russia	923,451	646,666	483,751	(96,331)	7,635
Ukraine	177,889	175,810	(91,401)	6,742	9,639
Non-Core	**576,677**	**384,908**	**(262,817)**	**(23,541)**	**5,797**
Asia	82,227	84,425	(269,316)	(6,669)	197
Poland	428,604	253,299	41,632	(16,209)	5,128
Slovenia	22,401	10,601	(14,722)	(15)	218
USA	31,915	25,476	(3,163)	(639)	56
ZUNO	11,605	11,107	(17,248)	(8)	198
Austria	**3,140,157**	**2,524,656**	**915,860**	**(39,390)**	**3,857**
Rest of World	**165,929**	**89,101**	**25,922**	**(9,646)**	**409**
Reconciliation	**(2,172,639)**	**(1,758,430)**	**(1,060,682)**	**27,151**	**0**
Total	**5,332,903**	**3,623,422**	**737,915**	**(271,515)**	**53,096**

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	**1,031,395**	**694,451**	**(134,794)**	**(66,204)**	**8,652**
Czech Republic	325,243	228,293	92,055	(19,315)	2,720
Hungary	481,052	318,599	145,490	(38,095)	3,816
Slovakia	231,748	153,766	(389,366)	(8,797)	2,298
Southeastern Europe	**1,277,930**	**835,128**	**348,468**	**(52,435)**	**15,216**
Albania	110,782	79,548	39,275	(5,791)	1,326
Bosnia and Herzegovina	103,825	68,885	24,266	(3,679)	1,434
Bulgaria	168,683	124,280	27,745	(2,720)	2,751
Croatia	244,931	151,242	71,528	(10,721)	2,127
Kosovo	46,506	38,977	18,409	(2,087)	705
Romania	462,053	273,745	118,943	(22,062)	5,292
Serbia	142,163	99,613	48,302	(5,376)	1,581
Eastern Europe	**1,533,152**	**1,220,400**	**164,520**	**(64,904)**	**21,915**
Belarus	176,982	112,277	90,434	(27,711)	2,176
Kazakhstan	1,502	1,844	892	138	9
Russia	1,081,515	834,581	417,966	(92,328)	8,252
Ukraine	273,153	271,698	(344,772)	54,997	11,478
Non-Core	**672,407**	**495,939**	**(125,575)**	**(71,469)**	**6,199**
Asia	143,078	135,057	(210,841)	(41,093)	253
Poland	459,893	307,367	109,192	(25,396)	5,462
Slovenia	18,801	13,487	(24,848)	(198)	230
USA	38,766	30,111	19,936	(4,773)	65
ZUNO	11,869	9,917	(19,014)	(8)	189
Austria	**2,295,261**	**1,590,505**	**65,382**	**(244,876)**	**4,105**
Rest of World	**(11,687)**	**2,091**	**(58,620)**	**(341)**	**125**
Reconciliation	**(1,066,003)**	**(814,401)**	**(315,089)**	**(467)**	**0**
Total	**5,732,455**	**4,024,113**	**(55,708)**	**(500,695)**	**56,212**

Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria are as follows:

in € thousand	2015	2014
Assets	88,115,058	104,845,446
Liabilities	74,897,921	84,182,699

Securities admitted for trading on a stock exchange

	2015		2014	
in € thousand	listed	unlisted	listed	unlisted
Bonds, notes and other fixed-interest securities	16,417,261	452,546	11,323,726	501,731
Shares and other variable-yield securities	243,330	127,212	380,759	138,402
Equity participations	1,544	297,436	3,405	161,772

Volume of the securities trading book

in € thousand	2015	2014
Securities, equity investments	5,792,650	6,338,851
Other financial instruments	152,544,462	174,445,762
Total	**158,337,113**	**180,784,613**

Subordinated assets

in € thousand	2015	2014
Loans and advances to banks	8,064	4,140
Loans and advances to customers	252,219	270,052
Trading assets	13,687	8,425
Financial investments	102,919	53,359
Total	**376,889**	**335,976**

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

Capital management

Capital continues to be an integral part of the Group's control procedures. RZB as an international Group takes various control paramters into consideration.

Regulatory values for RZB AG are defined on a consolidated and an individual basis by the Austrian Banking Act (BWG) based on the corresponding guidelines of the EU and on the applicable regulation of the European Parliament. Moreover 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 individual countries in which the Group operates. Such guidelines have to be adhered to by the local Group units.

The Group uses target values for internal regulation, which comprise all relevant risk types. Control on a Group level is undertaken by 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, a quantitative method used to assess the adequacy of internal capital). Moreover, the optimal mixture of capital instruments (e. g. additional tier 1 capital and tier 2 capital) plays an important role and is continuously analyzed and optimized.

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

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

Current regulatory developments and passed capital measures

RZB calculates the regulatory total capital and total capital requirement according to Basel III. The implementation of these requirements in the European Union was carried out via a regulation (CRR) and a directive (CRD IV). Both regulations were published on 27 June 2013 in the EU Official Journal and thereby became effective.

As of 1 January 2014, the CRR is directly applicable law for all EU member states. The CRD IV became effective on 17 July 2013 and had to be transposed into local law by 31 December 2013. As of the beginning of 2014, the new regulations – CRR and CRD IV – are therefore to be applied and are subject to distinct transitional periods.

Moreover, based on the SSM (Single Supervisory Mechanism) regulation, the European Central Bank (ECB) took over supervision of large banks in the euro area in November 2014, whose total assets exceed € 30 billion or 20 per cent of a country's economic output. Both RZB and RBI are defined as large banks. Based on an annually undertaken Supervisory Review and Evaluation Process (SREP), the ECB instructs RZB and also RBI by way of an official notification to hold additional common equity tier 1 capital to cover risks which are not or not adequately considered under pillar I. A draft proposal from the Basel Committee to more tightly define the basis for the calculation of risk-weighted assets is currently in preparation.

The so-called SREP minimum capital ratio contains a capital conservation buffer as well as the minimum requirements of the CRR and the SREP add-on. A breach of the capital conservation buffer would induce constraints, for example in relation to dividend distributions and coupon payments on certain capital instruments. The SREP minimum capital ratios applicable in the course of the year were met on subgroup and consolidated level by all concerned Group units.

Additionally, national supervisors can determine national systemic risk buffers (up to 5 per cent) as well as additional capital add-ons for systemic banks (up to 3.5 per cent). In the event that systemic risk buffers as well as add-ons for systemic banks are determined for a banking institution, only the higher of the two values is applicable. In September 2015, the responsible financial market stability committee of the FMA recommended the requirement of systemic risk buffers for twelve large banks located in Austria, including RZB and RBI. This came into force as of the beginning of 2016 through the FMA. The systemic risk buffer was set at 0.25 per cent for RZB and RBI as of 1 January 2016 and progressively increases to 2 per cent by 2019.

Moreover, an additional buffer, the so-called countercyclical buffer can be implemented by member states in order to curb excessive lending growth. This countercyclical buffer was set at 0 per cent for Austria due to restrained lending growth and the stable macroeconomic environment.

Further expected regulatory changes 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.

Calculation of total capital

The determination of eligible total capital, taking in account the profit of 2015, is in accordance with the applicable regulations based on international accounting standards. Further details can be found in the regulatory disclosure report pursuant to Article 431 ff CRR which can be found on RZB's website. The consolidated total capital of RZB and the superordinated financial holding Raiffeisen-Landesbanken-Holding are shown as follows.

The total capital breaks down as follows:

in € thousand	2015	2014 restated
Paid-in capital	2,327,241	2,352,241
Earned capital	2,695,340	2,648,640
Non-controlling interests	3,265,492	3,442,535
Common equity tier 1 (before deductions)	**8,288,074**	**8,443,416**
Intangible fixed assets/goodwill	(435,929)	(351,088)
Provision shortage for IRB positions	(24,068)	(9,325)
Deduction securitizations	(14,184)	(5,121)
Deduction deferred tax assets	0	0
Deduction loss carry forwards	(3,311)	0
Deduction insurance and other investments	(181,412)	(77,003)
Common equity tier 1 (after deductions)	**7,629,170**	**8,000,878**
Deduction securitizations	0	0
Intangible fixed assets/goodwill	(276,255)	(407,738)
Provision shortage for IRB positions	(18,051)	(18,651)
Deduction insurance and other investments	0	0
Non-controlling interests	(14,570)	73,387
Tier 1	**7,629,170**	**8,000,878**
Provision excess of internal rating approach positions	160,511	181,933
Provision excess of standardized approach positions	0	231,152
Long-term subordinated capital	3,167,941	3,222,927
Deduction securitizations	0	0
Deduction insurance and other investments	(60,471)	0
Non-controlling interests	(874,771)	143,992
Tier 2 (after deductions)	**2,393,211**	**3,780,004**
Total capital	**10,022,380**	**11,780,882**
Total capital requirement	**5,770,449**	**6,296,232**
Common equity tier 1 ratio (transitional)	10.6%	10.2%
Common equity tier 1 ratio (fully loaded)	10.3%	8.4%
Tier 1 ratio	10.6%	10.2%
Total capital ratio (transitional)	13.9%	15.0%
Total capital ratio (fully loaded)	13.4%	13.5%

The total capital requirement was composed as follows:

in € thousand	2015	2014 restated
Risk-weighted assets (total RWA)	**72,130,611**	**78,702,899**
Total capital requirement for credit risk	4,767,029	5,313,383
Internal rating approach	2,380,834	2,674,450
Standardized approach	2,353,712	2,598,452
CVA risk	32,483	40,481
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	241,297	255,185
Total capital requirement for operational risk	762,123	727,663
Total capital requirement	**5,770,449**	**6,296,232**

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

in € thousand	2015	2014 restated
Risk-weighted assets according to standardized approach	**29,421,399**	**32,480,645**
Central governments and central banks	2,208,828	1,537,985
Regional governments	50,618	35,856
Public administration and non-profit organizations	24,157	26,600
Multilateral development banks	0	0
Corporate customers	11,236,790	12,813,331
Retail customers	10,014,310	10,567,065
Equity exposures	2,508,405	3,414,098
Covered bonds	24,778	35,388
Mutual funds	123,423	127,859
Securitization position	0	0
Other positions	2,792,095	3,466,383
Risk-weighted assets according to internal rating approach	**29,760,422**	**33,430,627**
Central governments and central banks	311,112	266,180
Banks	2,141,725	2,579,650
Corporate customers	22,531,724	25,518,828
Retail customers	4,140,911	4,686,208
Equity exposures	376,154	125,284
Securitization position	258,795	254,477
CVA risk	406,044	506,017
Total	**59,587,865**	**66,417,288**

Leverage ratio

Within the framework of CRR and in addition to the total capital requirements the leverage ratio was implemented as a new instrument to limit the risk of excessive indebtedness. According to Article 429 CRR, the leverage ratio is the ratio of capital to the leverage exposure. This means tier 1 capital in relation to unweighted exposure on and off the statement of financial position. The Basel Committee initially set a minimum ratio of 3 per cent. After a review to be undertaken by the Basel Committee in the first half of 2017 and possible modification of the minimum ratio, the leverage ratio will become effective as of 1 January 2018.

in € Tausend	2015	2014
Risk positions for leverage ratio calculation	163,149,520	170,341,432
Tier 1	7,629,170	8,000,878
Leverage ratio (transitional)	4.7%	4.7%
Leverage ratio (fully loaded)	4.5%	4.2%

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 broke down as follows:

in € thousand	2015	2014 restated
Paid-in capital	2,346,437	2,346,437
Earned capital[1]	1,755,937	1,728,619
Non-controlling interests	4,140,251	4,195,767
Common equity tier 1 (before deductions)	**8,242,624**	**8,270,823**
Intangible fixed assets/goodwill	(445,178)	(333,793)
Provision shortage for IRB positions	(24,068)	(9,325)
Deduction securitizations	(14,184)	(5,121)
Deduction deferred tax assets	0	0
Deduction loss carry forwards	(3,311)	0
Deduction insurance and other investments	(184,820)	(92,533)
Common equity tier 1 (after deductions)	**7,571,063**	**7,830,051**
Additional tier 1	308,876	353,002
Deduction securitizations	0	0
Intangible fixed assets/goodwill	(267,006)	(425,033)
Provision shortage for IRB positions	(18,051)	(18,651)
Deduction insurance and other investments	0	0
Non-controlling interests	(23,819)	90,683
Tier 1	**7,571,063**	**7,830,051**
Provision excess of internal rating approach positions	160,494	181,916
Provision excess of standardized approach positions	0	231,152
Long-term subordinated capital	3,167,941	3,222,927
Deduction securitizations	0	0
Deduction insurance and other investments	(61,607)	0
Non-controlling interests	(1,344,090)	218,127
Tier 2 (after deductions)	**1,922,737**	**3,854,121**
Total capital	**9,493,800**	**11,684,172**
Total capital requirement	**5,768,559**	**6,299,073**
Common equity tier 1 ratio (transitional)	10.5%	9.9%
Common equity tier 1 ratio (fully loaded)	10.2%	8.1%
Tier 1 ratio	10.5%	9.9%
Total capital ratio (transitional)	13.2%	14.8%
Total capital ratio (fully loaded)	13.3%	13.4%

1 Including consolidated profit/loss.

The total capital requirements broke down as follows:

in € thousand	2015	2014 restated
Risk-weighted assets (total RWA)	**72,106,993**	**78,738,417**
Total capital requirement for credit risk	4,765,140	5,316,225
Internal rating approach	2,380,600	2,674,222
Standardized approach	2,352,056	2,601,521
CVA risk	32,483	40,481
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	241,297	255,185
Total capital requirement for operational risk	762,123	727,663
Total capital requirement	**5,768,559**	**6,299,073**

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

in € thousand	2015	2014 restated
Risk-weighted assets according to standardized approach	**29,400,698**	**32,519,016**
Central governments and central banks	2,208,828	1,537,985
Regional governments	50,618	35,856
Public administration and non-profit organizations	24,157	26,600
Multilateral development banks	0	0
Banks	437,995	494,394
Corporate customers	11,236,790	12,813,387
Retail customers	10,014,310	10,567,065
Equity exposures	2,487,704	3,414,098
Covered bonds	24,778	35,388
Mutual funds	123,423	127,859
Securitization position	0	0
Other positions	2,792,095	3,466,383
Risk-weighted assets according to internal rating approach	**29,757,505**	**33,427,774**
Central governments and central banks	311,112	266,180
Banks	2,141,725	2,579,650
Corporate customers	22,531,724	25,515,976
Retail customers	4,140,911	4,686,208
Equity exposures	373,237	125,284
Securitization position	258,795	254,477
CVA risk	406,044	506,017
Total	**59,564,247**	**66,452,807**

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 (AT)	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 (CZ)	IRB	IRB	STA	STA
Raiffeisen Bank Zrt., Budapest (HU)	IRB	IRB	STA	STA
Tatra banka a.s., Bratislava (SK)	IRB	IRB	STA	STA
Raiffeisen Bank S.A., Bucharest (RO)	IRB	IRB	STA	STA
Raiffeisenbank Austria d.d., Zagreb (HR)	IRB[4]	STA	STA	STA
Raiffeisenbank Russia d.d., Moscow (RU)	IRB[4]	STA	STA	STA
Raiffeisenbank (Bulgaria) EAD, Sofia (BG)	IRB	IRB	STA	STA
All other units	STA	STA	STA	STA

1 IRB = internal rating 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.

(49) Average number of staff

Full-time equivalents	2015	2014
Salaried employees	54,749	57,026
Wage earners	946	773
Total	**55,695**	**57,799**

Full-time equivalents	2015	2014
Austria	3,716	3,685
Foreign	51,979	54,114
Total	**55,695**	**57,799**

(50) 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, the majority shareholder 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 329 subsidiaries not included in the consolidated financial statements for reasons of materiality.

Disclosures on RZB relations to key management are reported under (51) Relations to key management.

2015 in € thousand	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	10	2,106,167	0	159,706	57,281
Loans and advances to customers	0	941	377,866	163,805	178,094
Trading assets	0	12,737	46	190	1,337
Financial investments	0	5,053	222,019	0	252,012
Investments in associates	0	0	0	1,590,384	0
Other assets (incl. derivatives)	0	805	15,099	1,880	66,992
Deposits from banks	0	3,632,683	0	3,094,500	421,967
Deposits from customers	23	0	157,293	719,037	52,069
Debt securities issued	0	0	1,980	0	0
Provisions for liabilities and charges	0	0	625	9,778	12
Trading liabilities	0	0	12,057	8,329	0
Other liabilities including derivatives	0	10,305	944	214	573
Subordinated capital	0	0	387	3,611	360
Guarantees given	0	48,930	149,129	362,061	0
Guarantees received	0	22,168	0	164,083	36,277

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	1,688,260	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

2015 in € thousand	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Interest income	0	8,174	15,199	10,787	12,749
Interest expenses	0	(35,373)	(3,310)	(61,275)	(2,213)
Dividends income	0	0	86,334	132,837	11,279
Fee and commission income	0	20,571	27,024	7,129	5,515
Fee and commission expense	0	(1,288)	(769)	(5,960)	(3,291)

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	242	1,467	82
Fee and commission expense	0	(29)	(12)	(296)	(595)

(51) 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	2015	2014
Sight deposits	13	11
Bonds	1,236	1,256
Shares	318	452
Savings deposits	75	53
Other	114	0
Loans liabilities	389	377
Leasing liabilities	578	591

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

in € thousand	2015	2014
Sight deposits	8	0
Bonds	0	21
Time deposits	57	45
Savings deposits	67	77
Leasing liabilities	0	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	2015	2014
Short-term employee benefits	3,286	3,478
Post-employment benefits	411	2,973
Other long-term benefits	(57)	(39)
Termination benefits	0	0
Share based payments	75	31
Total	**3,715**	**6,443**

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

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

Other long-term benefits 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, who belonged to the RZB Management Board til 30 June 2015, received all remuneration from one affiliated company only; no additional remuneration was paid for his activities at RZB.

In the financial year, to former members of the Management Board and to their surviving dependants € 628 thousand (2014: € 621 thousand) was paid.

Remuneration of other boards

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

in € thousand	2015	2014
Supervisory board	430	430
Federal Advisory Board (Länderkuratorium)	146	145

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 2015.

(52) 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 RZB AG 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 Committee 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 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
- Michael Höllerer, since 1 July 2015
- Johannes Schuster, since 10 October 2010
- Johann Strobl, til 30 June 2015

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 AG
- Hannes Schmid, 1 August 2013 til 31 December 2015, third Vice President, PersA, PrüfA, AA, VergA, NA, RA, Spokesman of the Management Board of Raiffeisen-Landesbank Tirol AG
- Wilfried Hopfner, since 18 June 2009 member, since 22 January 2016 third Vice President, PersA, PrüfA, AA, VergA, NA, RA, CEO of Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband Gen.m.b.H.

Members

- Klaus Buchleitner, since 25 June 2003, CEO of Raiffeisenlandesbank Niederösterreich-Wien AG
- Andreas Brandstetter, til 27 June 2015, CEO 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.
- Günther Reibersdorfer, since 23 June 2005, CEO of Raiffeisenverband Salzburg reg. Gen.m.b.H.
- Rudolf Könighofer, since 1 August 2013, CEO of Raiffeisenlandesbank Burgenland und Revisionsverband reg. Gen.m.b.H.
- Reinhard Wolf, since 23 May 2012, CEO 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
- Tanja Daumann, since 27 March 2015

State Commissioner

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

Federal Advisory Board (Länderkuratorium)

- Walter Hörburger, since 22 June 2010, since 8 June 2015[1] Chairman, til 8 June 2015[1] Deputy Chairman, Chairman of the Supervisory Board of Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband reg. Gen.m.b.H.
- Sebastian Schönbuchner, since 20 June 2002, since 8 June 2015[1] Deputy Chairman, Chairman of Raiffeisenverband Salzburg reg. Gen.m.b.H.
- Jakob Auer, since 13 June 2000, President of the Supervisory Board of Raiffeisenlandesbank Oberösterreich 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
- Helmut Tacho, since 3 June 2014, Chairman of the Supervisory Board of Raiffeisen Holding Niederösterreich-Wien reg. Gen.m.b.H.
- Wilfried Thoma, since 25. June 2003, til 8 June 2015[1] Chairmen, President of the Supervisory Board of Raiffeisen-Landesbank Steiermark AG
- 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.

Events after the reporting date

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

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

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

New bank levy impacts earnings situation in Poland

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

(53) Group composition

Consolidated group

Number of units	Fully consolidated 31/12/2015	Fully consolidated 31/12/2014	Equity method 31/12/2015	Equity method 31/12/2014
As at beginning of period	**337**	**360**	**10**	**9**
Included for the first time in the financial period	19	32	1	1
Merged in the financial period	(4)	(5)	0	0
Excluded in the financial period	(47)	(50)	0	0
As at end of period	**305**	**337**	**11**	**10**

Of the 305 entities in the Group, 155 are domiciled in Austria (2014: 169) and 150 abroad (2014: 168). They comprise 28 banks (2014: 28), 185 financial institutions (2014: 194), 24 companies rendering bank-related ancillary services (2014: 29), 14 financial holding companies (2014: 17) and 54 other companies (2014: 69).

Included units

Name	Share	Included as of	Reason
Financial institutions			
Raiffeisen consulting d.o.o., Zagreb (HR)	60.8%	1/1	Materiality
Raiffeisen Pension Insurance d.d., Zagreb (HR)	60.8%	1/1	Materiality
RBI Private Equity Holding GmbH, Vienna (AT)	60.8%	1/1	Materiality
RBI PE Handels- und Beteiliguns GmbH, Vienna (AT)	60.8%	1/1	Materiality
Raiffeisen-Leasing Lithuania, Vilnius (LT)	59.7%	1/1	Materiality
Banks			
Valida Plus AG, Vienna (AT)	57.4%	1/9	Purchase
Companies rendering bank-related ancillary services			
Raiffeisen Corporate Lízing Zrt., Budapest (HU)	60.8%	1/1	Materiality
B52 RBI Leasing-Immobilien GmbH, Vienna (AT)	55.7%	1/3	Purchase
Other companies			
CP Inlandsimmobilien-Holding GmbH, Vienna (AT)	61.2%	1/1	Materiality
DAV-PROPERTY Kft., Budapest (HU)	60.8%	1/1	Materiality
Raiffeisen Property Management GmbH, Vienna (AT)	60.8%	1/1	Materiality
Invest Vermögensverwaltungs-GmbH, Vienna (AT)	61.6%	1/5	Materiality
Expo 2000 Real Estate EOOD, Sofia (BG)	60.8%	1/5	Materiality
MP Real Invest a.s., Bratislava (SK)	60.8%	1/5	Materiality
Sky Tower Immobilien- und Verwaltung Kft, Budapest (HU)	60.8%	1/5	Materiality
Skytower Building SRL, Bucharest (RO)	60.8%	1/5	Materiality
Valida Holding AG, Vienna (AT)	57.4%	1/9	Purchase
Valida Industrie Pensionskasse AG, Vienna (AT)	57.4%	1/9	Purchase
Valida Pension AG, Vienna (AT)	57.4%	1/9	Purchase

Business combinations

As at 30 September 2015 the formal closing of the acquisition of an interest of 32.7 per cent in Valida Holding AG, Vienna, took place. RZB has – interest of 57.4 per cent in the Group Valida Vorsorge Management after the purchase – control over the Group according to IFRS 10. Thus it was firstly integrated as of 30 September 2015. The purchase price in cash for the interest of 32.7 per cent amounted to € 15,334 thousand.

The Group specialized on solutions of company pension plans comprises Valida Holding AG, Valida Pension AG, Valida Pensionskasse AG, Valida Plus AG and Valida Consulting Ges.m.b.H., whereas the later was not integrated into the consolidated group due to materiality reasons. Valida Vorsorge Management has a leading market position as more than 2.2 million people in Austria are beneficiary of a Valida pension plan. As at the intitial consolidation date, the total assets amounted to € 261,141 thousand, thereof € 172,830 thousand are accounted for by loans to banks.

The following table shows the total consideration paid for the purchase of Valida Vorsorge Management and the acquired assets and liabilities recognized at the acquisition date:

in € thousand	30/9/2015
Cash reserve	1
Loans and advances to banks	172,830
Loans and advances to customers (less impairment losses)	0
Financial investments	51,109
Intangible fixed assets	355
Tangible fixed assets	4,522
Other assets	32,324
Assets	**261,141**
Deposits from banks	0
Deposits from customers	0
Debt securities issued	0
Provisions for liabilities and charges	65,469
Trading liabilities	0
Other liabilities	99,256
Subordinated capital	13,000
Total identifiable net assets	**83,416**
Non-controlling interests	35,556
Net assets after non-controlling interests	**47,860**
Total consideration transferred	15,334
Previously acquired other investments	14,359
Goodwill/Badwill	**18,167**

in € thousand	30/9/2015
Cost of aquisition	15,334
Liquid funds	1
Cash flow for the acquisition of shares	**15,333**

The badwill released in the income statement arose from the acquisition of Valida Holding AG Group due to insurance-specific classification of equity.

The profit after tax in the income statement from 1 October to 31 December 2015 amounted to € 6,935 thousand. Operating income totaled € 18,779 thousand for the same period.

Excluded units

Name	Share	Excluded as of	Reason
Financial institutions			
MELIKERTES Raiffeisen-Mobilien-Leasing GmbH, Vienna (AT)	80.0%	1/1	Immaterial
RL DANTE Mobilien-Leasing GmbH, Vienna (AT)	80.0%	1/1	Immaterial
Raiffeisen Investment Ltd., Moscow (RU)	60.8%	1/1	Immaterial
Raiffeisen Gazdasági Szolgáltató Zrt., Budapest (HU)	60.8%	1/1	Immaterial
Raiffeisen Investment Romania LLC – in liquidation, Bucharest (RO)	60.8%	1/1	Immaterial
Kathrein & Co. Vermögensverwaltung GmbH, Vienna (AT)	60.8%	1/1	Immaterial
OOO RB Obligatsii, Moscow (RU)	60.8%	1/1	Immaterial
Raiffeisen-Leasing Real Estate, s.r.o., Prague (CZ)	58.1%	1/1	Merger
Roof Russia S.A., Luxembourg (LU)	0.02%	1/1	Immaterial
SCTAI Angol Iskola Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	54.9%	1/2	Immaterial
Compass Variety Funding Limited, Dublin (IE)	0.0%	1/5	Immaterial
UNIQA Immobilien-Projekterrichtungs GmbH, Vienna (AT)	66.7%	1/6	Sale
VERUS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	100.0%	1/7	Sale
SCTJ Ingatlanfejlesztő és Ingatlanhasznosító Kft, Budapest (HU)	60.8%	1/7	Sale
Raiffeisen Investment Polska sp.z.o.o., Warsaw(PL)	60.8%	1/7	Immaterial
Raiffeisen Investment Advisory GmbH, Vienna (AT)	60.8%	1/7	Immaterial
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	60.2%	1/7	Immaterial
TRITON Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	100.0%	1/8	Sale
RBI Private Equity Holding GmbH, Vienna (AT)	60.8%	1/8	Merger
JUNO Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	100.0%	1/9	Immaterial
Raiffeisen-Leasing Gesellschaft m.b.H. & Co KG, Vienna (AT)	100.0%	1/9	Immaterial
Closed Joint Stock Company Non-state pension fund Raiffeisen, Moscow (RU)	45.6%	1/10	Sale
DANAE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	100.0%	1/12	Immaterial
HERMIONE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	100.0%	1/12	Sale
Hotel Maria Prag Besitz s.r.o., Prague (CZ)	100.0%	1/12	Sale
LT Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	100.0%	1/12	Immaterial
LYSSA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	100.0%	1/12	Immaterial
Companies rendering banking-related ancillary services			
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	60.8%	1/1	Immaterial
OOO „Kvadro“, Tomsk (RU)	0.0%	1/1	Immaterial
Raiffeisen Biztosításközvetítö Kft., Budapest (HU)	60.8%	1/1	Immaterial
Raiffeisen Insurance Broker EOOD, Sofia (BG)	60.8%	1/1	Immaterial
RB Kereskedhőáz Kft., Budapest (HU)	60.8%	1/1	Immaterial
OOO „Tkatskoye“, Moscow (RU)	60.8%	1/1	Immaterial
Wiedner Hauptstraße 94 Errichtungs- und Betriebs GmbH, Vienna (AT)	51.0%	1/8	Immaterial
Other companies			
Jacquingasse 16 ProjektentwicklungsgmbH, Vienna (AT)	100.0%	1/1	Immaterial
Raiffeisen Windpark Berg GmbH, Vienna (AT)	100.0%	1/1	Sale
Raiffeisen Windpark Trautmannsdorf GmbH, Vienna (AT)	100.0%	1/1	Sale
Raiffeisen Windpark Velm GmbH, Vienna (AT)	100.0%	1/1	Sale
Raiffeisen-Leasing Wohnbauerrichtungs GmbH, Raaba (AT)	100.0%	1/1	Immaterial
Centrotrade Chemicals AG, Zug (CH)	60.8%	1/1	Immaterial
Centrotrade Commodities Malaysia Sdn Bhd, Kuala Lumpur (MY)	60,8%	1/1	Sale
Centrotrade Deutschland GmbH, Eschborn (DE)	60.8%	1/1	Sale
Centrotrade Holding AG, Vienna (AT)	60.8%	1/1	Immaterial
Centrotrade Minerals & Metals Inc., Chesapeake (US)	60.8%	1/1	Sale
Centrotrade Singapore Pte. Ltd., Singapore (SG)	60.8%	1/1	Sale
SCTS Kft., Budapest (HU)	60.8%	1/1	Immaterial
Gaia Property, s.r.o., Prague (CZ)	58.1%	1/1	Immaterial
RLRE Dorado Property, s.r.o., Prague (CZ)	58.1%	1/1	Immaterial
Raiffeisen Windpark GmbH, Vienna (AT)	100.0%	1/9	Sale
Raiffeisen Windpark Scharndorf GmbH, Vienna (AT)	100.0%	1/11	Merger
Raiffeisen Windpark Trautmannsdorf Nord GmbH, Vienna (AT)	100.0%	1/11	Merger

Income from disposal of Group assets

in € thousand	RNPF	RWIND	Others	Total
Assets	505,150	10,832	283,462	799,443
Liabilities	496,541	12,136	261,176	769,854
Total identifiable net assets	**8,609**	**(1,305)**	**22,285**	**29,590**
Non-controlling interests	0	0	811	811
Net assets after non-controlling interests	**8,609**	**(1,305)**	**21,474**	**28,779**
Goodwill	0	0	91	91
Goodwill/Badwill from exchange differences	(4,018)	0	459	(3,559)
Selling price	98,156	3,756	34,740	136,652
Net income from disposal of group assets	**85,529**	**5,061**	**13,633**	**104,223**

RNPF: Closed Joint Stock Company Non-state pension fund Raiffeisen, Moscow
RWIND: Raiffeisen Windpark GmbH, Vienna

Additionally, a provision of € 51,772 thousand was formed for the planned sale of Raiffeisen Banka d.d., Maribor.

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%	Funds
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
Kepler Fonds 777, Vienna (AT)	0.0%	Funds
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.

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 329 subsidiaries were not included in the consolidated financial statements (2014: 350). 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
AKRISIOS Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
AL Taunussteiner Grundstücks-GmbH & Co KG, Eschborn (DE)	10,000	EUR	88.0%	FI
A-Leasing SpA, Treviso (IT)	68,410,000	EUR	100.0%	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
AO Raiffeisenbank, Moscow (RU)	36,711,260,000	RUB	60.8%	FI
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)	600,000	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%	OT
Austria Leasing Immobilienverwaltungsgesellschaft mbH, Eschborn (DE)	25,000	EUR	100.0%	FI
B52 RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	55.7%	FI
BAILE Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	60.8%	FH
Baumgartner Höhe RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	55.7%	OT
BL Syndikat Beteiligungs Gesellschaft m.b.H., Vienna (AT)	4,373,558	EUR	77.9%	FI
Bondy Centrum, s.r.o., Prague (CZ)	200,000	CZK	76.6%	FI
BRL Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Eisenstadt (AT)	73,000	EUR	100.0%	OT
BUILDING BUSINESS CENTER DOO NOVI SAD, Novi Sad (RS)	559,220,792	RSD	60.8%	BR
Bukovina Residential SRL, Timisoara (RO)	1,901,600	RON	100.0%	FI
Bulevard Centar BBC Holding d.o.o., Belgrade (RS)	63,708	RSD	60.8%	FI
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%	BR
CARNUNTUM Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
CERES Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
CINOVA RBI Leasing-Immobilien GmbH, Vienna (AT)	35,000	EUR	55.7%	OT

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]
CJSC Mortgage Agent Raiffeisen 01, Moscow (RU)	10,000	RUB	0.0%	OT
COL Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
CP Inlandsimmobilien-Holding GmbH, Vienna (AT)	364,000	EUR	61.2%	OT
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%	BR
DAV Holding Ltd., Budapest (HU)	3,020,000	HUF	60.8%	FI
DAV-PROPERTY Kft., Budapest (HU)	3,000,000	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%	OT
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
Expo 2000 Real Estate EOOD, Sofia (BG)	10,000	BGN	60.8%	FI
FCC Office Building SRL, Bucharest (RO)	30,298,500	RON	60.8%	FI
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%	BR
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%	BR
FWR Russia Funding B.V., Amsterdam (NL)	1	EUR	0.0%	FI
GENO Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
Golden Rainbow International Limited, Tortola (VG)	1	SGD	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%	OT
Hietzinger-Spitz Projektentwicklung GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
HSL INVEST S.R.L., Ploiesti (RO)	3,000	RON	100.0%	OT
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%	FI
Infrastruktur Heilbad Sauerbrunn GmbH, Vienna (AT)	35,000	EUR	55.7%	FI
Infrastruktur Heilbad Sauerbrunn RBI-Leasing GmbH & Co.KG., Bad Sauerbrunn (AT)	0	EUR	55.7%	BR
INPROX Split d.o.o., Zagreb (HR)	100,000	HRK	100.0%	FI
Inprox Zagreb Sesvete d.o.o., Zagreb (HR)	100,000	HRK	100.0%	FI
Invest Vermögensverwaltungs-GmbH, Vienna (AT)	73,000	EUR	61.6%	FI
JLLC "Raiffeisen-leasing", Minsk (BY)	4,300,250,000	BYR	55.6%	FI
Kathrein Privatbank Aktiengesellschaft, Vienna (AT)	20,000,000	EUR	60.8%	FI
KAURI Handels und Beteiligungs GmbH, Vienna (AT)	50,000	EUR	88.0%	OT
Kepler Fonds 777, Vienna (AT)	0	EUR	0.0%	FI
KHD a.s., Prague (CZ)	2,000,000	CZK	100.0%	FI
Kiinteistö Oy Automaatiotie 1, Helsinki (FI)	360,000	EUR	100.0%	OT
Kiinteistö Oy Rovaniemen tietotekniikkakeskus, Helsinki (FI)	100,000	EUR	100.0%	OT
Kiinteistö Oy Seinäjoen Joupinkatu 1, Helsinki (FI)	100,000	EUR	100.0%	OT
Konevova s.r.o., Prague (CZ)	50,000,000	CZK	94.6%	FI
Körlog Logistika Építö és Kivitelezö Korlátolt Feleösségü Társaság, Budapest (HU)	3,000,000	HUF	100.0%	FI
KOTTO Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Laomedon Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	BA
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%	SC
Lexxus Services Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	OT

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LIBRA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	OT
Limited Liability Company Raiffeisen Leasing Aval, Kiev (UA)	180,208,527	UAH	44.0%	FI
LLC "ARES Nedvizhimost", Moscow (RU)	10,000	RUB	30.4%	FI
Lucius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	BR
LYRA Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	OT
MIRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	OT
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%	OT
MP Real Invest a.s., Bratislava (SK)	140,000,000	EUR	60.8%	FI
Niederösterreichische Landes-Landwirtschaftskammer Errichtungs- und Betriebsgesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FH
Objekt Linser Areal Immobilienerrichtungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Objekt Linser Areal Immoblilienerrichtungs GmbH & Co. KG, Vienna (AT)	1,000	EUR	100.0%	FI
ÖKO-Drive Fuhrparkmanagement GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
OOO Raiffeisen-Leasing, Moscow (RU)	1,071,000,000	RUB	60.8%	FI
OPORA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
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%	FI
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%	OT
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%	OT
Pointon Investment Limited, Limassol (CY)	77,446	RUB	60.8%	OT
Priamos Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Priorbank JSC, Minsk (BY)	412,279,277,350	BYR	53.4%	BR
Propria Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	90.0%	BR
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%	FI
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%	FI
Raiffeisen Banca pentru Locuinte S.A., Bucharest (RO)	131,074,560	RON	53.6%	FI
Raiffeisen Bank Aval JSC, Kiev (UA)	6,154,516,258	UAH	41.5%	FI
Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo (BA)	247,167,000	BAM	60.8%	BR
Raiffeisen Bank International AG, Vienna (AT)	893,586,066	EUR	60.8%	FI
Raiffeisen Bank Kosovo J.S.C., Pristina (KO)	63,000,000	EUR	60.8%	FI
Raiffeisen Bank Polska S.A., Warsaw (PL)	2,256,683,400	PLN	60.8%	FI
Raiffeisen Bank S.A., Bucharest (RO)	1,200,000,000	RON	60.8%	FI
Raiffeisen Bank Sh.a., Tirana (AL)	14,178,593,030	ALL	60.8%	BR
Raiffeisen Bank Zrt., Budapest (HU)	50,000,090,000	HUF	60.8%	FI
Raiffeisen banka a.d., Belgrade (RS)	27,466,157,580	RSD	60.8%	BA
Raiffeisen Banka d.d., Maribor (SI)	53,814,985	EUR	60.7%	FI
Raiffeisen Bausparkasse Gesellschaft m.b.H., Vienna (AT)	35,000,000	EUR	100.0%	FI
Raiffeisen Bausparkassen Holding GmbH, Vienna (AT)	10,000,000	EUR	100.0%	OT
Raiffeisen Burgenland Leasing GmbH, Vienna (AT)	38,000	EUR	100.0%	OT
Raiffeisen CEE Region Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	OT
Raiffeisen Centrobank AG, Vienna (AT)	47,598,850	EUR	60.8%	BA
Raiffeisen CIS Region Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	BA
Raiffeisen consulting d.o.o., Zagreb (HR)	105,347,000	HRK	60.8%	BA
Raiffeisen Corporate Lízing Zrt., Budapest (HU)	50,100,000	HUF	60.8%	BA

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Raiffeisen Energiaszolgáltató Kft., Budapest (HU)	3,000,000	HUF	60.8%	BA
Raiffeisen Factor Bank AG, Vienna (AT)	10,000,000	EUR	100.0%	BA
Raiffeisen Factoring Ltd., Zagreb (HR)	15,000,000	HRK	60.8%	BA
Raiffeisen FinCorp, s.r.o., Prague (CZ)	200,000	CZK	53.2%	BA
Raiffeisen Ingatlan Vagyonkezelő Kft., Budapest (HU)	3,100,000	HUF	60.8%	BA
Raiffeisen Insurance Agency Sp.z.o.o, Warsaw (PL)	200,000	PLN	60.8%	BA
Raiffeisen International Beteiligungs GmbH, Vienna (AT)	1,000,000	EUR	100.0%	BA
Raiffeisen International Invest Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	BA
Raiffeisen International Liegenschaftsbesitz GmbH, Vienna (AT)	35,000	EUR	60.8%	FH
Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung, Vienna (AT)	15,000,000	EUR	100.0%	BR
Raiffeisen Leasing Bulgaria OOD, Sofia (BG)	5,900,000	BGN	60.8%	FI
Raiffeisen Leasing d.o.o. Sarajevo, Sarajevo (BA)	15,405,899	BAM	60.8%	FH
Raiffeisen Leasing d.o.o., Belgrade (RS)	226,389,900	RSD	60.8%	BA
Raiffeisen Leasing d.o.o., Ljubljana (SI)	3,738,107	EUR	60.8%	FH
Raiffeisen Leasing IFN S.A., Bucharest (RO)	14,935,400	RON	60.8%	OT
Raiffeisen Leasing Kosovo LLC, Pristina (KO)	642,857	EUR	60.8%	BA
Raiffeisen Leasing sh.a., Tirana (AL)	263,520,134	ALL	60.8%	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	60.8%	FI
Raiffeisen Mandatory and Voluntary Pension Funds Management Company Plc., Zagreb (HR)	143,445,300	HRK	60.8%	BR
Raiffeisen ÖHT Beteiligungs GmbH, Vienna (AT)	35,000	EUR	88.0%	BR
Raiffeisen Pension Insurance d.d., Zagreb (HR)	23,100,000	HRK	60.8%	BR
Raiffeisen Property Holding International GmbH, Vienna (AT)	35,000	EUR	60.8%	FH
Raiffeisen Property International GmbH, Vienna (AT)	40,000	EUR	60.8%	FH
Raiffeisen Property Management GmbH, Vienna (AT)	40,000	EUR	60.8%	BR
Raiffeisen Real Estate Fund, Budapest (HU)	0	HUF	0.0%	FI
Raiffeisen Rent DOO, Belgrade (RS)	243,099,913	RSD	60.8%	FI
Raiffeisen RS Beteiligungs GmbH, Vienna (AT)	35,000	EUR	60.8%	FI
Raiffeisen SEE Region Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FI
Raiffeisen stambena stedionica d.d., Zagreb (HR)	180,000,000	HRK	60.8%	FI
Raiffeisen stavebni sporitelna, a.s., Prague (CZ)	650,000,000	CZK	94.6%	BA
Raiffeisen Wohnbaubank Aktiengesellschaft, Vienna (AT)	5,100,000	EUR	100.0%	FI
Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna (AT)	492,466,423	EUR	0.0%	FI
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%	FI
Raiffeisenbank a.s., Prague (CZ)	11,060,800,000	CZK	45.6%	FI
Raiffeisenbank Austria d.d., Zagreb (HR)	3,621,432,000	HRK	60.8%	FI
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%	OT
Raiffeisen-Leasing Beteiligung GesmbH, Vienna (AT)	36,400	EUR	100.0%	FI
Raiffeisen-Leasing d.o.o., Zagreb (HR)	30,000,000	HRK	60.8%	OT
Raiffeisen-Leasing Fuhrparkmanagement Gesellschaft m.b.H., Vienna (AT)	36,400	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%	FH
Raiffeisen-Leasing International Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	60.8%	BA

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Raiffeisen-Leasing Liegenschaftsverwaltung Kraußstraße Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	70.0%	BA
Raiffeisen-Leasing Lithuania UAB, Vilnius (LT)	100,000	EUR	56.1%	OT
Raiffeisen-Leasing Polska S.A., Warsaw (PL)	150,003,800	PLN	60.8%	OT
RAIFFEISEN-LEASING REAL ESTATE Sp. z o.o., Warsaw (PL)	50,000	PLN	60.8%	OT
Raiffeisen-Leasing, s.r.o., Prague (CZ)	450,000,000	CZK	53.2%	OT
Raiffeisen-RBHU Holding GmbH, Vienna (AT)	236,640	EUR	60.8%	OT
Raiffeisen-Rent Immobilienprojektentwicklung Gesellschaft m.b.H. Objekt Wallgasse 12 KG, Vienna (AT)	5,089,206	EUR	30.0%	OT
Raiffeisen-Rent-ImmobilienprojektentwicklungsgmbH.,Objekt Lenaugasse 11 KG, Vienna (AT)	6,169,924	EUR	30.0%	BA
Raiffeisen-Wagramer Straße 120 Projektentwicklungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RALT Raiffeisen-Leasing Gesellschaft m.b.H. & Co. KG, Vienna (AT)	20,348,394	EUR	100.0%	BA
RALT Raiffeisen-Leasing Gesellschaft m.b.H., Vienna (AT)	218,500	EUR	100.0%	BA
RAN elf Raiffeisen-Anlagenvermietung Ges.m.b.H., Vienna (AT)	36,336	EUR	100.0%	BA
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%	BA
RBI KI Beteiligungs GmbH, Vienna (AT)	48,000	EUR	60.8%	FI
RBI IB Beteiligungs GmbH, Vienna (AT)	35,000	EUR	60.8%	FI
RBI LEA Beteiligungs GmbH, Vienna (AT)	70,000	EUR	60.8%	FH
RBI Leasing GmbH, Vienna (AT)	100,000	EUR	55.7%	OT
RBI LGG Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FI
RBI PE Handels- und Beteiligungs GmbH, Vienna (AT)	150,000	EUR	60.8%	FI
REC Alpha LLC, Kiev (UA)	267,643,204	UAH	60.8%	OT
Regional Card Processing Center s.r.o., Bratislava (SK)	539,465	EUR	60.8%	FI
REMUS Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FH
Rent Impex, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
RI Eastern European Finance B.V., Amsterdam (NL)	400,000	EUR	60.8%	OT
RIEEF Headoffice, Amsterdam (NL), Amsterdam (NL)	0	EUR	0.0%	OT
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
RIRE Holding GmbH, Vienna (AT)	35,000	EUR	60.8%	FI
RL Anlagenvermietung Gesellschaft m.b.H., Eschborn (DE)	50,000	DEM	100.0%	FI
RL Flussschifffahrts GmbH & Co KG, Vienna (AT)	5,000	EUR	0.4%	FI
RL Gamma d.o.o., Zagreb (HR)	20,000	HRK	100.0%	FI
RL Grundstückverwaltung Klagenfurt-Süd GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
RL Hotel Palace Wien Besitz GmbH, Vienna (AT)	36,336	EUR	99.1%	FH
RL LUX Holding S.a.r.l., Luxembourg (LU)	12,500	EUR	100.0%	FH
RL Retail Holding GmbH, Vienna (AT)	36,000	EUR	100.0%	FI
RL Thermal Beteiligungen GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL Thermal GmbH & Co Liegenschaftsverwaltung KG, Vienna (AT)	1,453,457	EUR	100.0%	FI
RL Thermal GmbH, Vienna (AT)	36,336	EUR	100.0%	BR
RL-ALPHA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
RL-BETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-Epsilon Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-Epsilon Sp.z.o.o., Warsaw (PL)	50,000	PLN	100.0%	FI
RL-Gamma Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI

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RLI Holding Gesellschaft m.b.H., Vienna (AT)	40,000	EUR	60.8%	FI
RL-Jota Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-Jota Sp.z o.o., Warsaw (PL)	50,000	PLN	100.0%	FI
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%	OT
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%	FI
RL-Prom-Wald Sp. Z.o.o, Warsaw (PL)	50,000	PLN	100.0%	FI
RLX Dvorak S.A., Luxembourg (LU)	31,000	EUR	100.0%	FI
ROOF Poland Leasing 2014 Ltd, Dublin (IE)	1	EUR	0.0%	FI
Roof Russia DPR Finance Company S.A., Luxembourg (LU)	50,000	EUR	0.0%	OT
RSC Raiffeisen Service Center GmbH, Vienna (AT)	2,000,000	EUR	47.3%	OT
RUBRA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
RZB - BLS Holding GmbH, Vienna (AT)	500,000	EUR	100.0%	OT
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%	OT
RZB Invest Holding GmbH, Vienna (AT)	500,000	EUR	100.0%	FI
RZB Sektorbeteiligung GmbH, Vienna (AT)	100,000	EUR	100.0%	FI
RZB Versicherungsbeteiligung GmbH, Vienna (AT)	500,000	EUR	100.0%	FI
S.C. PLUSFINANCE ESTATE 1 S.R.L., Bucharest (RO)	13,743,340	RON	60.8%	FI
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%	OT
SCTE Elsö 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%	OT
SF Hotelerrichtungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
SINIS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
Sky Tower Immobilien- und Verwaltung Kft, Budapest (HU)	41,000	HUF	60.8%	FI
Skytower Building SRL, Bucharest (RO)	126,661,500	RON	60.8%	FI
SOLAR II Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
SOLIDA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.5%	BR
SPICA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	FI
'S-SPV'' d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	60.8%	FH
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%	FH
Tatra Residence, s. r. o., Bratislava (SK)	23,143,519	EUR	47.9%	FH
Tatra-Leasing, s.r.o., Bratislava (SK)	6,638,784	EUR	47.9%	FH
THETIS Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	BR
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	60.8%	FI
Ukrainian Processing Center PJSC, Kiev (UA)	180,000	UAH	60.8%	FI
Unterinntaler Raiffeisen-Leasing GmbH & Co KG, Vienna (AT)	36,336	EUR	100.0%	OT
URSA Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
Valida Holding AG, Vienna (AT)	5,000,000	EUR	68.0%	FI
Valida Industrie Pensionskasse AG, Vienna (AT)	5,000,062	EUR	68.0%	OT
Valida Pension AG, Vienna (AT)	10,200,000	EUR	68.0%	FI
Valida Plus AG, Vienna (AT)	5,500,000	EUR	68.0%	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]
Viktor Property, s.r.o., Prague (CZ)	200,000	CZK	53.2%	FI
Vindalo Properties Limited, Limassol (CY)	67,998	RUB	60.8%	FI
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
ZHS Office- & Facilitymanagement GmbH, Vienna (AT)	36,336	EUR	99.3%	FI
ZUNO BANK AG, Vienna (AT)	5,000,000	EUR	60.8%	BR

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

2015 in € thousand	Loans and advances	Equity instuments	Debt Instruments	Derivatives
Securitization vehicles	225,179	0	451,637	0
Third party funding entities	183,032	18,274	0	0
Funds	0	29,922	0	0
Total	**408,211**	**48,195**	**451,637**	**0**

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
Other	0	0	0	0
Total	**429,922**	**28,109**	**670,325**	**22**

Liabilities

2015 in € thousand	Deposits	Equity instuments	Debt securities issued	Derivatives
Securitization vehicles	1,062	0	22,628	0
Third party funding entities	31,925	0	0	1,118
Total	**32,987**	**0**	**22,628**	**1,118**

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
Funds	0	0	0	0
Other	0	0	0	0
Total	**97,303**	**0**	**0**	**1,321**

Nature, purpose and extent of the Group's interests in non-consolidated structured entities

RZB 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 non-consolidated 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 2015, the notional related replacement values of derivatives and off balance sheet instruments were € 29,064 thousand and € 104,682 thousand respectively. Size information of Structured Entities is not always publically available therefore the Group has determined that its exposure is an appropriate guide to size.

Financial support

The Group did not provide 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 2015 was € 215,882 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 2015.

(54) List of equity participations

Companies valued at equity

Company, domicile (country)	Subscribed capital in local currency		Share	Type[1]
card complete Service Bank AG, Vienna (AT)	6,000,000	EUR	25.0%	OT
LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna (AT)	32,624,283	EUR	33.1%	BA
NOTARTREUHANDBANK AG, Vienna (AT)	8,030,000	EUR	26.0%	BA
Österreichische Hotel- und Tourismusbank Gesellschaft m.b.H., Vienna (AT)	11,627,653	EUR	31.3%	BA
Oesterreichische Kontrollbank Aktiengesellschaft, Vienna (AT)	130,000,000	EUR	8.1%	BA
Prva stavebna sporitelna a.s., Bratislava (SK)	66,500,000	EUR	32.5%	OT
Raiffeisen evolution project development GmbH, Vienna (AT)	43,750	EUR	40.0%	BR
Raiffeisen Informatik GmbH, Vienna (AT)	1,460,000	EUR	47.6%	IN
UNIQA Insurance Group AG, Vienna (AT)	309,000,000	EUR	31.5%	BA
ZVEZA BANK, registrirana zadruga z omejenim jamstvom, Bank und Revisionsverband, registrierte Genossenschaft mit beschrä, Klagenfurt (AT)	28,209,536	EUR	56.2%	BA

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
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%	OT
Adorant Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Ados Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	FI
Adrett Immobilienleasing GmbH, Eschborn (DE)	125,000	EUR	100.0%	OT
Adrittura 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%	OT
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
Angaga Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
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%	OT
Aspius Immobilien Holding International GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Astra Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Athena Property, s.r.o. v likvidaci, Prague (CZ)	200,000	CZK	100.0%	OT
Austria Leasing GmbH & Co KG Immobilienverwaltung Projekt EKZ Meitingen, Eschborn (DE)	10,000	EUR	100.0%	FI
Austria Leasing GmbH & Co. KG Immobilienverwaltung Projekt Eberdingen, Eschborn (DE)	10,000	EUR	100.0%	OT
BA Development II., s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
BA Development, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Bandos Handels- und Beteiligungs GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
Boreas Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	FI
BUXUS Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	2,820,000	RON	100.0%	OT
Centrotrade Chemicals AG - in Liquidation, Zug (CH)	5,000,000	CHF	100.0%	OT
Centrotrade Holding AG, Vienna (AT)	3,000,000	EUR	100.0%	OT
Chronos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	BR
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%	FI
CP Projekte Muthgasse Entwicklungs GmbH, Vienna (AT)	40,000	EUR	100.0%	FI
Credibilis a.s., Prague (CZ)	2,000,000	CZK	100.0%	FI
CRISTAL PALACE Property s.r.o., Prague (CZ)	400,000	CZK	100.0%	OT
Dafne Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT

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Company	Subscribed capital in local currency		Share	Type[1]
DANAE Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
DAV Management Kft., Budapest (HU)	3,010,000	HUF	100.0%	OT
DAV-ESTATE Kft., Budapest (HU)	3,010,000	HUF	100.0%	OT
DAV-LAND Kft., Budapest (HU)	3,010,000	HUF	100.0%	OT
DAV-OUTLET Kft., Budapest (HU)	3,010,000	HUF	100.0%	OT
Dike Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Dione Property s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Dobré Bývanie s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Dom-office 2000, Minsk (BY)	2,834,781,000	BYR	100.0%	BR
Doplnková dôchodková spoločnosť Tatra banky, a.s., Bratislava (SK)	1,659,700	EUR	100.0%	BR
DORISCUS ENTERPRISES LTD., Limassol (CY)	18,643,400	EUR	86.6%	BR
Dubravcice, s.r.o., Bratislava (SK)	5,000	EUR	100.0%	FI
Easy Develop s.r.o., Prague (CZ)	200,000	CZK	100.0%	BR
Eos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Erato Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Eris Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
'E-SPV'' d.o.o. Sarajevo, Sarajevo (BA)	2,000	BAM	100.0%	OT
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%	FI
Eurolease RE Leasing, s. r. o., Bratislava (SK)	6,125,256	EUR	100.0%	OT
Euros Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Exit 90 SPV s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Extra Year Investments Limited, Tortola (VG)	50,000	USD	100.0%	OT
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%	FI
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%	FI
FVE Cihelna s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Gaia Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Gala Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Gergely u. Ingatlanfejlesztő Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Golfanlagen Schönborn Betriebsgesellschaft m.b.H. & Co. KG., Vienna (AT)	20,880,000	ATS	100.0%	FH
GS55 Sazovice s.r.o., Prague (CZ)	15,558,000	CZK	90.0%	OT
Harmonia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Hebe Property, s.r.o., Prague (CZ)	200,000	CZK	95.0%	OT
HERA Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	49.0%	OT
Hermes Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Hestia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
HESTIA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	50.5%	OT
Holeckova Property s.r.o., Prague (CZ)	210,000	CZK	100.0%	OT
Humanitarian Fund ''Budimir Bosko Kostic'', Belgrade (RS)	30,000	RSD	100.0%	OT
Hyperion Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
ICS Raiffeisen Leasing s.r.l, Chisinau (MD)	8,307,535	MDL	100.0%	OT
ICTALURUS Handels- und Beteiligungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
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%	FI
Ino Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Iris Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
ISIS Raiffeisen Immobilien Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	FI

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Company	Subscribed capital in local currency		Share	Type[1]
Janus Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
JUNO Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	FI
JV Developer Invest Ltd., Mogilev (BY)	2,400,000	BYR	0.0%	FI
Kalypso Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Kappa Estates s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Kathrein & Co Life Settlement Gesellschaft m.b.H., Vienna (AT)	35,000	EUR	100.0%	OT
Kathrein & Co. I Vermögensverwaltungs GmbH - in Liquidation, Munich (DE)	25,000	EUR	100.0%	OT
Kathrein & Co. Trust Holding GmbH, Vienna (AT)	23,357,237	EUR	100.0%	OT
Kathrein & Co. Vermögensverwaltung GmbH, Vienna (AT)	125,000	EUR	100.0%	FI
Kathrein Capital Management AG, Vienna (AT)	1,000,000	EUR	100.0%	FI
Kirke Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
KIWANDA Handels- und Beteiligungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Leasing Poland Sp.z.o.o., Warsaw (PL)	19,769,500	PLN	100.0%	OT
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%	FI
Limited Liability Company REC GAMMA, Kiev (UA)	49,015,000	UAH	100.0%	OT
LOTA Handels- und Beteiligungs-GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
LT Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	36,400	EUR	100.0%	OT
Luna Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
LYSSA Raiffeisen-Immobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	OT
Maharal Hotels, s.r.o., Prague (CZ)	200,000	CZK	100.0%	BR
Mall Varna EAD, Sofia (BG)	146,700,000	BGN	100.0%	OT
MAMONT GmbH, Kyiv (UA)	44,000	UAH	100.0%	OT
Medea Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	FI
MELIKERTES Raiffeisen-Mobilien-Leasing GmbH, Vienna (AT)	35,000	EUR	80.0%	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%	OT
MORHUA Handels- und Beteiligungs GmbH, Vienna (AT)	36,336	EUR	100.0%	OT
MOVEO Raiffeisen-Leasing GmbH, Vienna (AT)	35,000	EUR	51.0%	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%	FI
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%	FI
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	50.0%	OT
Ofion Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
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	0.0%	OT
OOO "Kvadro", Tomsk (RU)	10,000	RUB	0.0%	FI
OOO "Tkatskoye", Moscow (RU)	73,300,000	RUB	100.0%	OT
OOO "Vneshleasing", Moscow (RU)	131,770	RUB	100.0%	OT
OOO Raiffeisen Capital Asset Management Company, Moscow (RU)	225,000,000	RUB	100.0%	SC
OOO SB "Studia Strahovania", Minsk (BY)	349,236,967	BYR	100.0%	FI
Orchideus Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Orestes Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT

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]
ORION Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	50.0%	OT
OSTARRICHI Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
Ötödik Vagyonkezelő Kft., Budapest (HU)	36,400	EUR	50.0%	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
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%	FI
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%	OT
PLUSFINANCE OFFICE S.R.L., Bucharest (RO)	1,000	RON	100.0%	OT
PLUSFINANCE RESIDENTIAL S.R.L., Bucharest (RO)	1,000	RON	100.0%	OT
PMC SPINDLERUV MLYN s.r.o., Prague (CZ)	100,000	CZK	100.0%	OT
Pontos Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
Priapos Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
Pro Invest da Vinci e.o.o.d., Sofia (BG)	5,000	BGN	100.0%	BR
PRODEAL, a.s., Bratislava (SK)	796,654	EUR	100.0%	BR
Production unitary enterprise "PriortransAgro", Minsk (BY)	500,000,001	BYR	100.0%	BR
PROKNE 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%	OT
Raiffeisen (Beijing) Investment Management Co., Ltd., Beijing (CN)	2,000,000	CNH	100.0%	OT
Raiffeisen Asset Management (Bulgaria) EAD, Sofia (BG)	250,000	BGN	100.0%	OT
Raiffeisen Assistance D.O.O., Beograd, Belgrade (RS)	4,307,115	RSD	100.0%	OT
Raiffeisen Assistance doo Sarajevo, Sarajevo (BA)	4,000	BAM	0.0%	OT
Raiffeisen Autó Lízing Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
Raiffeisen Befektetési Alapkezelö Zrt., Budapest (HU)	100,000,000	HUF	100.0%	OT
Raiffeisen Biztosításközvetítö Kft., Budapest (HU)	5,000,000	HUF	100.0%	OT
Raiffeisen Bonus Ltd., Zagreb (HR)	200,000	HRK	100.0%	FI
Raiffeisen Capital a.d. Banja Luka, Banja Luka (BA)	355,000	BAM	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. in Liquidation, 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%	BR
Raiffeisen Gazdasági Szolgáltató Zrt., Budapest (HU)	20,100,000	HUF	100.0%	FI
Raiffeisen Immobilien Kapitalanlage-Gesellschaft m.b.H., Vienna (AT)	5,000,000	EUR	100.0%	FI
Raiffeisen Ingatlan Üzemeltető Kft., Budapest (HU)	3,000,000	HUF	100.0%	BR
Raiffeisen Insurance and Reinsurance Broker S.R.L, Bucharest (RO)	180,000	RON	100.0%	BR
RAIFFEISEN INSURANCE BROKER EOOD, Sofia (BG)	5,000	BGN	100.0%	FI
Raiffeisen Insurance Broker Kosovo L.L.C., Pristina (KO)	5,000	EUR	100.0%	FI
RAIFFEISEN INVEST AD DRUSTVO ZA UPRAVLJANJE INVESTICIONIM FONDOVIMA BEOGRAD, Belgrade (RS)	47,662,692	RSD	100.0%	OT
Raiffeisen Invest d.o.o., Zagreb (HR)	8,000,000	HRK	100.0%	FI
Raiffeisen Invest Drustvo za upravljanje fondovima d.o.o Sarajevo, Sarajevo (BA)	945,424	BAM	100.0%	BA
Raiffeisen INVEST Sh.a., Tirana (AL)	90,000,000	ALL	100.0%	OT

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Company	Subscribed capital in local currency		Share	Type[1]
Raiffeisen investicni spolecnost a.s., Prague (CZ)	40,000,000	CZK	100.0%	BR
Raiffeisen Investment (Bulgaria) EOOD - in Liquidation, Sofia (BG)	60,050	BGN	100.0%	BR
Raiffeisen Investment Advisory GmbH, Vienna (AT)	730,000	EUR	100.0%	FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	70,000	TRY	99.0%	FI
Raiffeisen Investment Ltd., Moscow (RU)	47,904,192	RUB	100.0%	FI
Raiffeisen Investment Polska sp.z.o.o., Warsaw (PL)	3,024,000	PLN	100.0%	SC
Raiffeisen Investment Ukraine TOV - in Liquidation, Kiev (UA)	3,733,213	UAH	100.0%	FI
Raiffeisen KOIOS Leasing GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Raiffeisen Property Management Bulgaria EOOD, Sofia (BG)	80,000	BGN	100.0%	FI
Raiffeisen Property Management spol.s.r.o., Prague (CZ)	100,000	CZK	0.0%	FI
RAIFFEISEN Real Estate EOOD, Sofia (BG)	550,000	BGN	100.0%	BR
Raiffeisen Salzburg Invest Kapitalanlage GmbH, Salzburg (AT)	2,600,000	EUR	75.0%	OT
RAIFFEISEN SERVICE EOOD, Sofia (BG)	4,220,000	BGL	100.0%	OT
Raiffeisen Solutions Spółka z ograniczoną odpowiedzialnością, Warsaw (PL)	550,000	PLN	100.0%	OT
RAIFFEISEN SPECIAL ASSETS COMPANY d.o.o. Sarajevo, Sarajevo (BA)	1,982,591	BAM	100.0%	OT
Raiffeisen Towarzystwo Funduszy Inwestycyjnych S.A., Warsaw (PL)	2,000,000	PLN	100.0%	FI
Raiffeisen Verbundunternehmen-IT GmbH, Vienna (AT)	100,000	EUR	100.0%	SC
Raiffeisen Windpark Zistersdorf GmbH, Vienna (AT)	37,000	EUR	100.0%	BR
Raiffeisen Wohnbauleasing Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
Raiffeisen-Landesbanken-Holding GmbH, Vienna (AT)	178,555	EUR	0.0%	OT
Raiffeisen-Leasing Gesellschaft m.b.H. & Co KG, Vienna (AT)	581,383	EUR	100.0%	OT
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-Leasing Wohnbauerrichtungs GmbH, Raaba (AT)	35,000	EUR	100.0%	BR
Raiffeisen-Wohnbauleasing Österreich GmbH, Vienna (AT)	35,000	EUR	100.0%	BA
Rail-Rent-Holding GmbH, Vienna (AT)	40,000	EUR	100.0%	BR
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%	FI
RB Kereskedhőáz Kft., Budapest (HU)	4,000,000	HUF	100.0%	FI
RB Szolgáltató Központ Kft. - RBSC Kft., Nyíregyháza (HU)	3,000,000	HUF	100.0%	OT
RBI Vajnoria spol.s.r.o., Bratislava (SK)	5,000	EUR	100.0%	BR
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%	FI
RCR Ukraine LLC, Kiev (UA)	282,699	UAH	100.0%	FI
REAL ESTATE RENT 2 DOO, Belgrade (RS)	40,386	RSD	100.0%	OT
Real Estate Rent 4 DOO, Belgrade (RS)	40,310	RSD	100.0%	FI
Realplan Alpha Liegenschaftsverwaltung Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	FI
Rent CC, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Rent GRJ, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	FI
Rent PO, s.r.o., Bratislava (SK)	6,639	EUR	100.0%	OT
Residence Park Trebes, s.r.o., Prague (CZ)	20,000,000	CZK	100.0%	FI
RGS Wohnbau Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	BR
Rheia Property, s.r.o., Prague (CZ)	0	EUR	0.0%	FI
RIEEF Bulgarian Portfolio, Sofia (BG)	0	EUR	0.0%	FI
RIEEF Serbian Portfolio, Belgrade (RS)	0	EUR	0.0%	OT
RIL VI Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	OT
RILREU Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	100.0%	OT
RIRBRO ESTATE MANAGEMENT S.R.L., Bucharest (RO)	1,000	RON	100.0%	BR
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%	FI

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Company	Subscribed capital in local currency		Share	Type[1]
RL Leasing Gesellschaft m.b.H., Eschborn (DE)	25,565	EUR	70.0%	FI
RL Parkgaragen GmbH, Vienna (AT)	40,000	EUR	100.0%	OT
RL Schiffvermietungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL Skand AB, Stockholm (SE)	100,000	SEK	50.0%	OT
RL Wohnbau-Projektentwicklungs GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
R-Landesbanken-Beteiligung GmbH, Vienna (AT)	36,336	EUR	0.0%	OT
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)	0	PLN	0.0%	OT
RL-Delta Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
RL-ETA d.o.o., Zagreb (HR)	20,000	HRK	100.0%	FI
RL-ETA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%	BR
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%	FI
RL-Heart Holding GmbH, Vienna (AT)	35,000	EUR	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%	FI
RLOL ESTATE 1 d.o.o. Belgrad (SCG), Belgrade (RS)	43,186	RSD	100.0%	OT
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 Beta Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
RLRE Carina Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Dorado Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Eta Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Hotel Ellen, s.r.o., Prague (CZ)	100,000	CZK	100.0%	OT
RLRE Jota Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RLRE Orion Property s.r.o., Prague (CZ)	465,000	CZK	100.0%	OT
RLRE Ypsilon Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
RL-Theta Holding GmbH, Vienna (AT)	35,000	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
RPM Budapest KFT, Budapest (HU)	3,000,000	HUF	100.0%	OT
RPN Verwaltungs GmbH, Vienna (AT)	37,464	EUR	100.0%	OT
S.A.I. Raiffeisen Asset Management S.A., Bucharest (RO)	10,656,000	RON	100.0%	FI
SAM-House Kft, Budapest (HU)	3,000,000	HUF	100.0%	OT
SASSK Ltd., Kyiv (UA)	152,322,000	UAH	88.7%	OT
SCT Beruházás Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	0	HUF	0.0%	FI
SCT Kárász utca Ingatlankezelő Kft., Budapest (HU)	3,000,000	HUF	100.0%	OT
SCTAI Angol Iskola Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	0	HUF	0.0%	OT
SCTB Ingatlanfejlesztés Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	100.0%	FI
SCTP Biatorbágy Ingatlanfejlesztő és Ingatlanhasznosító Kft., Budapest (HU)	3,000,000	HUF	75.3%	FI
SCTS Kft., Budapest (HU)	3,100,000	HUF	100.0%	OT
Selene Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Sirius Property, s.r.o., Prague (CZ)	200,000	CZK	100.0%	FI
Sky Solar Distribuce s.r.o., Prague (CZ)	200,000	CZK	77.0%	FI
SORANIS Raiffeisen Portfolio Management GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
St. Marx-Immobilien Verwertungs- und Verwaltungs GmbH, Vienna (AT)	36,336	EUR	100.0%	FI
Stadtpark Hotelreal GmbH, Vienna (AT)	6,543,000	EUR	100.0%	FI
Stadtpark Liegenschaftsbeteiligung GmbH, Vienna (AT)	35,000	EUR	100.0%	FI
Studio Invest, s.r.o., Prague (CZ)	0	CZK	0.0%	OT

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Company	Subscribed capital in local currency		Share	Type[1]
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%	FI
TAURUS Raiffeisen-Immobilien-Leasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	100.0%	OT
TB Invest Ingatlanforgalmazó Zrt., Budapest (HU)	20,000,000	HUF	50.0%	OT
Theia Property, s.r.o., Prague (CZ)	50,000	CZK	100.0%	OT
TL leasing, s.r.o., Bratislava (SK)	331,939	EUR	100.0%	OT
Top Vorsorge-Management GmbH, Vienna (AT)	35,000	EUR	25.0%	FI
Transaction System Servis, s.r.o., Prague (CZ)	200,000	CZK	100.0%	BR
UMBRA Handels- und Beteiligungsgesellschaft m.b.H., Vienna (AT)	40,000	EUR	100.0%	OT
UNIQA Immobilien-Projekterrichtungs GmbH, Vienna (AT)	35,000	EUR	0.0%	FI
Unitary insurance enterprise "Priorlife", Minsk (BY)	35,790,000,000	BYR	100.0%	FI
UPC Real, s.r.o., Prague (CZ)	200,000	CZK	100.0%	BR
Valida Consulting GmbH, Vienna (AT)	500,000	ATS	100.0%	OT
VALOG Vorsorge Systementwicklung GmbH, Vienna (AT)	35,000	EUR	76.0%	OT
VANELLA Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	50.0%	OT
VERMREAL Liegenschaftserwerbs- und -betriebs GmbH, Vienna (AT)	36,336	EUR	17.0%	OT
Villa Atrium Bubenec, s.r.o., Prague (CZ)	200,000	CZK	100.0%	OT
VINAGRIUM Borászati és Kereskedelmi Kft., Eger (HU)	500,000	HUF	100.0%	FI
VINDOBONA Immobilienleasing GmbH, Eschborn (DE)	25,000	EUR	100.0%	OT
VM-Vermögensverwertungs GmbH in Liquidation, Vienna (AT)	1,500,000	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
Wiedner Hauptstraße 94 Errichtungs- und Betriebs 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 non-consolidated 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)	703,100	UAH	4.7%	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. in Liqu, Perchtoldsdorf (AT)	500,000	ATS	50.0%	OT
A-Trust Gesellschaft für Sicherheitssysteme im elektronischen Datenverkehr GmbH, Vienna (AT)	5,290,013	EUR	12.1%	OT
Austrian Reporting Services GmbH, Vienna (AT)	41,176	EUR	15.0%	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	49.0%	FI
Aviso Gamma GmbH, Vienna (AT)	35,000	EUR	0.0%	OT
Bank of Slovenia, Bank Resolution Fund, Ljubljana (SI)	191,070,937	EUR	5.0%	BR
Bankart d.o.o., Ljubljana (SI)	2,000,083	EUR	0.0%	BR
bat-groupware GmbH, Vienna (AT)	50,000	EUR	0.0%	SC
Belarussian currency and stock exchange JSC, Minsk (BY)	90,065,837,400	BYR	0.0%	FI
Biroul de Credit S.A., Bucharest (RO)	4,114,615	RON	13.2%	BA
BRD-Groupe Société Générale S.A., Bucharest (RO)	696,901,518	RON	0.0%	OT
BTS Holding a.s. "v likvidácii", Bratislava (SK)	35,700	EUR	0.0%	SC
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	0.1%	OT
Cards & Systems EDV-Dienstleistungs GmbH, Vienna (AT)	75,000	EUR	42.0%	SC
CASA DE COMPENSARE S.A., Bucharest (RO)	6,835,850	RON	0.1%	BR
Cash Service Company AD, Sofia (BG)	12,500,000	BGN	20.0%	FI
CEESEG Aktiengesellschaft, Vienna (AT)	18,620,720	EUR	7.0%	SC
CELL MED Research GmbH, Vienna (AT)	1,898,418	EUR	0.0%	OT
Central Depository and Clearing Company, Inc., Zagreb (HR)	86,925,000	HRK	0.1%	FI
Closed Joint Stock Company Truskavets Valeological Innovative Centre, Truskavets (UA)	100,000	UAH	5.0%	OT
Closed Joint Stock Company Vinegar-yeast Factory, Uzyn (UA)	9,450,000	UAH	33.8%	SC
Commodity Exchange Crimean Interbank Currency Exchange, Simferopol (UA)	440,000	UAH	4.5%	OT
Commodity Exchange of the Agroindustrial Complex of Central Regions of Ukraine, Cherkassy (UA)	90,000	UAH	11.1%	FI
CONATUS Grundstückvermietungs Ges.m.b.H., St Pölten (AT)	36,360	EUR	24.5%	OT
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%	FI
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%	OT
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%	FI
Die Niederösterreichische Leasing GmbH & Co KG, Vienna (AT)	72,673	EUR	40.0%	OT
DILIGENTA Holding GmbH in Liquidation., Graz (AT)	71,429	EUR	24.5%	BA
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (DE)	3,646,266,910	EUR	0.1%	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]
Easdaq NV, Leuven (BE)	128,526,849	EUR	0.0%	FI
Einlagensicherung der Banken und Bankiers Gesellschaft m.b.H., Vienna (AT)	70,000	EUR	0.2%	OT
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%	FI
Epsilon - Grundverwertungsgesellschaft m.b.H., Vienna (AT)	36,336	EUR	24.0%	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
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%	OT
FORIS Grundstückvermietungs Ges.m.b.H., St. Pölten (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	1.8%	FI
Garantiqa Hitelgarancia ZRt., Budapest (HU)	7,839,600,000	HUF	0.2%	OT
GELDSERVICE AUSTRIA Logistik für Wertgestionierung und Transportkoordination G.m.b.H., Vienna (AT)	3,336,336	EUR	0.2%	FI
Gersthoferstraße 100 Bauprojektentwicklungs GmbH in Liquidation., Vienna (AT)	35,000	EUR	50.0%	OT
Golfanlagen Schönborn Betriebsgesellschaft m.b.H., Göllersdorf (AT)	36,336	EUR	25.0%	OT
Greenix Limited, Tortola (VG)	100,000	USD	25.0%	FI
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%	OT
immigon portfolioabbau ag, Vienna (AT)	577,328,623	EUR	0.0%	OT
Intereuropa d.d., Koper, Koper (SI)	27,488,803	EUR	0.0%	BR
International Factors Group S.C., Brussels (BE)	58,150	EUR	2.6%	OT
INVESTOR COMPENSATION FUND, Bucharest (RO)	344,350	RON	0.4%	FI
Island Capital Ltd., Hamilton (BM)	901,067	USD	0.7%	SC
Joint Stock Company "Interagroinvest", Moscow (RU)	0	RUB	0.0%	IN
K & D Progetto s.r.l., Bozen (IT)	50,000	EUR	25.0%	OT
Kathrein & Co. Private Equity I AG, Vienna (AT)	190,000	EUR	36.8%	FI
Kommunal-Infrastruktur & Immobilien Zeltweg GmbH, Zeltweg (AT)	35,000	EUR	20.0%	OT
Lead Equities Mittelstandsfinanzierungs AG, Vienna (AT)	89,422	EUR	2.0%	FI
Limited Liability Company Scientific-Production Enterprise Assembling and Implementation of Telecommunication Sytems, Dnepropetrovsk (UA)	500,000	UAH	10.0%	FI
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%	FI
LUXTEN LIGHTING COMPANY S.A., Bucharest (RO)	42,126,043	RON	0.0%	OT
MasterCard Inc, New York (US)	13,518	USD	0.0%	OT
Medicur - Holding Gesellschaft m.b.H., Vienna (AT)	4,360,500	EUR	25.0%	FI
N.Ö. Kommunalgebäudeleasing GmbH, Vienna (AT)	37,400	EUR	33.3%	IN
N.Ö. Gemeindegebäudeleasing GmbH, Vienna (AT)	37,400	EUR	33.3%	OT
NATA Immobilien Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	32.5%	OT
National Settlement Depositary, Moscow (RU)	1,180,675,000	RUB	0.0%	BA
NÖ Raiffeisen Kommunalprojekte Service Gesellschaft m.b.H., Vienna (AT)	50,000	EUR	26.0%	OT
NÖ Raiffeisen-Leasing Gemeindeprojekte Gesellschaft m.b.H., Vienna (AT)	36,400	EUR	1.0%	FI
NÖ. HYPO Leasing und Raiffeisen-Immobilien-Leasing Traisenhaus GesmbH & Co OG, St Pölten (AT)	100,000	EUR	50.0%	FI
NÖ-KL Kommunalgebäudeleasing GmbH, Vienna (AT)	37,400	EUR	33.3%	FI
O.Ö. Leasing für Gebietskörperschaften Ges.m.b.H., Linz (AT)	510,000	ATS	16.7%	OT
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%	FI

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Company	Subscribed capital in local currency		Share	Type[1]
Oberpinzg. Fremdenverkehrförderungs- und Bergbahnen AG, Vienna (AT)	3,297,530	EUR	0.0%	FI
OOO "MAZ-KUPAVA", Minsk (BY)	36,089,000	BYR	0.0%	FI
Open Joint Stock Company Kyiv Special Project and Design Bureau Menas, Kiev (UA)	3,383,218	UAH	4.7%	FI
Open Joint Stock Company Volodymyr-Volynskyi Sugar Refinery, Volodymyr-Volynskyi (UA)	13,068,010	UAH	2.6%	FI
Österreichische Raiffeisen-Einlagensicherung eGen, Vienna (AT)	3,100	EUR	35.5%	FI
Österreichische Wertpapierdaten Service GmbH, Vienna (AT)	36,336	EUR	25.3%	FI
OT-Optima Telekom d.d., Zagreb (HR)	635,568,080	HRK	3.3%	OT
OVIS Raiffeisen-Immobilien-Lesing GesmbH, Vienna (AT)	36,400	EUR	1.0%	OT
Pannon Lúd Kft, Mezokovácsháza (HU)	852,750,000	HUF	0.0%	OT
Perun Capital GmbH in Liquidation., Vienna (AT)	35,000	EUR	100.0%	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
Private Joint Stock Company First All-Ukrainian Credit Bureau, Kiev (UA)	11,750,000	UAH	5.1%	BA
Private Joint Stock Company Ukrainian Interbank Currency Exchange, Kiev (UA)	36,000,000	UAH	3.1%	OT
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%	FI
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	0.1%	OT
Public Joint Stock Company Settlement Center for Servicing of Contracts in Financial Markets, Kiev (UA)	153,100,000	UAH	0.0%	OT
Public Joint Stock Company Stock Exchange PFTS, Kiev (UA)	0	UAH	0.0%	OT
Public Joint Stock Company Sumy Enterprise Agrotechservice, Sumy (UA)	1,545,000	UAH	0.6%	OT
QUIRINAL Grundstücksverwaltungs GmbH, Vienna (AT)	37,063	EUR	33.3%	OT
Raiffeisen e-force GmbH, Vienna (AT)	145,346	EUR	28.2%	SC
Raiffeisen Rehazentrum Schruns Immobilienleasing GmbH, Vienna (AT)	36,400	EUR	50.0%	OT
Raiffeisen Salzburg Leasing GmbH, Salzburg (AT)	35,000	EUR	19.0%	OT
Raiffeisen Services SRL, Bucharest (RO)	30,000	RON	100.0%	OT
Raiffeisen Software GmbH, Linz (AT)	150,000	EUR	1.3%	BR
Raiffeisen-Bezirksbank - Jennersdorf registrierte Genossenschaft mit beschränkter Haftung, Jennersdorf (AT)	716,757	EUR	15.2%	FI
Raiffeisenbezirksbank Mattersburg reg.Gen.m.b.H., Mattersburg (AT)	836,523	EUR	23.2%	SC
Raiffeisenbezirksbank Oberpullendorf eGen, Oberpullendorf (AT)	693,922	EUR	9.6%	OT
Raiffeisen-IMPULS-Immobilien Leasing Ges.m.b.H., Linz (AT)	0	ATS	0.0%	OT
Raiffeisen-IMPULS-Liegenschaftsverwaltung Ges.m.b.H., Linz (AT)	500,000	ATS	25.0%	OT
Raiffeisen-Impuls-Zeta Immobilien GmbH, Linz (AT)	58,333	EUR	40.0%	FI
Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung, Klagenfurt (AT)	7,018,500	EUR	0.0%	OT
Raiffeisen-Leasing Anlagen und KFZ Vermietungs GmbH, Vienna (AT)	35,000	EUR	17.0%	OT
Raiffeisen-Leasing BOT s.r.o., Prague (CZ)	100,000	CZK	20.0%	FI
Raiffeisen-Leasing Management GmbH, Vienna (AT)	300,000	EUR	50.0%	OT
Raiffeisen-Leasing Mobilien und KFZ GmbH, Vienna (AT)	35,000	EUR	15.0%	BA
RC Gazdasági és Adótanácsadó Zrt., Budapest (HU)	20,000,000	HUF	19.0%	BA
Realplan Beta Liegenschaftsverwaltung GmbH, Vienna (AT)	36,400	EUR	0.0%	BA
Registry of Securities in FBH, Sarajevo (BA)	2,052,300	BAM	1.4%	FI
Rehazentrum Kitzbühel Immobilien-Leasing GmbH, Innsbruck (AT)	35,000	EUR	19.0%	FI
REPEF Holding GmbH in Liquidation, Vienna (AT)	400,000	EUR	3.5%	OT
RLKG Raiffeisen-Leasing GmbH, Vienna (AT)	40,000	EUR	12.5%	BA
RSAL Raiffeisen Steiermark Anlagenleasing GmbH, Graz (AT)	38,000	EUR	19.0%	FI
RSIL Immobilienleasing Raiffeisen Steiermark GmbH, Graz (AT)	38,000	EUR	19.0%	OT
RVS, a. s., Bratislava (SK)	6,852,480	EUR	0.0%	FI
S.C. DEPOZITARUL CENTRAL S.A., Budapest (RO)	25,291,953	RON	2.6%	FI
Sarajevska berza-burza vrijednosnih papira dd Sarajevo, Sarajevo (BA)	1,975,680	BAM	5.2%	BR
Scanviwood Co. Ltd., Ho Chi Minh (VN)	2,500,000	USD	6.0%	FI

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Company	Subscribed capital in local currency		Share	Type[1]
Seilbahnleasing GmbH, Innsbruck (AT)	36,000	EUR	33.3%	FI
SELENE Raiffeisen-Immobilien-Leasing Ges.m.b.H., Vienna (AT)	36,400	EUR	1.0%	OT
Slomskova Ustanova, Maribor (SI)	0	EUR	0.0%	OT
Slovak Banking Credit Bureau, s.r.o., Bratislava (SK)	9,958	EUR	33.3%	OT
Societatea de Transfer de Fonduri si Decontari-TRANSFOND S.A, Bucharest (RO)	6,720,000	RON	3.4%	BA
Society for Worldwide Interbank Financial Telekommunication scrl, La Hulpe (BE)	13,781,250	EUR	0.5%	FI
Steirische Gemeindegebäude Leasing Gesellschaft m.b.H., Graz (AT)	36,336	EUR	50.0%	OT
Steirische Kommunalgebäudeleasing GmbH, Graz (AT)	36,336	EUR	50.0%	OT
Steirische Leasing für Gebietskörperschaften Ges.m.b.H., Graz (AT)	36,336	EUR	3.6%	OT
Steirische Leasing für öffentliche Bauten Ges.m.b.H., Graz (AT)	36,336	EUR	50.0%	OT
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%	OT
SWO Kommunalgebäudeleasing Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	50.0%	OT
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0%	FI
The Zagreb Stock Exchange joint stock company, Zagreb (HR)	40,408,000	HRK	3.3%	FI
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	8.3%	BR
Tiroler Landesprojekte Grundverwertungs GmbH, Innsbruck (AT)	39,000	EUR	8.3%	BR
TKL II. Grundverwertungsgesellschaft m.b.H., Innsbruck (AT)	39,000	EUR	8.3%	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)	0	EUR	0.0%	OT
Transilvania LEASING S.A., Brasov (RO)	51,569,000	RON	0.6%	FI
Trimo inzeniring in proizvodnja montaznih objektov, d.d., Trebnje (SI)	9,138,625	EUR	1.4%	FI
UNDA Grundstücksvermietungs Gesellschaft m.b.H., St Pölten (AT)	36,360	EUR	25.0%	OT
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%	SC
Viminal Grundstückverwaltungs Gesellschaft m.b.H., Vienna (AT)	36,336	EUR	25.0%	OT
VISA Europe Ltd., London (GB)	150,000	EUR	0.0%	OT
Visa Inc., San Francisco (US)	84,598	USD	0.0%	FI
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%	FI
WED Holding Gesellschaft m b H, Vienna (AT)	72,673	EUR	9.6%	FI
Zentrum Puntigam" Errichtungs- und Betriebsgesellschaft m.b.H., Vienna (AT)	35,000	EUR	50.0%	FI
Zhytomyr Commodity Agroindustrial Exchange, Zhitomir (UA)	476,615	UAH	2.1%	FI
Ziloti Holding S.A., Luxembourg (LU)	48,963	EUR	0.9%	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.

Recognition and measurement principles

Financial instruments: Recognition and measurement (IAS 39)

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

Categorization of financial assets and financial liabilities and their measurement

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

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

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

a. Trading assets/liabilities

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

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

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

b. Designated financial instruments at fair value

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

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

Financial liabilities are also designated as financial instruments at fair value, to avoid valuation discrepancies with related derivatives. The fair value of financial obligations under the fair value option in this category reflects all market risk factors, including those related to the credit risk of the issuer.

In 2015, as in 2014, observable market prices were used for the valuation of liabilities of subordinated issues measured at fair value. The financial liabilities are mostly structured bonds. The fair value of these financial liabilities is calculated by discounting the contractual cash flows with a credit-risk-adjusted yield curve, which reflects the level at which the Group could issue similar financial instruments at the reporting date. The market risk parameters are evaluated according to similar financial instruments that are held as financial assets. Valuation results for liabilities that are designated as a financial instrument at fair value are recognized in income from derivatives and liabilities.

2. Financial assets held-to-maturity

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

3. Loans and advances

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

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

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

4. Financial assets available-for-sale

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

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

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

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

5. Financial liabilities

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

Derecognition of financial assets and liabilities

Derecognition of financial assets

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

Securitization transactions

The Group securitizes various financial assets from transactions with retail and commercial customers by selling them to a special purpose vehicle (SPV) that issues securities to investors. The assets transferred may be derecognized fully or partly. Rights to securitized financial assets can be retained in the form of senior or subordinated tranches, interest claims or other residual claims (retained rights).

Derecognition of financial liabilities

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

Reclassification

In accordance with IAS 39.50, non-derivative financial instruments classified as trading assets and available-for-sale financial instruments can be reclassified as financial assets held-to-maturity and loans and advances in exceptional circumstances. The effects resulting from such reclassifications are shown in the notes under (19) Financial investments.

Offsetting of financial instruments

Where the borrower and lender are the same, offsetting of loans and liabilities with matching maturities and currencies occurs only if a legal right, by contract or otherwise, exists and offsetting is in line with the actually expected course of the business. Information on offsetting of financial instruments is provided in the notes under (39) Offsetting financial assets and liabilities.

Derivatives

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

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

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

Additional information on derivatives is provided in the notes under (40) Derivative financial instruments.

Hedge Accounting

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

a. Fair value hedge

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

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

Both the effect of changes in the carrying values of positions requiring hedging and the effects of changes in the clean prices of the derivative instruments are recorded under “net income from derivatives and liabilities” (net income from hedge accounting).
Within the management of interest rate risks, the hedging of interest rate risk is also undertaken on the portfolio level. Individual transactions or groups of transactions with similar risk structures, divided into maturities according to the expected repayment and interest rate adjustment date in a portfolio, are hedged. Portfolios can contain assets only, liabilities only, or both. For hedge accounting, the change in the value of the hedged asset or liability is shown as a separate item in other assets/liabilities. The hedged amount of the hedged items is determined in the consolidated financial statements including sight deposits (the rules of the EU carve-out are therefore applied).

b. Cash flow hedge

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

c. Hedge of a net investment in an economically independent operation (capital hedge)

In the Group, foreign exchange hedges of investments in economically independent sub-units (IAS 39.102) are executed in order to reduce differences arising from the foreign currency translation of equity components. Currency swaps are mainly used as hedging instruments. Where the hedge is effective the resulting gains or losses from foreign currency translation are recognized in other comprehensive income and shown separately in the statement of comprehensive income. Any ineffective part of the hedge is recognized in net trading income. The related interest components are shown in net interest income.

Fair value

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

Quotation on an active market (Level I)

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

Measurement techniques based on observable market data (Level II)

When quoted prices for financial instruments are unavailable, the prices of similar financial instruments are used to determine the current fair value or accepted measurement methods utilizing observable prices or parameters (in particular present value calculations or option price models) are employed. These methods concern the majority of the OTC-derivatives and non-quoted debt instruments.

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

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

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

Further information on measurement methods and quantitative information for determination of fair value is shown in the notes under (41) Fair value of financial instruments.

Amortized cost

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

Categories of financial instruments according to IFRS 7

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

	Measurement			
Assets/liabilities	**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 financial asset up until the reporting date (a "loss event");
- that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets, and
- the amount can be reliably estimated.

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

Credit risk is accounted for by forming individual loan loss provisions and portfolio-based loan loss provisions. The latter comprise impairment provisions for portfolios of loans with the same risk profiles that are formed under certain conditions for IBNR losses (incurred but not reported). This involves cases where there is not yet any objective evidence of an individual impairment of a financial asset and for this reason groups of financial assets with a similar default risk profile are collectively examined for impairment. The underlying rating models for corporate customers are distinguished between “corporate large” and “corporate regular” as well as “SME large” and “SME regular”. Moreover, portfolios for which the “financial institutions” or “project finance” rating models are applied are separately evaluated. A Group-wide uniform approach is in place for calculation of portfolio-based provisions in that centrally calculated historical Group default rates for each rating class are evaluated and applied. In the retail segment, with the exception of two Group units, provisions are formed according to product portfolio and past due days and partly taking historical default rates into account; in the Group units in Poland and the Czech Republic, a PD/LGD-based calculation (probability of default/loss given default) is used. Individual and portfolio-based impairment provisions are not netted against corresponding receivables but are stated separately in the statement of financial position.

For credit risks related to loans and advances to customers and banks, provisions are formed in the amount of expected loss according to homogeneous Group-wide standards. Risk of loss is deemed to exist if the discounted projected repayment amounts and interest payments are below the carrying value of the loan – taking collateral into account. Portfolio-based impairments are calculated using valuation models that estimate expected future cash flows for the loans in the respective loan portfolio based on loss experience history.

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

Genuine sale and repurchase agreements

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

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

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

Securities lending

The Group concludes securities lending transactions with banks or customers in order to meet delivery obligations or to conduct security sale and repurchase agreements. Securities lending transactions are shown in the same way as genuine sale and repurchase agreements. This means loaned securities continue to remain in the securities portfolio and are valued according to IAS 39. Borrowed securities are not recognized and not valued. Cash collateral provided by the Group for securities lending transactions is shown as a claim under the item "loans and advances to banks" or "loans and advances to customers" while collateral received is shown as deposits from banks or deposits from customers in the statement of financial position.

Leasing

Leases are classified according to their contractual structure as follows:

Finance leases

When nearly all the risks and rewards of a leased asset are transferred to the lessee, the Group as lessor recognizes a loan to banks or a loan to customers. The loan amount is the amount of the net investment. The income from the finance lease is spread over periods in such a way as to represent a constant periodic rate of interest on the outstanding net investment in the leases. Interest income is reported under net interest income.

If the Group holds assets under a finance lease as lessee, these are shown under the relevant tangible fixed asset item, which corresponds to a lease liability. Interest expenditure is reported under net interest income.

Operating leases

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

Consolidation principles

Subsidiaries

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

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

Similar to subsidiaries, consolidation of structured entities is necessary, if the Group has control over the entity. In the Group, the need to consolidate structured entities is reviewed as part of the securitization transaction process, where the structured entity is either formed by the Group with or without participation of third parties, or, in which the Group with or without participation of third parties enters into contractual relationships with already existing structured entities. Whether an entity should be consolidated or not is reviewed at least quarterly. All fully consolidated structured entities and interests in non-consolidated structured entities are to be found in the notes under (53) 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, and
- if the Group has the ability to use its power over the investee in order to affect the amount of variable returns.

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

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

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

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

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

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

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

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

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

Changes in the Group's ownership interests 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 held by the Group and the non-controlling interests are adjusted in such a way as to reflect changes in existing shareholdings in subsidiaries. Any difference between the amount which is adjusted for the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and is assigned to the shareholders of the parent company.

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

- the total amount of fair value of the received consideration and fair value of the shares retained and
- the carrying amount of assets (including goodwill), liabilities of the subsidiary and all non-controlling interests

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

Associated companies

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

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

Shares in subsidiaries not included in the consolidated financial statements because of their minor significance and shares in associated companies that have not been valued at equity are included under the item "financial investments" and assigned to the measurement category "financial assets available-for-sale". They are measured at acquisition cost.

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

Business combinations

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

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

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

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

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

Cash reserve

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

Equity participations

Shareholdings in subsidiaries not included in the consolidated financial statements because of their minor significance, shareholdings in associated companies that are not valued at equity and other equity participations are shown under financial investments.

These are categorized as "financial assets available-for-sale" upon initial recognition and – if no share prices are available – are measured at cost. Changes in value are recognized in other comprehensive income. Impairment is shown in net income from financial investments.

Intangible fixed assets

Separately acquired intangible fixed assets

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

Internally developed intangible fixed assets – research and development costs

Internally developed intangible assets comprise exclusively software and are capitalized if it is probable that the future economic benefits attributable to the asset will accrue to the Group and the cost of the asset can be measured reliably. Expenses for research are recognized as an expense when they are incurred.

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

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

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

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

Intangible fixed assets acquired in a business combination

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

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

Group companies use brands to differentiate their services from the competition. According to IFRS 3, brands of acquired companies are recognized separately under the item "intangible fixed assets." Brands have an indeterminable useful life and are therefore not subject to scheduled amortization. Brands have to be tested annually for impairment and additionally whenever indications of impairment arise. Details on impairment testing can be found in the notes under (21) Intangible fixed assets.

Tangible fixed assets

The land and buildings as well as office furniture and equipment reported under tangible fixed assets are measured at cost of acquisition or conversion less depreciation. Depreciation is recorded under the item "general administrative expenses". The straight-line method is used for depreciation and is based on the following useful life figures:

Useful life	Years
Buildings	25-50
Office furniture and equipment	5-10
Hardware	3-5

Land is not subject to depreciation.

Expected useful lives, residual values and depreciation methods are reviewed annually. Any necessary future change of estimates is taken into account. Any anticipated permanent impairment is reported in the income statement and shown under the item "general administrative expenses". In the event that the reason for the write-down no longer applies, a write-up will take place up to a maximum of the amount of the amortized cost of the asset.

A tangible fixed asset is derecognized on disposal or when no future economic benefit can be expected from the continued use of the asset. The resulting gain or loss from the sale or retirement of any asset is determined as the difference between the proceeds and the carrying value of the asset and is recognized in other net operating income.

Investment property

This is property that is held to earn rental income and/or for capital appreciation. Investment property is reported at amortized cost using the cost model permitted by IAS 40 and is shown under tangible fixed assets because of minor importance. Straight line depreciation is applied on the basis of useful life. The normal useful life of investment property is identical to that of buildings recognized under tangible fixed assets. Depreciation is recorded under the item "general administrative expenses".

Investment property is derecognized on disposal or when it is no longer to be used and no future economic benefit can be expected from disposal. The resulting gain or loss from the disposal is determined as the difference between the net proceeds from the disposal and the carrying value of the asset and is recognized in other net operating income in the reporting period in which the asset was sold.

Impairment of non-financial assets (tangible fixed assets, investment property and intangible fixed assets)

Impairment test for goodwill

On each reporting date, goodwill is examined with a view to its future economic utility on the basis of cash generating units (CGUs). A cash generating unit is defined by the management and represents the smallest identifiable group of assets of a company that generates cash inflows from operations. Within 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 a rate of interest reflecting the risk involved. The estimation of the future results requires an assessment of previous as well as future performance. The latter must take into account the likely development of the relevant markets and the overall macroeconomic environment.

Impairment tests for goodwill based on cash-generating units use a multi-year plan drawn up by the relevant management team and approved by the bodies responsible. This covers the CGU's medium-term prospects for success taking into account its business strategy, overall macroeconomic conditions (gross domestic product, inflation expectations, etc.) and the specific market circumstances. The data is then used to capture the terminal value based on a going concern concept. Discounting of the earnings relevant for the measurement, i.e. potential dividends, is undertaken using risk-adapted and country-specific equity capital cost rates determined by means of the capital asset pricing model. The individual interest rate parameters (risk-free interest rate, inflation difference, market risk premium, country-specific risks and beta factors) were defined by using external information sources. The entire planning horizon is divided into three phases with phase I covering the management planning period of three years. Detailed planning, including macroeconomic planning data, is extrapolated in phase II, which lasts another two years. The terminal value is then calculated in phase III based on the assumption of a going concern. Details on impairment testing can be found in the notes under (21) 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 disposal groups are classified as held for sale when the related carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only considered met if the sale is highly probable and the asset (or disposal groups) is immediately available for sale and furthermore that the Management Board has committed itself to a sale. Moreover, the sale transaction must be due to be completed within twelve months.

Non-current assets and disposal groups classified as held for sale are valued at the lower amount of their original carrying value or fair value less costs to sell and are reported under other assets. Income from non-current assets held for sale and discontinued operations is reported under other net operating income. If the impairment expense of the discontinued operations exceeds the carrying value of the assets which fall under the scope of IFRS 5 (Measurement), there is no special provision in the IFRS on how to deal with this difference. This difference is recognized as other provisions in the item “provisions for liabilities and charges” in the statement of financial position.

In the event that the Group has committed to a sale involving the loss of control over a subsidiary, all assets and liabilities of the subsidiary concerned are classified as held for sale provided the aforementioned conditions for this are met. This applies irrespective of whether the Group retains a non-controlling interest in the former subsidiary after the sale or not. Results from discontinued business operations are reported separately in the income statement as result from discontinued business operations.

Details on assets held for sale pursuant to IFRS 5 are included in the notes under (24) Other assets.

Provisions for liabilities and charges

Provisions are recognized when the Group has a present obligation from a past event, where it is likely that it will be obliged to settle, and a reliable estimate of the amount is possible. The level of provisions is the best possible estimate of expected outflow of economic benefits at the reporting date while taking into account the risks and uncertainties underlying the commitment to fulfill the obligation. Risks and uncertainties are taken into account in the estimate. If a provision is formed based on cash flows estimated to fulfill an obligation, the cash flows must be discounted if the interest effect is material.

These types of provision are reported in the statement of financial position under the item "provisions for liabilities and charges". Allocation to the various types of provision is booked through different line items in the income statement depending on the nature of the provision. Allocation of loan loss provisions for contingent liabilities are recorded under net provisioning for impairment losses, restructuring provisioning, provisioning for legal risks and other employee benefits are recorded in general administrative expenses. Provision allocations that are not assigned to a corresponding general administrative expense are as a matter of principle booked against other net operating income.

Provisions for pensions and similar obligations

All defined benefit plans relating to so-called social capital (provisions for pensions, provisions for severance payments and provisions for service anniversary bonuses) are measured using the Projected Unit Credit Method in accordance with IAS 19 – Employee Benefits. The biometrical basis for the calculation of provisions for pensions, severance payments and service anniversary bonuses for Austrian companies is provided by AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance) – Pagler & Pagler, using the relevant parameters for salaried employees. In other countries, comparable actuarial parameters are used for calculation.

Please refer to Provisions for pensions and similar obligations in the notes under (28) 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 remuneration system has fixed minimum and maximum levels and thus defines maximum payout values.

As of the financial year 2011, the following general and specific principles for the allocation, the claim and the payment of variable remuneration (including the payment of the deferred portion of the bonus) for board members of RBI AG and certain Group units and identified staff ("risk personnel") are applied:

- 60 per cent and for especially high amounts 40 per cent of the annual bonus respectively will be paid out on a proportional basis as 50 per cent cash immediately (up-front), and 50 per cent through a phantom share plan (see details below), which will pay out after a holding period (retention period) of one year. An exception to this are the Group units in Bulgaria, with 40 percent up-front portion and a retention period of two years, and in the Czech Republic with a holding period of 1.5 years.

- 40 per cent and 60 per cent of the annual bonus respectively will be deferred according to local law over a period of three (in Austria, five) years (deferral period). Payment will be made on a proportional basis, 50 per cent cash and 50 per cent based on the phantom share plan.

Variable remuneration including a deferred portion is only allocated, paid or transferred if the following criteria are met:

- This is not prohibited at the level of RZB/RBI and/or RBI AG on the basis of a decision by the competent supervisory authority (e.g. by the European Central Bank for RZB/RBI).

- This is tenable overall based on the financial position of RZB/RBI and the financial position of RBI AG and is justified based on the performance of the Group, RBI AG, the business unit and the individual concerned.

- The minimum requirements applicable to RBI AG under local legislation for the allocation or payment of variable remuneration are fulfilled.

- The legally required CET 1 ratio of RZB/RBI is achieved, the capital and buffer requirements of the CRR and CRD IV for RZB/RBI are complied with in full and additionally neither the allocation, payment or transfer of the variable remuneration is detrimental to the maintenance of a sound capital base for RZB/RBI.

- RBI has met the minimum requirements under applicable law for economic and regulatory capital and additionally neither the allocation, payment nor transfer of the variable remuneration is detrimental to the maintenance of a sound capital base for RZB/RBI.

- All additional criteria and prerequisites for the allocation and/or payment of variable remuneration, as defined from time to time by the Management Board or the Supervisory Board (REMCO) of RZB/RBI, are met.

The Group fulfills the obligation arising from Clause 11 of the Annex to Section 39b of the Austrian Banking Act (BWG) which stipulates that at least 50 per cent of the variable remuneration of risk personnel must be paid out in the form of shares or similar non-cash instruments by means of a phantom share plan as follows: 50 per cent of the "up front" and 50 per cent of the "deferred" portion of the bonus are divided by the average closing price of the RBI share on trading days of the Vienna Stock Exchange in the payment year serving as the basis for calculating the bonus. Thereby, a certain amount of phantom shares is determined. This amount is fixed for the entire duration of the deferral period. After the expiration of the respective retention period, the amount of specified phantom shares is multiplied by RBI's share price for the previous financial year, calculated as described above. The resulting cash amount is paid on the next available monthly salary payment date.

These rules are valid unless any applicable local laws prescribe a different procedure (e.g. Poland).

Further details of the employee compensation plans are described in the management report.

Share-based compensation

The Management Board, with approval of the Supervisory Board, of RBI AG has approved a share incentive program (SIP) for the years 2011, 2012 and 2013 which provides performance based allotments of shares to eligible employees domestically and abroad for a given period. Eligible employees are current board members and selected executives of RBI AG, as well as executives of its affiliated bank subsidiaries and other affiliated companies. In 2014, it was decided not to continue the program due to the complexity of the regulatory rules regarding variable compensation.

The number of ordinary shares of RBI AG which will ultimately be transferred depends on the achievement of two performance criteria: the targeted return on equity (ROE) and the performance of the shares of RBI AG compared to the total shareholder return of the shares of companies in the DJ EURO STOXX Banks index after a five-year holding period.

All expenses related to the share incentive program are recognized in staff expenses in accordance with IFRS 2 (share-based payment) and charged to equity. They are described in greater detail in the notes under (33) 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. Negative interest from asset items is shown in interest income; negative interest from liability items is shown in interest expenses.

Net fee and commission income

Net fee and commission income mainly includes income and expenses arising from payment transfer business, foreign exchange business and credit business. Fee and commission income and expenses are accrued in the reporting period.

Net trading income

Net trading income comprises the trading margins resulting from the foreign exchange business, results due to foreign exchange revaluations and all realized and unrealized gains and losses from financial assets and liabilities at fair value. In addition, it includes all interest and dividend income attributable to trading activities and related refinancing costs.

General administrative expenses

General administrative expenses include staff and other administrative expenses as well as amortization/depreciation and impairment losses on tangible and intangible fixed assets.

Income taxes

RZB AG is the hub of a tax group whose members are 37subsidiaries and 15 other 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). In the reporting year, a supplementary agreement with RBI AG was added to the current tax group allocation agreement. If RBI AG generates a negative taxable net income and these taxable losses are not usable in the Group, then the Group parent does not immediately pay a negative tax group allocation. Only and after withdrawal from the tax group at the latest, a final settlement is carried out. The Group parent still pays a negative tax group allocation to RBI AG if the tax losses of RBI AG are usable. The taxable income deviates from the profit of the 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 generated against which the tax loss carry-forwards can be utilized within the same entity. On each reporting date, the carrying amount of the deferred tax assets is reviewed and impaired if it is no longer probable that sufficient taxable income will become available in order to partly or fully realize the tax assets. Deferred tax assets and deferred tax liabilities within the same entity are netted. Income tax credits and income tax obligations are recorded separately under the 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, in which case current and deferred taxes are also directly recognized in other comprehensive income.

Other comprehensive income

Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS standards. Income and expenses recognized directly in equity that are reclassified in the income statement are reported separately from income and expenses recognized directly in equity that are not reclassified in the income statement. This applies to currency differences resulting from the translation of equity held in foreign currency, changes resulting from the hedging of net investments in a foreign entity (capital hedge), the effective part of a cash flow hedge, changes resulting from valuation of available-for-sale financial assets as well as deferred taxes on the mentioned items. Revaluations of defined benefit plans are reported in other comprehensive income and are not reclassified to the income statement.

Fiduciary business

Transactions arising from the holding and placing of assets on behalf of third parties are not shown in the statement of financial position. Fees arising from these transactions are shown under net fee and commission income.

Financial guarantees

According to IAS 39, a financial guarantee is a contract under which the guarantor is obliged to make certain payments. These payments compensate the party to whom the guarantee is issued for losses arising in the event that a particular debtor does not fulfill payment obligations on time as stipulated in the original terms of a debt instrument. At the date of recognition of a financial guarantee, the initial fair value corresponds under market conditions to the premium at the date of signature of the contract. For subsequent measurement the credit commitment has to be presented as a provision according to IAS 37.

Insurance contracts

Liabilities arising from insurance contracts change depending on changes in interest rates, income from investments and expenses for pension agreements for which future mortality rates cannot be reliably predicted. IFRS 4 must be applied to the reporting of liabilities resulting from the existence of mortality rate risks and discretionary participation features. All assets associated with pension products are reported in accordance with IAS 39. Liabilities are recorded under other liabilities. Please refer to the notes under (31) Other liabilities for more information on insurance contracts.

Contingent liabilities and commitments

This item mainly includes contingent liabilities from guarantees, credit guarantees, letters of credit and loan commitments recognized at face value. Guarantees are used in situations in which the Group guarantees payment to the creditor of a third party to fulfill the obligation of the third party. Irrevocable credit lines must be reported when a credit risk may occur. These include commitments to provide loans, to purchase securities or to provide guarantees and acceptances. Loan loss provisions for contingent liabilities and irrevocable loan commitments are reported under provisions for liabilities and charges.

Statement of cash flows

The cash flow statement reports the change in the cash and cash equivalents of the Group through the net cash from operating activities, investing and financing activities. Cash flows for investing activities mainly include proceeds from the sale, or payments for the acquisition of, financial investments and tangible fixed assets. The net cash from financing activities shows all cash flows from equity capital, subordinated capital, and participation capital. All other cash flows are – according to international practices for financial institutions – assigned to operating activities.

Segment reporting

Notes on segment reporting are to be found in the section segment reporting.

Notes 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 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 (48) Capital management and regulatory own funds according to the Austrian Banking Act.

Application of new and revised standards

Annual Improvements to IFRS – 2011–2013 cycle (entry into force January 1, 2015)

The Annual Improvements to IFRS – 2011–2013 cycle include numerous amendments to various IFRS. The amendments are effective for annual periods beginning on or after January 1, 2014. These amendments have no material impact on the consolidated financial statements of RZB.

Standards and interpretations that are not yet applicable (already endorsed by the EU)

The following new or amended standards and interpretations, which have been adopted, but are not yet mandatory, have not been applied early.

IAS 19 (Employee contributions; entry into force February 1, 2015)

The amendments clarify the provisions that relate to the allocation of employee or third-party contributions linked to periods of service. In addition, a solution that simplifies accounting practice is permitted if the amount of the contributions is independent of the number of years of service performed.

Annual Improvements to IFRS – 2010–2012 cycle (entry into force February 1, 2015)

The Annual Improvements to IFRS – 2010–2012 cycle include numerous amendments to various IFRS. The amendments are effective for annual periods beginning on or after February1, 2015.

Amendments to IAS 1 (Presentation of financial statements; entry into force January 1, 2016)

The amendments aim to remove obstacles encountered by those responsible for preparing the financial statements relating to the exercise of discretion in the presentation of financial statements.

Amendments to IFRS 11 (Joint arrangements; entry into force January 1, 2016)

The amendments to IFRS 11 modify accounting for acquisitions of interests in joint operations in such a way that the acquirer of shares in a joint operation in which the activity constitutes a business operation as defined in IFRS 3 is required to apply all of the principles regarding the recognition of business combinations pursuant to IFRS 3 and other IFRS, provided they do not contradict the principles contained in IFRS 11.

Amendments to IAS 16/IAS 41 (Agriculture: bearer plants; entry into force January 1, 2016)

According to these amendments, IAS 16 is applicable for bearer plants which are no longer subject to obvious biological changes; therefore they can be recognized as tangible fixed assets.

Amendments to IAS 27 (Equity method in separate financial statements; entry into force January 1, 2016)

Under these amendments, the option to use the equity method to measure investments in subsidiaries, joint ventures and associated companies in separate financial statements of investors is reinstated.

Annual Improvements to IFRS – 2012–2014 cycle (entry into force January 1, 2016)

Amendments and clarifications to various IFRS.

Amendments to IAS 16/IAS 38 (Clarification of acceptable methods of depreciation and amortization; entry into force January 1, 2016)

These amendments provide guidelines for methods of depreciation on tangible and intangible fixed assets to be used; especially related to revenue-based methods of depreciation.

Standards and interpretations not yet applicable (not yet endorsed by the EU)

Amendments to IFRS 10/IAS 28 (Sale or contribution of assets between an investor and its associate or joint venture; entry into force January 1, 2016)

The amendments clarify that for transactions with an associate or joint venture, the extent of recognition of gains or losses depends on whether the sold or contributed assets constitute a business.

Amendments to IAS 12 (Deferred taxes; entry into force January 1, 2017)

The amendments clarify that unrealized losses related to debt instruments measured at fair value but at cost for tax purposes can give rise to deductible temporary differences. This applies irrespective of whether the holder expects to recover the carrying amount by holding the debt instrument until maturity and collecting all contractual payments or by selling the debt instrument. In addition, the carrying amount of an asset does not represent the upper limit for the estimation of probable future taxable profits. When estimating future taxable profits tax deductions resulting from the reversal of deductible temporary differences must be excluded and a company must assess a deferred tax asset in combination with other deferred tax assets. If tax law restricts the realization of tax losses, a company must assess a deferred tax asset in combination with other deferred tax assets of the same (admissible) type.

IFRS 9 (Financial instruments; entry into force January 1, 2018)

IFRS 9 (financial instruments) contains requirements for the classification, measurement, derecognition of and accounting for hedging relationships. The IASB published the final version of the standard within the context of completion of the various phases on July 24, 2014. Key requirements of IFRS 9 are:

According to IFRS 9, all financial assets must be measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are measured at amortized cost at the end of subsequent accounting periods. All other instruments must be measured at fair value.

IFRS 9 also includes an irrevocable option to recognize subsequent changes in the fair value of an equity instrument (not held for trading purposes) in other comprehensive income and to recognize only dividend income in the profit and loss statement.

With regard to the measurement of financial liabilities (designated as measured at fair value through profit or loss), IFRS 9 requires that changes in fair value arising out of changes in the default risk of the reporting entity are to be recognized in other comprehensive income. Changes in fair value attributable to a reporting entity's own credit risk may not be subsequently reclassified to profit or loss.

For subsequent measurement of financial assets measured at amortized cost, IFRS 9 provides for three stages which determine the future amount of losses to be recognized and the recognition of interest. The first stage requires that at the time of initial recognition, expected losses must be shown in the amount of the present value of an expected twelve-month loss. If there is a significant increase in the default risk, the risk provision must be increased up to the amount of the expected full lifetime loss (stage 2). When there is an objective indication of an impairment, the interest in step 3 must be recognized on the basis of the net carrying amount.

In addition to transitional provisions, IFRS 9 also includes extensive provisions on disclosure both during transition and during ongoing application. New provisions relate in particular to impairment.

RZB anticipates that the application of IFRS 9 in the future may have an impact on amounts reported in respect of the Group's financial assets and financial liabilities. It is expected that overall, IFRS 9 will increase the level of risk provision. This estimate is based on the requirement to recognize a risk provision in the amount of the expected loan defaults for the first twelve months even for those instruments where the credit risk has not increased significantly since initial recognition. Moreover, it is based on the estimate that the volume of assets for which the "lifetime expected loss" is applied is probably larger than the volume of assets where loss events pursuant to IAS 39 have already occurred. The mandatory date of the initial application of IFRS 9 will be January 1, 2018.

IFRS 14 (Regulatory deferral accounts; entry into force January 1, 2016)

Only entities applying IFRS for the first time and who recognize regulatory deferrals according to their previous accounting standards are allowed to continue with regulatory deferrals after transition to IFRS. The standard is intended to be a short-term interim solution till the IASB concludes the long-term project relating to price-regulated business transactions.

IFRS 15 (Revenue from contracts with customers; entry into force January 1, 2018)

The standard regulates when revenue is recognized and how much revenue is recognized. IFRS 15 replaces IAS 18 (Revenue), IAS 11 (Construction contracts) and a series of revenue-related interpretations. The application of IFRS 15 is obligatory for all IFRS users and is applicable to almost all contracts with customers – the material exemptions are leasing contracts, financial instruments and insurance contracts.

IFRS 16 (Leases; entry into force January 1, 2019)

For lessees, the new standard establishes an accounting model which does not distinguish between financial leasing and operating leasing. In future, most lease agreements will have to be recognized in the statement of financial position. For lessors, the rules under IAS 17 (Leases) remain largely valid, meaning that in future it will still also be necessary to distinguish between financial and operating leasing with corresponding different accounting consequences.

Vienna, 7 March 2016

The Management Board

Walter Rothensteiner

Michael Höllerer

Johannes Schuster

Auditor’s report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of

Raiffeisen Zentralbank Österreich Aktiengesellschaft,
Vienna, Austria,

for the fiscal year from 1 January 2015 to 31 December 2015. These consolidated financial statements comprise the consolidated statement of financial position as of 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year 2015 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Company’s management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to § 245a UGB (Austrian Commercial Code) and 59a BWG (Austrian Banking Act) respectively, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and other legal or regulatory requirements.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 7 March 2016

KPMG Austria AG

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca

Wirtschaftsprüfer

(Austrian Chartered Accountants)

Management report
Market development

Markets swayed by monetary policy

Developments in the money and capital markets were once again dominated by international central banks' policies last year. The European Central Bank (ECB) decided in early 2015 on an asset purchase program of € 60 billion per month, largely for government bonds, in addition to setting a negative interest rate for the first time on bank deposits at the ECB. The central bank followed this up in December with a deposit facility rate cut to minus 0.3 per cent and an expansion of its bond purchase program to include regional and local issuers, as well as a half-year extension of the program to March 2017. The expanded monetary policy measures resulted in a further decline in money market rates over the course of 2015. Euribor interest rates (money market deposits) out to six months were in negative territory by the end of the year. Even the two-year German government bond carried a negative yield for the entire year and ten-year German government bonds were yielding consistently well below 1 per cent over the course of the year. In the US, after seven years of pursuing a zero interest rate policy, the US Federal Reserve (Fed) hiked its key rate for the first time since 2007. The key rate range was raised 25 basis points to 0.25 to 0.50 per cent in December. In 2015, the euro versus US dollar exchange rate was driven by divergent Fed and ECB monetary policies. In light of the US rate hike expected by market participants, the euro lost considerable value over the course of the year, approached parity with the US dollar on an intermittent basis and ultimately closed at the end of December somewhat higher at 1.09 EUR/USD.

In the euro area, real GDP increased 1.5 per cent in 2015, with economic growth primarily driven by private consumption. Consumer and business sentiment significantly improved, with some values reaching their highest level in many years. The inflation rate hovered around the zero per cent mark for most of the year due to declining energy prices. On an individual country level, economic growth came in very mixed. Reforms in former crisis countries such as Ireland and Spain bore fruit in terms of strong economic growth. The economic recovery in France, Italy and Austria was comparatively modest due to structural deficits. Although the Austrian economy overcame its stagnation phase in 2015, it experienced only subdued average real GDP growth of 0.3 per cent per quarter. Thus, the real GDP rose 0.9 per cent in 2015; however, it was not enough to generate a sufficient revival in the job market. Employment increased in 2015, but the potential labor force fell more strongly, so that the unemployment rate in Austria in fact rose, contrary to the trend in the euro area. Disappointingly, private consumption in Austria stalled – as opposed to government consumption, which was more dynamic. In contrast, investment activity picked up during 2015, mainly due to investment in equipment while construction investment remained persistently weak. Export growth was also able to improve (as a result of higher demand for goods and services). Exports increased to the US, Switzerland, UK, Poland, and Czech Republic, while there was a reduction in export trade with Russia. Import volumes also increased due to domestic economic momentum, with foreign trade only slightly contributing to GDP growth as a result.

The US economy grew 2.4 per cent in 2015, on a par with the previous year's rate, with the low oil price boosting private consumer spending to 3.1 per cent – a stronger increase than at any time since 2006. Residential construction investment also showed strong growth. Conversely, the oil price decline severely dampened investment in the energy sector while the notable appreciation of the dollar curbed export growth. The labor market recovery continued thanks to solid growth in economic output. Nearly 3 million new jobs were created versus 2014, with the unemployment rate dropping 0.6 of a percentage point to 5.0 per cent.

In line with expectations, China's economic growth weakened to just below 7 per cent in 2015. Excess capacity needs to be absorbed in heavy industry, as well as in the real estate market. At the same time, external demand remains weak.

Divergent economic trends in CEE

Most central banks in CEE further cut their key and money market rates in 2015. This monetary policy stance was supported by low domestic inflation rates, as well as by the monetary policies of leading western central banks. The latter increased the scope of CE and SEE central banks, which also expanded monetary policy by using unconventional monetary and liquidity policy measures (e.g. in Hungary and Romania).

The CE region enjoyed very solid economic performance in 2015, with GDP growth of 3.5 per cent. CE generally benefits from solid economic growth in Germany and from the recovery in the euro area, as well as from expansionary monetary policies in some CE countries. In a number of countries, such as the Czech Republic and Hungary, the current cyclical recovery likely peaked over the course of the year. At the same time, key domestic economic activity indicators remain at solid, high levels or point to increasingly balanced growth with sound export performance and momentum in the domestic economy.

SEE recovered in 2015, with year-on-year economic growth of 2.8 per cent. Serbia overcame the 2014 downturn and Croatia posted 1.6 per cent GDP growth in 2015, ending a five-year recessionary period. With 2.7 per cent GDP growth, Bulgaria caught up slightly with Romania, where economic growth increased to 3.7 per cent due to structural reforms. Overall, however, economic growth in SEE remains moderate, mainly due to outstanding structural adjustments and to the high level of private sector debt that is only slowly coming down.

All three countries in the Eastern European (EE) region remained mired in recession in 2015. GDP fell in Russia and Belarus by 3.7 and 4 per cent respectively, while it slumped 10 per cent in Ukraine. The severe adjustment recessions following the huge currency devaluations and necessary structural adjustments in 2015, were mainly driven by sharp declines in private consumption and investment spending. Although there was a massive reduction in imports, the foreign trade positions of EE countries stabilized thanks to improved exports.

Annual real GDP growth in per cent compared to the previous year

Region/country	2014	2015e	2016f	2017f
Czech Republic	2.0	4.3	2.4	2.4
Hungary	3.7	2.8	2.2	2.9
Poland	3.3	3.5	3.6	3.4
Slovakia	2.5	3.6	3.5	3.5
Slovenia	3.0	2.7	2.2	2.1
Central Europe	**3.0**	**3.5**	**3.1**	**3.1**
Albania	2.0	2.7	3.5	4.0
Bosnia and Herzegovina	1.1	2.0	3.0	3.5
Bulgaria	1.5	2.7	2.1	3.0
Croatia	(0.4)	1.6	1.5	1.5
Kosovo	0.9	3.0	3.0	3.5
Romania	2.8	3.7	4.0	3.6
Serbia	(1.8)	0.5	2.5	3.0
Southeastern Europe	**1.5**	**2.8**	**3.1**	**3.2**
Russia	0.7	(3.7)	(2.0)	1.5
Belarus	1.6	(4.0)	(2.0)	1.5
Ukraine	(6.8)	(10.0)	1.5	3.0
Eastern Europe	**0.3**	**(4.1)**	**(1.8)**	**1.6**
Austria	**0.4**	**0.9**	**1.4**	**1.4**
Germany	**1.6**	**1.4**	**1.8**	**1.8**
Euro area	**0.9**	**1.5**	**1.4**	**1.7**

Economic recovery remains modest in Austria

The Austrian economy overcame its stagnation in 2015, but real gross domestic product (GDP) growth was subdued and only averaged 0.3 per cent per quarter. Real GDP grew 0.9 per cent p.a. in 2015 after 0.4 per cent in the previous year (2014). Private consumption increased very little relative to faster-growing government consumption. Investment picked up in the course of 2015, but the recovery remained modest. The improvement was largely driven by investments in machinery and equipment, while construction remained weak. Export growth went up again. However, since imports also increased on the back of strong domestic demand, foreign trade ended up contributing very little to GDP growth.

The modest recovery appears poised to continue in 2016 despite global uncertainty. It will likely be supported by the further recovery of investment activity, additional government spending due to the influx of refugees and the tax reform that took effect at the start of 2016. Domestic demand, in other words, will continue to drive the economic cycle.

Currencies

CE and SEE currencies remained largely stable against the euro during 2015. The Czech koruna gained against the euro and neared the upper limit to the euro, as defined by the foreign exchange regime. As a result of oil market weakness, the Russian rouble – despite a temporary recovery – came under more overall downward pressure against the US dollar over the course of 2015. Towards the end of 2015, the renewed downward movement of the Russian rouble against the US dollar resulted from the falling oil price. In turn, this reduced the Russian central bank's potential to carry out further cuts to key rates. Compared to the euro, the loss in value was significantly lower. Although there were no notable year-on-year losses in value compared to the euro, the depreciation of the rouble against the US dollar was however consistent with other currencies of commodity-exporting nations and emerging markets. For instance, currencies of other countries in the Eastern European region, such as the Ukrainian hryvnia and the Belarus rouble, weakened against the euro and US dollar in 2015. In Ukraine, the hryvnia's weakness was cushioned by restrictive foreign exchange measures. With the exception of the EE region, major currency market turbulence was avoided in CEE in 2015.

Development of the banking sector

Moderate growth in CEE

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

Banking sector in Austria

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

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

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

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

Regulatory environment

Changes in the regulatory environment

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

Deposit Guarantee Directive

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

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

Legislative proposal on the European Deposit Insurance Scheme

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

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

Action plan on building a capital markets union

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

European resolution mechanism (BRRD and SRM)

The European resolution mechanism is based on two regulations: The Banking Recovery and Resolution Directive (BRRD), which is valid for all EU member states, and the Single Resolution Mechanism (SRM) which applies to all countries within the euro area. The aim is to largely communitarize the risk of bank resolutions within the euro area. The BRRD is a directive which regulates the resolution of banks in individual EU member states. From 1 January 2015, all 28 EU states must establish a national resolution fund (BRRD); on 1 January 2016, the national resolution funds of the 18 euro area countries will be transferred to a single EU resolution fund (SRM). The ten remaining member states will retain their national funds after 1 January 2016. In Austria, the BRRD was transposed through the Federal Act on the Recovery and Resolution of Banks (BaSAG). The national resolution authority in Austria is the Financial Market Authority (FMA). The SRM for the euro area builds on the BRRD. It aims to foster confidence in the banking sector within the euro area. Much has already happened in this respect (e.g. equity requirements, central supervision by the ECB, deposit guarantee, consumer protection provisions). The ability to offset membership of an IPS system for RBG's cooperative banks when calculating the contributions to the resolution fund is positive. Transposition of the BRRD into national law brought an end to the previous Bank Intervention and Restructuring Act (BIRG) from 1 January 2015. This was replaced by the entry into force of the Federal Act on the Recovery and Resolution of Banks (BASG) on 1 January 2015.

Additional buffer requirements for equity

The Regulation of the Financial Market Authority (FMA) on the setting and recognition of the countercyclical capital buffer rate, on the setting of the systemic risk buffer as well as on the specific description of the calculation basis pursuant to Art. 23a para. 3 no. 1 BWG and Art. 24 para. 2 BWG (Capital Buffer Regulation – KP-V; Kapitalpuffer-Verordnung) entered into force in December 2015. In addition to the systemic risk buffer, the Regulation also sets the countercyclical capital buffer. The FMA aims to ensure banks have more equity available and so improve their ability to cope with sudden losses. Part of this strategy is already contained in the SREP ratio, which banks are required to comply with under the Supervisory Review and Evaluation Process (SREP). Now, Austrian banks must increase their capital ratio by up to two per cent by 2018. However, the SREP ratio alone does not include a systemic risk. The Capital Buffer Regulation now requires twelve Austrian banks to build up additional capital. The systemic risk buffer will be individually set for each individual credit institute and will increase continuously between 2016 and 2019.

Implementation of MiFID II

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

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

Earnings and financial performance

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. RZB AG 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 RZB AG 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 2015; the remaining shares were owned predominantly by other shareholders. As of 31 December 2015, RZB AG's scope of consolidation comprised 305 Group units, including 28 banks and a number of financial institutions and bank-related service providers.

Significant events

Strategic realignment

In February 2015, RBI announced that it would review its strategy due to the significantly changed environment. Complexity and risk are to be reduced and the equity position strengthened. The fully loaded common equity tier 1 (CET1) ratio and total capital ratio are to reach at least 12 per cent and 16 per cent, respectively, by the end of 2017. To achieve these targets, the subsidiary banks in Poland and Slovenia will be sold, as will the direct bank Zuno. Moreover, RBI's presence in Asia and in the US will either be reduced or completely wound down. These units have already been grouped together in the Non-Core segment. In addition, risk-weighted assets are being reduced, particularly in Russia and in Ukraine. In Raiffeisen Bank in Hungary, the business model has been adjusted to place particular focus on the corporate customer business in the future. Despite the reduction in risk-weighted assets, RBI plans to grow in select markets.

In the 2015 financial year, RBI worked intensively on the implementation of all of these measures. Substantial headway was made in reducing risk-weighted assets in Russia and in Ukraine. The repositioning in Hungary has been largely completed and the sale of the network bank in Slovenia has been contractually agreed. The regulatory approval process is currently under way, and the closing of the transaction is expected to occur in the first half of 2016. In Asia, rescaling of the business volumes is already at an advanced stage (49 per cent reduction of risk-weighted assets compared to the previous year). In the US, the winding down of operations has begun. In Poland, preparations for the Bank's IPO have commenced. The intended sale is no longer expected to take place in 2016, due to the changed political environment. The plan to sell remains in place.

Continued combination of RBG's specialized subsidiaries

Combining specialized subsidiaries at RZB streamlines corporate and risk management and enables improvements in cash flow and earnings. The combinations are expected to add more value for RBG at the national level.

The acquisition of a majority stake in Valida Vorsorge Management in September 2015 was the logical extension of the Raiffeisen Banking Group's strategy of concentrating all its special functions within RZB. After acquiring 32.7 per cent from various Raiffeisen regional banks, RZB now holds 57.4 per cent of the equity in Valida Vorsorge Management. Valida Vorsorge Management is the center of competence for occupational pensions for the Raiffeisen Banking Group and UNIQA Insurance.

This was also the motivation behind the December 2015 purchase of the remaining 49 per cent in Raiffeisen Bausparkasse GmbH of Vienna, which is now wholly owned by RZB. When RZB acquired the majority stake in this entity at the end of 2013, it agreed to buy the remaining shares from the Raiffeisen regional banks as well.

Low interest rate level

The already low interest rate level continued to weaken, not only in the euro area, but also in many markets in Central and Southeastern Europe in the reporting period. At RBI – as at other banks – the net interest margin in the credit business declined and deposit margins remained under pressure. In addition, the low discount rates in many countries negatively affected the investment options for excess liquidity. Although interest margins in CEE largely remained at a high level compared to Western European countries, the higher volatility of a number of currencies – in some cases significantly higher – weighed on net interest income.

Restatement of prior year financial results

In 2015, RZB and RBI underwent a routine examination by the Austrian Financial Reporting Enforcement Panel. The examination covered RZB's and RBI's 2014 consolidated financial statements and both their 2015 Semi-Annual Report. While RZB's examination was not concluded at the time of preparing this report, RBI's examination resulted in two findings. The reallocation of charges in the amount of € 124 million in RBI's financial year 2014, led to a revision of RZB's consolidated loss 2014 to € 399 million, and consequently these charges are not reflected in the 2015 consolidated financial statements. The total amount of € 124 million consists of two factors: a € 93 million goodwill impairment relating to Raiffeisen Polbank and € 34 million in costs for net provisioning for impairment losses, which also resulted in deferred tax income of € 3 million. The impact of this restatement on the regulatory capital ratios is negligible.

Regulatory changes

RZB was again confronted with regulatory changes in the past financial year. Since November 2014, the European Central Bank (ECB) has been responsible for the supervision of banks in the euro area under the Single Supervisory Mechanism (SSM). Accordingly, RZB has come under the ECB's direct supervision since the fourth quarter of 2014. The Single Resolution Mechanism (SRM) was also implemented in the euro area in 2015, which is designed to enable an orderly winding down of failing banks. In addition to drawing up resolution plans, banks must also pay contributions to finance a Single Resolution Fund (SRF), which resulted in additional charges of € 42 million for RZB in 2015. The amount banks are required to contribute to the resolution fund is determined on the basis of business volumes and a bank-specific risk assessment. The target size of the SRF (at least 1 per cent of covered customer deposits of eligible banks in participating member states) is to be reached by 2024.
In the area of deposit guarantees, the goal is also to establish a harmonized guarantee system in Europe. The target size of the deposit guarantee fund is based on 0.8 per cent of the deposits covered, and is expected to be reached by 2024.

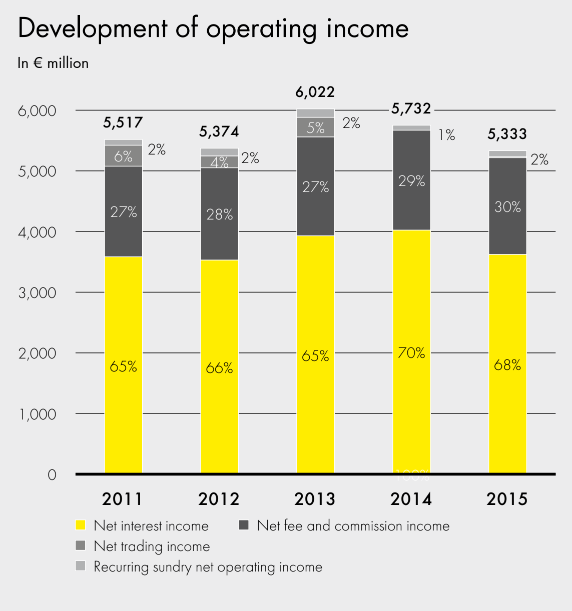
Currency turbulence

Exchange rates continued to fluctuate substantially in 2015 (exchange rates on reporting date). On the one hand, the US dollar appreciated by nearly 12 per cent year-on-year against the euro as a result of interest rate expectations, and the Swiss franc appreciated 11 per cent due to the abandonment of the fixed minimum exchange rate set by the Swiss National Bank. On the other hand, some CEE currencies depreciated against the euro. For example, the Russian rouble fell 10 per cent year-on-year in line with falling oil prices, while the Ukrainian hryvnia depreciated 27 per cent and the Belarusian rouble was down 29 per cent. Currency volatility not only impacted the statement of financial position and risk-weighted assets, but also triggered considerations and measures aimed at converting foreign currency loans at exchange rates that are unfavorable to banks.

Overview of the financial year

After RZB – due to a number of non-recurring effects (goodwill impairment charges in Poland and Russia, deferred taxes, implementation of the Hungarian Settlement Act) – ended a financial year with a negative consolidated result for the first time in 2014 (minus € 399 million after restatement), it returned to profitable territory in 2015. Consolidated profit amounted to € 237 million. This increase was attributable not only to the absence of the mentioned non-recurring effects, but also to an improvement in the credit risk situation in nearly all of RZB's markets. Accordingly, net provisioning for impairment losses fell 29 per cent year-on-year, or € 527 million, to € 1,259 million. The largest declines occurred in Ukraine, in Hungary and at RBI AG. Continued high provisions had to be set aside for units in Asia, where business volumes were significantly reduced as planned.

The Group's financial results continued to be affected by high currency volatility in 2015. For example, the average exchange rate of the Russian rouble and of the Ukrainian hryvnia against the euro was 26 per cent and 35 per cent, respectively, below the comparable level of the previous year. In contrast, the US dollar and Swiss franc appreciated 19 per cent and 13 per cent, respectively, against the euro.



Operating income declined 7 per cent year-on-year, or € 400 million, to € 5,333 million. This was mainly attributable to the above described sharp currency devaluations. Net interest income fell by 10 per cent, or € 401 million, to € 3,623 million, triggered by strong currency devaluations as well as low interest rate levels and volumes. The increased profit contribution of € 58 million to € 133 million from associates contributed positively to the result. Net interest margin (calculated based on interest-bearing assets) decreased by 27 basis points to 2.72 per cent. Despite the currency effects in Eastern Europe, net fee and commission income was down by only 3 per cent, or € 53 million, to € 1,594 million. Net trading income improved € 36 million to plus € 16 million, driven by valuation gains on derivatives in Russia.

General administrative expenses dropped 4 per cent year-on-year, or € 124 million, to € 3,170 million. The decline was largely attributable to currency devaluations in Eastern Europe. Following the decision not to pay any bonuses for 2014, the release of bonus provisions also resulted in a decline. Expenses were increased due to transformation costs in the amount of € 34 million and due to higher expenditures for the implementation of regulatory requirements (SRF and Deposit Guarantee Scheme). The average number of staff was further reduced, down 2,104 year-on-year to 55,695. The number of business outlets decreased 160 year-on-year to 2,722.

In the course of the year, total assets fell 4 per cent, or € 6,379 million, to € 138,426 million. This was primarily the result of a 9 per cent reduction in lending to customers, which was largely attributable to a decline in loans to large corporate customers in connection with restrictive lending policies of the Group in some markets and the strategic realignment. The largest declines in total assets were posted in Austria, in Asia, and in Russia (currency-driven).

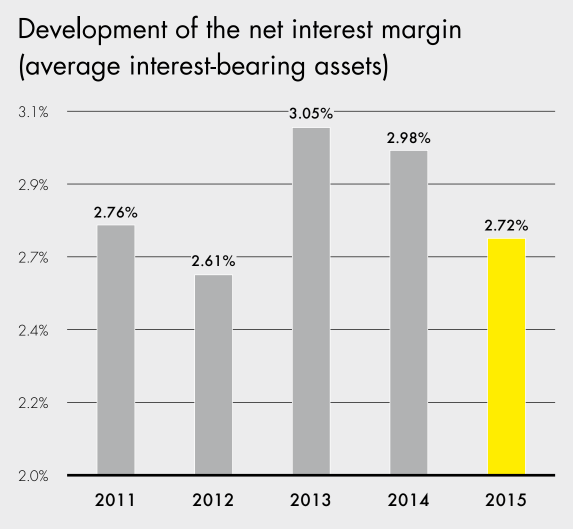
Equity including capital attributable to non-controlling interests recorded an increase of 1 per cent, or € 89 million, to € 9,296 million. This was mainly due to the overall result of € 323 million, which includes profit after tax of € 465 million and other comprehensive income of minus € 142 million. This was offset by a reduction in other changes of € 239 million resulting mainly from the purchase of the remaining shares in Raiffeisen Bausparkasse.

Income statement

in € million	2015	2014 restated	Change absolute	Change in %	2014 veröffentlicht
Net interest income	3,623	4,024	(401)	(10.0)%	4,024
Net fee and commission income	1,594	1,647	(53)	(3.2)%	1,647
Net trading income	16	(21)	36	–	(21)
Recurring other net operating income[1]	100	82	18	21.7%	82
Operating income	**5,333**	**5,732**	**(400)**	**(7.0)%**	**5,732**
Staff expenses	(1,515)	(1,579)	64	(4.0)%	(1,579)
Other administrative expenses	(1,277)	(1,286)	8	(0.7)%	(1,286)
Depreciation	(378)	(430)	51	(12.0)%	(430)
General administrative expenses	**(3,170)**	**(3,294)**	**124**	**(3.8)%**	**(3,294)**
Operating result	**2,163**	**2,439**	**(276)**	**(11.3)%**	**2,439**
Net provisioning for impairment losses	(1,259)	(1,786)	527	(29.5)%	(1,752)
Other results[1]	(167)	(709)	542	(76.4)%	(615)
Profit/loss before tax	**737**	**(56)**	**793**	**–**	**72**
Income taxes	(272)	(501)	229	(45.8)%	(504)
Profit/loss after tax	**465**	**(556)**	**1,022**	**–**	**(432)**
Profit attributable to non-controlling interests	(228)	158	(386)	–	109
Consolidated profit/loss	**237**	**(399)**	**636**	**–**	**(323)**

2014 figures restated (please refer to the consolidated financial statements for details).
1 Prior year figures adjusted due to changes in allocation.

Net interest income



In 2015, net interest income declined 10 per cent, or € 401 million, to € 3,623 million. This was primarily attributable to currency devaluations in Eastern Europe as well as historically low interest rate levels and volumes.
In the RBI segment net interest income fell 12 per cent to € 3,311 million. At RBI head office net interest income declined € 78 million, primarily due to lower interest rates and volumes. In the Central Europe segment, net interest income fell 6 per cent, or € 40 million, to € 654 million. In Hungary, net interest income declined € 33 million as a result of reduced interest income from derivatives and the low level of market interest rates. In Slovakia, lower interest rates also led to a € 17 million reduction in net interest income, whereas in the Czech Republic, a rise in interest income from derivatives, lower interest rates in the deposit business and higher lending volumes increased net interest income by € 10 million. In the Southeastern Europe segment, net interest income fell 7 per cent, or € 55 million, to € 780 million. All countries in this segment – with the exception of Kosovo – reported declines in net interest income, which were also mainly attributable to the continuing low level of interest rates. The Eastern Europe segment – which was the main driver of the negative trend – reported a 23 per cent decline in net interest income to € 647 million. As a result of the currency devaluations, net interest income in Russia declined 23 per cent to € 647 million and in Ukraine by 35 per cent to € 176 million. In Belarus, in contrast, net interest income increased 11 per cent to € 125 million, driven by higher interest income from securities and leasing claims. In Poland, the continuing low level of market interest rates and repricing measures in the deposit business reduced net interest income by 18 per cent to € 253 million. In Asia, net interest income fell 38 per cent to € 84 million, due to volumes and loan defaults.

In the segment Central institution and specialized subsidiaries, interest income improved 12 per cent to € 188 million, primarily due to increased investment income from securities in RZB AG. The low interest rate level also troubled Raiffeisen Bausparkasse, which recorded a decline of € 11 million. Furthermore, Raiffeisen Informatik GmbH's contribution to net income returned to positive figures and amounted to € 25 million.

In the segment Other Equity Participations, net interest income rose 93 per cent to € 143 million. The contribution to the result by companies valued at equity increased € 67 million to € 133 million. This was attributable to the positive contribution to results made by UNIQA Insurance Group AG in the amount of € 106 million and to the contribution made by Leipnik-Lundenburger Invest Beteiligungs AG, which at € 12 million was positive again. A negative contribution to the result of € 24 million came from Raiffeisen evolution project development GmbH.

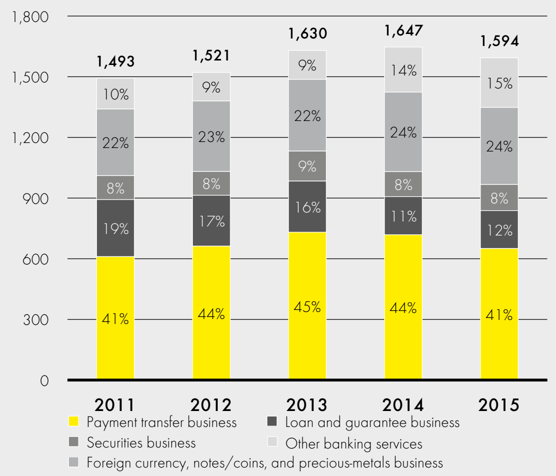
The Group's net interest margin declined 27 basis points year-on-year to 2.72 per cent, primarily as a result of currency effects in Eastern Europe and the further reduction in the level of market interest rates in Austria and many countries in the Central and Southeastern Europe segments.

Net fee and commission income

Despite the substantial currency devaluations in Eastern Europe, net fee and commission income declined 3 per cent year-on-year, or € 53 million, to € 1,594 million. Net income from the payment transfer business fell 9 per cent, or € 68 million, to € 651 million, primarily as a result of currency effects in Ukraine and Russia, as well as lower income from the credit card and giro business in Poland. Raiffeisen stavebni sporitelna, a.s., Prague, however, showed an increase of € 2 million due to new tariffs. Net income from the foreign currency, notes/coins and precious metals business was down 3 per cent, or € 12 million, to € 381 million, due particularly to currency and volume effects in Ukraine and Russia. Net income from the loan and guarantee business remained almost unchanged with a decline by € 1 million to € 187 million. Net income from the securities business rose 5 per cent, or € 6 million, to € 130 million, most notably in Romania. Net income from the management of investment and pension funds grew 9 per cent, or € 11 million, to € 123 million, predominantly due to developments in Croatia. Raiffeisen Capital Management displayed a slight increase of € 2 million to € 70 million. Net income from other banking services increased 15 per cent, or € 9 million, to € 70 million, primarily attributable to Poland and to RBI AG.

Development of net fee and commission income

In € million

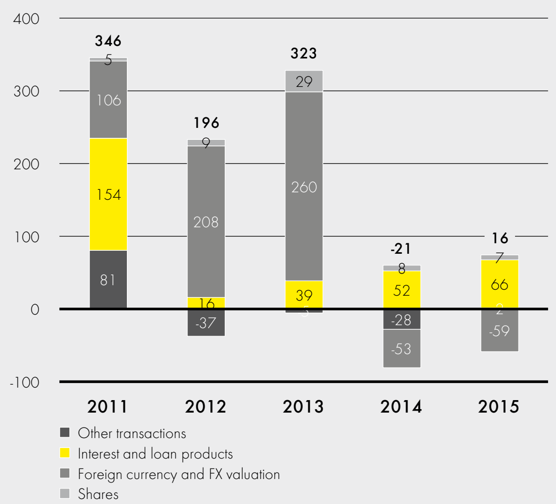


Net trading income

Net trading income rose € 36 million year-on-year to € 16 million. Interest-based business grew € 14 million to € 66 million, primarily due to valuation gains on derivatives and securities positions in Russia and the Czech Republic, whereas RBI AG and Poland reported valuation losses on interest-based derivatives and lower income from securities positions. Currency-based transactions fell € 6 million to minus € 59 million. This was mainly due to a loss from a hedging transaction related to Russian rouble-denominated dividend income (minus € 70 million), net investment hedge costs of € 34 million and valuation losses at RBI AG. In contrast, Belarus posted a significant increase of € 69 million, caused by positive effects from a strategic currency position and the discontinuation of hyperinflation accounting. Net income from proprietary trading had also increased. Exchange-rate related valuation losses on foreign currency positions in Ukraine declined (down € 37 million). Net income from other transactions improved € 30 million, after the lower interest rate level had a negative impact on the valuation of a guarantee product in the previous year.

Net trading income by products

In € million



Recurring other net operating income

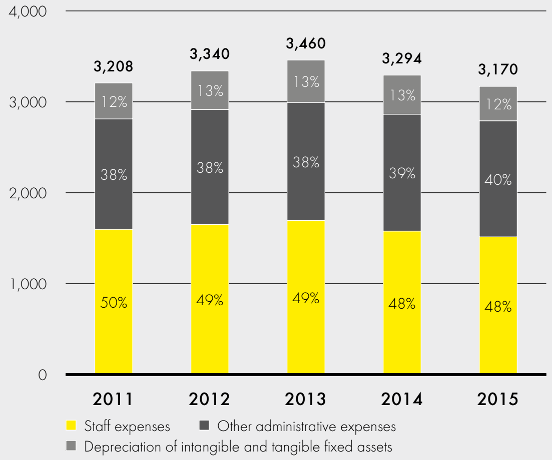
In the reporting year, recurring other net operating income increased € 18 million to € 100 million. In particular, allocations and releases of other provisions rose € 29 million, mainly caused by positive developments – primarily in Hungary (lower allocations for litigation and lower provisions for the refunding of the transaction tax). Net income from real estate leasing improved € 14 million due to higher contributions from Hungary and the Czech Republic. Net income from the disposal of fixed assets increased € 6 million, primarily due to developments in Hungary. An opposite effected resulted from the negative development in non-banking activities (minus € 36 million) at Raiffeisen-Leasing, where revenues dropped due to the sale of wind park companies in the previous year.

General administrative expenses

The Group's general administrative expenses fell 4 per cent, or € 124 million, to € 3,170 million during the reporting period, largely attributable to the development of the Russian rouble and Ukrainian hryvnia. The decline was also attributable to the release of bonus provisions, following the decision not to pay bonuses for 2014. Ukraine and Romania also reported lower general administrative expenses due to impairments in the previous year. In contrast, there were expenditures relating to the bank resolution fund of € 42 million and transformation expenses of € 34 million. The cost/income ratio deteriorated 2.0 percentage points to 59.4 per cent due to lower operating income.

General administrative expenses by category

In € million



Staff expenses

Staff expenses, which constituted the largest item within general administrative expenses (48 per cent), declined 4 per cent in the reporting period, or € 64 million, to € 1,515 million. In Eastern Europe, the sharp decline in staff expenses was mainly due to currency effects; the release of bonus provisions and staff departures as a result of ongoing cost reduction programs also reduced expenses. On the other hand, there were increases in staff expenses due to salary increases in some markets and also transformation costs in connection with the strategic realignment. The average number of staff (full-time equivalents) fell 2,104 year-on-year to 55,695. The largest declines occurred in Ukraine (down 1,186), Russia (down 412) and Hungary (down 284).

Other administrative expenses

Other administrative expenses decreased 1 per cent, or € 8 million, to € 1,277 million. The reduction in Russia (down € 68 million) and Ukraine (down € 13 million) was largely attributable to currency effects. In contrast, expenditures relating to the bank resolution fund of € 42 million, which were incurred in Austria (€ 25 million) and in other EU countries (€ 17 million) increased expenses. Poland posted a € 15 million rise in other administrative expenses due to higher deposit insurance fees of € 27 million and contributions to a fund to protect mortgage borrowers of € 8 million, whereas legal, advisory and consulting expenses as well as IT expenses each fell by € 6 million. In Hungary, increased office space expenses of € 4 million were reported in connection with branch closures as a result of the strategic realignment. At head office advertising and IT expenses increased.

Compared to year-end 2014, the number of business outlets was down 160 to 2,722. The most significant declines in the number of business outlets occurred in Ukraine (down 93), Hungary (down 42), Russia (down 26), and Romania (down 17). On the other hand, the number of business outlets rose in some other countries and in Slovakia (plus 17), due to the continued expansion of the Raiffeisen brand.

Depreciation of tangible and intangible fixed assets

Depreciation of tangible and intangible fixed assets fell 12 per cent year-on-year, or € 51 million, to € 378 million. The most significant decline occurred in Ukraine (down € 34 million) after impairments to the brand and the customer base were recognized in the previous year. Romania also posted a reduction in expenses (down € 11 million) after an impairment charge relating to a land valuation in the previous year. Raiffeisen-Leasing recorded a steep drop in the depreciation of tangible fixed assets due to the sale of wind park companies. In Poland it was necessary to recognize an impairment of € 21 million in relation to the Polbank brand due to an adjustment of business planning caused by a deterioration of underlying conditions.

The Group invested € 395 million in fixed assets in the reporting period. Of that amount, 38 per cent (€ 151 million) was invested in own tangible assets. Investments in intangible assets – mainly related to software projects – amounted to 41 per cent. The remainder was invested in operating leasing business asset

Net provisioning for impairment losses

Net provisioning for impairment losses declined 29 per cent year-on-year, or € 527 million, to € 1,259 million. This resulted from a € 583 million reduction in individual loan loss provisions to € 1,327 million, while net releases of portfolio-based loan loss provisions rose 3 per cent to € 57 million. Proceeds from the sale of impaired loans fell € 57 million to € 11 million, after € 68 million in the previous year, notably due to the sale of non-performing loans in Poland.

The majority of net provisioning for impairment losses in the reporting year, which totaled € 882 million, was attributable to corporate customers, while the figure for retail customers was € 411 million. Loan loss provisions for sovereigns resulted in releases of € 22 million.

The largest decline in net provisioning for impairment losses was recorded in Ukraine, where the provisioning requirement fell € 321 million year-on-year to € 212 million. On the one hand, this was due to currency effects; and on the other, to higher allocations for retail and corporate customers that were necessary in the previous year as a result of the adjustment of collateral for existing non-performing loans, as well as the political and economic situation in the Donbass region. In Hungary, the provisioning requirement for loans to retail and corporate customers declined € 73 million to € 56 million. At RBI head office, net provisioning for impairment losses for large corporate customers also fell, by € 58 million to € 144 million. Likewise, the credit risk situation improved significantly in the Southeastern Europe countries, where total net provisioning for impairment losses fell € 63 million to € 191 million. The largest declines were recorded in Bulgaria (€ 20 million), Croatia (€ 14 million), Romania (€ 11 million), and Serbia (€ 11 million). At € 297 million (down € 10 million), net provisioning for impairment losses in Asia remained at a high level. During the year, Raiffeisen-Leasing recorded a € 35 million lower requirement for provisioning. Net provisioning for impairment losses in Russia rose € 11 million to € 181 million (the year-on-year rise in local currency was 43 per cent). This was due to the continuing unfavorable underlying economic conditions in Russia as well as sales of loans. Poland recorded a year-on-year rise of € 19 million because non-performing loans were sold with proceeds of € 62 million in the previous year. Without these gains, Poland would have recorded a decline of € 35 million.

The portfolio of non-performing loans fell € 673 million over the course of the year to € 8,817 million. However, currency effects resulted in a rise of € 202 million. The actual reduction in non-performing loans on a currency-adjusted basis was € 876 million. The largest declines occurred especially in Hungary (€ 539 million, predominantly as a result of the Settlement Act), Poland (€ 139 million), Raiffeisen-Leasing (€ 134 million), Bulgaria (€ 90 million), Romania (€ 77 million), Slovenia (€ 77 million), and the Czech Republic (€ 58 million). This contrasted with a rise of € 161 million in Asia. The NPL ratio increased 0.3 percentage points to 11.1 per cent during the reporting year. Non-performing loans compared to loan loss provisions amounting to € 6,280 million, resulting in an improved NPL coverage ratio of 71.2 per cent versus 67.1 per cent in the previous year.

The provisioning ratio – net provisioning for impairment losses in relation to the average volume of loans and advances to customers – fell 0.52 percentage points to 1.45 per cent.

Other results

Net income from derivatives and liabilities

Net income from derivatives and liabilities amounted to minus € 14 million, compared to € 22 million in the previous year. This reduction was primarily due to net income from changes in credit spreads for own liabilities, which fell € 169 million to minus € 3 million. In contrast, net income from the valuation of derivatives entered into for hedging purposes improved € 138 million.

Net income from financial investments

Net income from financial investments decreased from € 130 million in the previous year to minus € 33 million in the reporting period. Here, net income from companies valued at equity was negative, mainly due to the partial goodwill impairment relating to UNIQA Insurance Group of € 94 million. In contrast, net proceeds from the valuation of securities from the fair value portfolio fell € 57 million to € 57 million. This decline was primarily attributable to the valuation of government bonds at RBI head office, which contrasted with a rise in Russia. At € 24 million, net proceeds from the sale of securities fell € 32 million. This was attributable to the partial repayment of fixed-income government bonds in Ukraine in the previous year. Net income from equity participations improved € 4 million to minus € 35 million. On the one hand, net provisioning for impairment losses for participating interests rose € 7 million to € 51 million, and on the other hand income from the sale of equity participations increased € 11 million to € 16 million.

Bank levy, one-off effects and goodwill

The expense for bank levies fell € 60 million year-on-year to € 140 million. This reduction resulted from the release of a provision formed in 2014 in connection with the payment of bank levies in Hungary (which accounted for € 43 million of the year-on-year reduction), as well as lower expenses in Slovakia (down € 7 million) and Austria (down € 8 million).

In Hungary, adjustments required in connection with the implementation of the Settlement Act (unilateral interest rate changes on consumer loans) led to the € 67 million partial release of a provision formed in the previous year. In the comparable period of the previous year, an allocation of € 251 million was made after the government's plan was announced.

In September 2015, the Croatian parliament adopted a law to enforce the conversion of loans denominated in Swiss francs at the historical rates at the time of lending. The resulting losses are to be entirely borne by the lending banks. Although RZB took immediate legal measures, a total provision of € 77 million was booked. This reduced consolidated profit by € 61 million. There was an additional expense of € 9 million relating to foreign currency loans in Serbia and Croatia, where regulations fixed installment payments at historical exchange rates. In addition, there were good will impairments of € 31 million for Raiffeisen Bausparkasse (€18 million) as well as in relation to a unit in Austria, Ukraine and Serbia. In the previous year, goodwill impairments totaling € 399 million were recorded for subsidiaries in Poland (€ 194 million), Russia (€ 148 million), and Albania (€ 51 million).

In the year under review, the first-time inclusion of the Valida Group resulted in a release of negative goodwill of € 18 million, attributable to insurance-specific classifications of equity.

Net income from the disposal of Group assets

The disposal of 51 subsidiaries resulted in net income of € 52 million in the reporting year, while a loss of € 10 million was recorded in the previous year as a result of the exclusion of 50 subsidiaries from the consolidation group (primarily from the sale of the trading group F.J. Elsner). Of the 51 excluded subsidiaries, 32 companies were excluded due to immateriality and 15 companies were sold. The companies were predominantly active in leasing, trade and financing business.

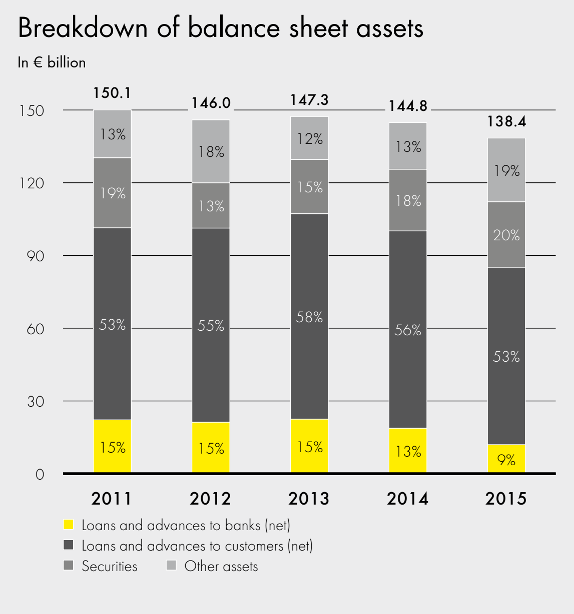
The largest effects resulted from the following transactions: The sale of the 75 per cent stake in the Russian pension fund ZAO NPF Raiffeisen in October 2015 resulted in net income from disposal of group assets of € 86 million in the year under review. In 2015, an impairment of € 52 million was recognized in relation to assets available for sale in connection with the sale of the 99.8 per cent stake in the Slovenian subsidiary bank Raiffeisen Banka d.d. The sales contract was signed in December 2015 and closing is expected to take place in the first half of 2016.

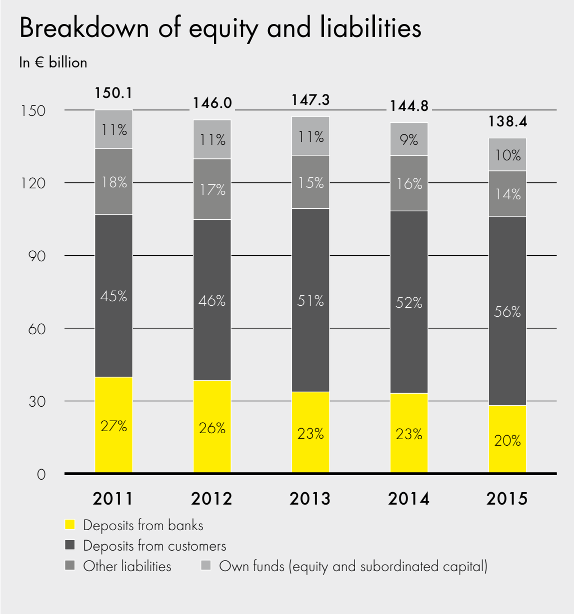
Income Taxes

Income taxes declined € 229 million year-on-year to € 272 million. The decline was predominantly the result of a non-recurring effect in the previous year related to impairments of deferred tax assets of € 196 million at RBI head office and in Asia. In the reporting year, the effective tax rate was at 37 per cent.

Statement of financial position

In the course of 2015, RZB's total assets declined 4 per cent, or € 6,379 million, to € 138,426 million. Currency effects – predominantly due to the appreciation of the US dollar against the euro (up 12 per cent) – resulted in a rise of around € 1.5 billion. Adjusted for currency effects the total assets hence declined by around € 7.9 billion.





Assets

Interbank business declined 36 per cent, or € 6,778 million, to € 12.113 million during 2015. This was primarily attributable to a € 6,641 million decline, mainly at RBI AG, in short-term receivables from money market business to € 7,697 million, in favor of a higher cash reserve. Here, receivables from sales and repurchase agreements and securities lending fell € 3,654 million to € 1,180 million.

Loans and advances to customers (before deduction of impairment losses on loans and advances) fell 9 per cent, or € 8,284 millionen, to € 79,458 millionen in the reporting period. Loans and advances to large corporate customers fell € 6,948 million to € 44,163 million. Despite the appreciation of the US dollar, the largest declines were recorded at RBI head office, in Asia, Russia and Poland. In contrast, the Czech Republic and Slovakia posted increases. Loans and advances to retail customers (private individuals and small and medium-sized enterprises) totaled € 31,165 million, a decline of € 447 million. Whereas the lending volume in Hungary declined due to the implementation of the Settlement Act, which was adopted in the previous year, it fell in Russia due to both currency effects and on an organic basis. The Czech Republic and Slovakia also reported increases in lending in the retail customer business. Loans and advances to sovereigns fell € 644 million to € 939 million, notably in Hungary.

Impairment losses on loans and advances remained almost stable at € 6,400 million yoy. Of this, € 6,280 million related to loans and advances to customers and € 120 million to loans and advances to banks.

The item securities rose € 1,578 million to € 27,010 million, predominantly as a result of purchases of highly liquid government bonds at Group head office. Other assets rose € 7,023 million to € 26,244 million. Here, cash reserve rose € 8,180 million to € 17,402 million, while market values of financial derivatives declined € 1,712 million to € 4,283 million. A rise of € 671 million resulted from the reclassification to assets available for sale in accordance with IFRS 5.

Equity and liabilities

The Group's refinancing volume via banks (chiefly commercial banks) decreased 15 per cent, or € 5,087 million, to € 28,113 million. Long-term and short-term deposits declined, notably at RBI head office and in Asia, Russia, and Poland.

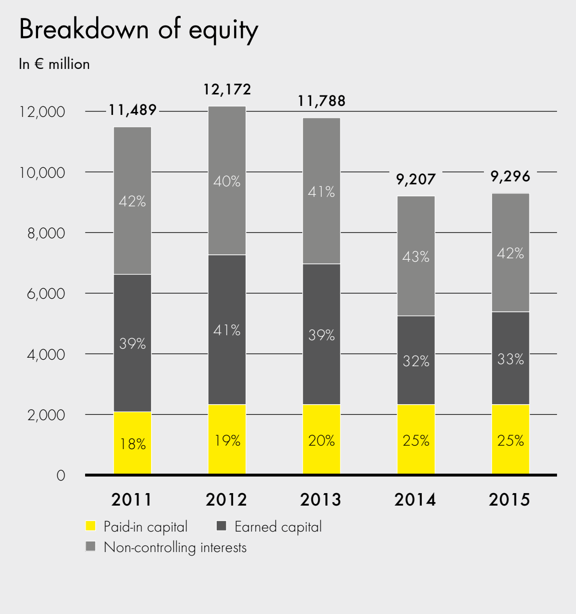
Deposits from customers increased 4 per cent, or € 2,911 million, to € 78,079 million in the course of the year. In particular, deposits from retail customers and sovereigns posted increases. The € 2,717 million rise in deposits from retail customers to

€ 42,690 million was mainly attributable to Poland, Slovakia, the Czech Republic, Russia, and Romania. Higher deposits from sovereigns (an increase of € 543 million) were attributable to RBI AG in particular. Deposits from large corporate customers declined € 610 million to € 30,674 million; the largest reductions were in Asia and in Russia, while Slovakia and the Czech Republic reported increases.

Other liabilities – excluding subordinated capital – increased € 4,188 million to € 18,734 million. This was mainly due to the € 3,137 million decline in debt securities issued to € 9,353 million, primarily caused by the reduced refinancing requirement. The fair values of trading and banking book derivatives (mainly in RBI AG) declined € 1,568 million to € 6,010 million.

Equity

Equity on the statement of financial position



RZB's equity on the statement of financial position, consisting of consolidated equity, consolidated profit/loss and non-controlling interests, increased 1 per cent, or € 89 million, to € 9,296 million compared to year-end 2014. No dividends were paid out to RZB's shareholders for the financial year 2014.

The Group's total comprehensive income of € 127 million comprises consolidated profit of € 237 million and other comprehensive income of minus € 110 million. Exchange-rate differences represented the largest item in other comprehensive income and amounted to minus € 112 million in the reporting year (2014: minus € 804 million). A key driver was the devaluation of the Belarus rouble (29 per cent), the Ukrainian hrynvia (minus 27 per cent) and the Russian rouble (10 per cent). In contrast, the capital hedge of € 55 million and the valuation changes in assets available-for-sale of € 45 million generated a positive effect.

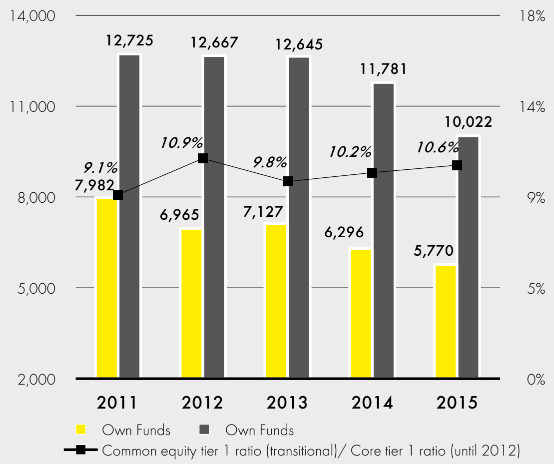
Changes in equity of companies valued at equity declined € 76 million, deferred taxes on income and expenses recognized directly in equity reduced consolidated equity by € 26 million.

Capital of non-controlling interests fell € 47 million to € 3,908 million. Capital contributions to the capital of non-controlling interests mainly relate to Raiffeisen Bank AVAL JSC, Kiev as a result of the European Bank for Reconstruction and Development (EBRD) acquiring a stake of around 30 per cent. The negative figure in other changes of € 248 million was mainly due to RZB's purchase of the remaining shares in Raiffeisen Bausparkasse. This was set against profit attributable to non-controlling interests of € 228 million and other comprehensive income of minus € 32 million.

Total capital pursuant to CRR/Austrian Banking Act (BWG)

Development of own funds

In € million



The following consolidated figures have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR). In addition to the minimum capital requirements defined by the CRR, RZB is also obliged to comply with the capital requirements imposed by the ECB under the SREP process. With respect to this, please refer to note (48) Capital management and total capital according to CRR/CRD IV and the Austrian Banking Act (BWG).

Since RZB is part of the higher-level consolidation group of Raiffeisen-Landesbanken-Holding, only its equity ratios are of relevance for regulatory purposes.

CET1 before deductions stood at € 8,288 million at the end of the year, and CET1 after deductions amounted to € 7.629 million. The decline from the 2014 comparable level totaled € 372 million. Exchange rate differences, primarily the devaluation of the Belarus rouble, the Russian rouble and the Ukrainian hryvnia, had a negative impact of € 189 million on total capital. In addition, the changed transitional provisions of the CRR resulted in a decline due to deductions and the reduced allowance of minority interests. Tier 2 capital declined € 1,387 million compared to the previous year and totaled € 2,393 million. The decline was mainly attributable to the reduction in the surplus of loan loss provisions compared to the expected defaults. Total capital under CRR amounted to € 10,022 million. This corresponds to a decrease of € 1,759 million compared to the 2014 year-end figure.

Total capital stood against a total capital requirement of € 5,770 million (2014: € 6,296 million). This declined mainly due to a reduction in the credit exposure to corporate customers; as well as – to a lesser extent – due to new securitization transactions and the decline in retail business in Hungary and Russia. The total capital requirement for credit risk amounted to € 4,767 million, the total capital requirement for position risk in bonds, equities, commodities and currencies came to € 241 million, and the total capital requirement for operational risk stood at € 762 million.

Based on total risk, the common equity tier 1 ratio (transitional) was 10.6 per cent, with a total capital ratio (transitional) of 13.9 per cent.

Excluding the transitional provisions as defined in the CRR, the common equity tier 1 ratio (fully loaded) stood at 10.3 per cent and the total capital ratio (fully loaded) was 13.4 per cent.

Funding

Banks essentially refinance themselves using their own funds, customer deposits and various capital and interbank market tools. Refinancing opportunities for banks in the international capital markets remained largely stable in 2015; however, access to the capital markets was more difficult for Austrian banks due to the moratorium on HETA bonds. For RBI, in particular, use of the international capital markets was limited due to the gradual implementation of the strategy review, the conflict between Ukraine and Russia, as well as the decline in the price of oil. However, this was manageable, as the Group had a lower funding requirement and other financing options.

The US Federal Reserve – after having prepared the markets for the end of its zero-interest rate policy – finally initiated the interest-rate turnaround in December 2015. However, the effects of the ECB's bond-buying programs, as well as further interest-rate cuts (increase in the negative deposit rate for commercial banks), were appreciable for the funding of banks in the euro area. As a result, the additional liquidity in the markets reduced financing costs for banks in 2015. Therefore, excess liquidity remained in the money market and government bond yields as well as risk premiums remained at a historically low level over the course of the year.

in € million	2015	Share	2014	Share
Customer deposits	78,079	65.2%	75,168	60.1%
Medium- and long-term refinancing	17,432	14.6%	22,147	17.7%
Short-term refinancing	20,034	16.7%	23,544	18.8%
Subordinated liabilities	4,204	3.5%	4,308	3.4%
Total	119,749	100.0%	125,166	100.0%

On the one hand, RZB's financing is based on customer deposits, which accounted for € 78.1 billion, or 65 per cent of funding; and on the other, on wholesale funding, which contributed the remaining 35 per cent or € 41.7 billion. The high proportion of customer deposits creates a stable funding basis and reduces the exposure of the Group to turbulence in the financial markets. Additional retail deposits (up € 2.9 billion) were generated in some markets, thereby further increasing stability. In other markets, such as Russia and Southeastern Europe, deposits remained stable despite some partly significant reductions in deposit interest rates. There was a slight decline of € 0.3 billion in deposits from corporate customers.

The diversification of sources for financing in wholesale funding, is achieved, on the one hand, by using local markets through the independent sale of bonds, certificates and deposits. On the other hand, long-term funding is used from sources that are less susceptible to changes on the international capital markets. This is an area in which the Group actively collaborates with supranational institutions. For example, in 2015, a securitization of Raiffeisen Leasing Poland with a volume of € 130 million was completed in cooperation with the European Investment Bank (EIB). These supranational institutions support banks that are active 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 total risk-weighted assets.

For medium to long-term refinancing, RZB AG used instruments such as the "EUR 5,000,000,000 Debt Issuance Programme", and RBI AG the "EUR 25,000,000,000 Debt Issuance Programme" which enables bonds to be issued in different currencies and structures. At the end of 2015, a total of € 8.4 billion in bonds were outstanding. The Group implemented its funding plan again in 2015 with primarily low-volume private placements in an amount of around € 2.2 billion with a weighted maturity of around 4 years. Of this, approximately € 0.6 billion was placed in the form of bonds, with the remaining amount raised in the form of long-term deposits.

Research and development

As a universal bank, RZB is not involved in research and development in the strictest sense of the term.

In the context of financial engineering, it does however develop investment, financing and risk hedging solutions for its customers. 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 in relation to the Group accounting process

Balanced and comprehensive financial reporting is a priority for RZB and its governing bodies. Compliance with all relevant statutory requirements is of course a basic prerequisite. The Management Board is responsible for establishing and defining a suitable internal control and risk management system that encompasses the entire accounting process while adhering to company requirements.

The internal control system is intended to provide management with the information needed to ensure effective and continuously improving internal controls for accounting. 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, above all 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 issues. It incorporates:

- 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.

Consolidated financial statements are prepared by Accounting & Reporting, which reports to the Chief Financial Officer. The associated responsibilities are defined Group-wide within the framework of a dedicated Group 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 inconsistent 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, participations, trademark rights 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 implementation of mandatory internal control measures, such as the separation of functions and the principle of dual control.

Group Consolidation

The transfer of financial statement data, which are examined by an independent auditor or undergo an audit review, are mostly entered directly in, or automatically transferred to, the IBM Cognos Controller consolidation system by the end of January of the subsequent year. The IT system is kept secure by limiting access rights.

The plausibility of the financial statement data submitted by the Group units is initially checked by the responsible key account manager within the RBI Group Accounting & Reporting. Group-wide control activities comprise the analysis and, where necessary, modification of the financial statements submitted by 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 using the consolidation system, including capital consolidation, expense and income consolidation, and debt consolidation. Finally, any intra-Group gains 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 three-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 RZB AG 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 RZB AG and RBI AG.

Risk management

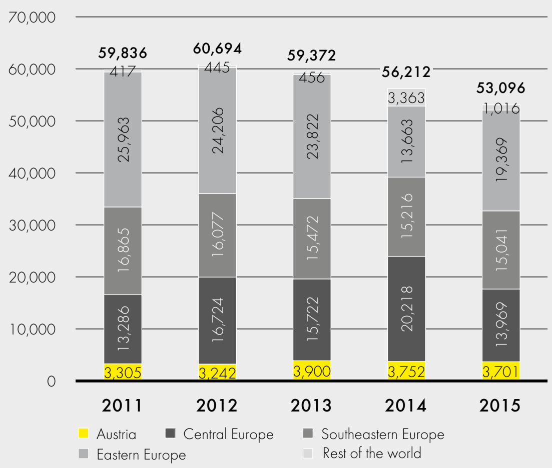
For information on risk management, please refer to note (43) Risks arising from financial instruments, in the risk report section of the consolidated financial statements.

Human Resources

Human Resources (HR) deals with the key corporate processes for managing personnel resources within the Group, taking into account the needs of employees and corporate interests. As of 31 December 2015, RZB had 53,096 employees (full-time equivalents), 3,116 people or 6 per cent fewer than at the end of 2014. The majority of this reduction is attributable to developments in Ukraine, Russia and Poland. The average age of employees remained relatively low at 37 years and women accounted for 67 per cent of the workforce. Graduates make up 72 per cent of employees, indicating a highly skilled workforce.

Further structural adjustments were made during 2015 as part of the process to develop the organizational structure (reallocation of tasks within the group and assumption of new tasks by RZB AG as the central institution of the sector). Further migrations of staff took place in 2015 as part of the general pooling of service functions of the specialized subsidiaries in shared service centers.

Development of personnel
Number of staff on balance sheet date



New compensation structure

In accordance with the strategic realignment, the Management Board initiated the introduction of a new compensation structure in 2015. In putting this into effect, it was important to maintain RZB's good market position as an attractive employer. In line with the clear trend within the European banking industry, the weighting of the variable compensation components was reduced. For roles which have very little or only an indirect influence on financial results, the variable component may also be entirely dispensed. Depending on local conditions position-related fixed allowances were introduced in various forms. When determining bonuses for certain business and management roles, greater weight is placed on the financial results of the RZB and the respective organizational unit and less on functional components in order to encourage teamwork. Overall, the changes make it easier for employees to estimate their income and provide a higher level of income security. For the company, it creates greater transparency and improves compensation planning.

Professional and management development

Despite higher pressure on costs, RZB again placed great value on ensuring and continually improving the professional skills of its employees during the year under review. Key areas included, for example, risk management, sales, affluent retail customer business and IT. Further development of managers also remained an important focus: The largest Group-wide training initiative to date for managers within sales was continued under the "Branch Management Academy" project. By the end of 2015, 22 per cent of all branch managers within the network had already participated in the initiative. The Group-wide "GoIT" program for top IT executives was carried out successfully for the third time. Some areas such as the corporate and retail businesses and risk management also run extremely successful rotation programs in order to exchange expert knowledge. In addition, training measures were intensified in order to meet regulatory and compliance requirements and to continue to develop the qualifications of key personnel.

The specialised subsidiaries also placed greater focus on management development. For example, the executive management and managers of Raiffeisen-Leasing drew up eight management principles in joint workshops and introduced specific implementation measures. These management principles were also anchored in the target agreements. In addition, the pilot for a 360 degree feedback process for managers was prepared.

Raiffeisen Capital Management started a management training program comprising several modules. Linking it with the simplification of the organizational and legal structure of Raiffeisen Capital Management, this program aims to also structure the changes proactively within the management team and to focus management capacities on future challenges.

Performance and talent management

The annual standard processes to identify and develop talent – with areas of emphasis adapted to the needs of the respective Group unit – were carried out again in 2015. As a result, it was again possible to fill 100 per cent of the vacant management board positions in the network banks with internal candidates during the period under review.

RZB, like many international companies, is also working on the further development of their Performance Management Systems. In 2015, a new model for Group Executives was developed, which will be implemented in 2016 and will serve as the basis for adjustments for all other employee groups.

Establishment of a European Works Council

In July 2015, an agreement on establishing a European Works Council was signed at RBI. This created an information and consultation platform where employee representatives and central management exchange information on transnational issues. After the formal process to elect the members of the European Works Council, it convened in Vienna at the beginning of November 2015 for its inaugural meeting and for the first exchange of information with central management.

Local initiatives in the network banks

During the last financial year, numerous local Human Resources initiatives were again launched and implemented in the network banks. Last year, many network banks focused on improving internal and external customer satisfaction. The taken measures included related workshops, management events, training courses, and surveys.

In Russia, improving customer satisfaction was defined as one of the annual targets. Similarly, Croatia launched a project on the subject of customer orientation which included a survey of all managers within the bank. These interviews were conducted by employees from an internal talent pool made up of 400 local network bank staff in order to identify the strengths and best examples of successful implementation within the bank. The project has already prompted significant changes. In Bosnia and Herzegovina, the ongoing initiative to improve customer relationships has already become an internal trademark. In 2015, managers there had several opportunities to present their units including their key areas of responsibility and expertise and their principal tasks. Interfaces with other units were also examined and solutions for mutual support and cooperation were developed. In Bulgaria, a second customer survey was carried out in 2015. The noticeably improved result demonstrated that the measures implemented – as a consequence of the first survey to improve internal communication and cooperation – are starting to produce positive effects.

Events after the reporting date

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

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

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

New bank levy impacts earnings situation in Poland

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

Outlook

Economic prospects

Central Europe

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

Southeastern Europe

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

Eastern Europe

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

Austria

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

CEE banking sector

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

Business outlook for RZB

Under the current and medium-term outlook for the economic and regulatory environment, RZB expects the following developments for its principal equity participations.

RBI targets a CET1 ratio (fully loaded) of at least 12 per cent and a total capital ratio (fully loaded) of at least 16 per cent by the end of 2017. After the implementation of the strategic measures defined at the beginning 2015, the cost base should be approximately 20 per cent below the level of 2014 (general administrative expenses 2014: € 3,024 million). 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. RBI further aims to achieve a cost/income ratio of between 50 and 55 per cent in the medium term. RBI expects net provisioning for impairment losses for 2016 to be below the level of 2015 (€ 1,264 million). General administrative expenses for 2016 should be slightly below the level of the previous year (2015: € 2,914 million).

For its specialised subsidiaries, RZB expects higher operating results for the business year 2016 as well as a stable contribution for the Group.

Due to a planned investment programme, UNIQA will account for a minor contribution to the results of the business year 2016, since a significant part of the program's expenses will be effective in 2016.

The contribution of other participations (at-equity) to the consolidated result shall increase substantially. This positive trend shall also be continued in subsequent years.

On the one hand, additional expenses for the Group result from essential investment in the future, in particular in the area of digitalisation; on the other hand, expenses will result from regulatory burdens such as notably for bank levies, endowments of national and European protection and resolution funds.

In order to be well-prepared for future challenges and against the backdrop an ever changing economic and regulatory environment, RZB will continuously evaluate the level and structures of the Group. The reduction of complexity and the establishment of efficient structures shall optimize the cost base and sustainably strengthen Group capital and profitability. In the end, in its role as central institution, RZB will contribute to an enhanced cooperation within the Raiffeisen Banking Group.

Annual financial statements

Statement of financial position

Assets

		31/12/2015 in €	31/12/2014 in € thousand
1.	Cash in hand and balances with central banks	4,051,914,493.41	2,393,491
2.	Treasury bills and other bills eligible for refinancing with central banks	4,293,044,796.21	3,080,761
3.	Loans and advances to credit institutions	2,523,150,287.48	5,252,824
	a) due at call	28,629,682.82	142
	b) Other loans and advances	2,494,520,604.66	5,252,681
4.	Loans and advances to customers	1,083,154,411.57	1,286,195
5.	Debt securities and other fixed-income securities	645,386,814.63	106,140
	a) issued by public bodies	0.00	0
	b) issued by other borrowers	645,386,814.63	106,140
6.	Shares and other variable-yield securities	45,063,999.83	25,012
7.	Financial investments	41,497,912.88	50,445
	hereof: in credit institutions	27,815,879.86	27,816
8.	Interest in affiliated companies	5,411,788,005.68	5,328,681
	hereof: in credit institutions	0.00	0
9.	Intangible fixed assets	1,962,598.60	512
10.	Tangible fixed assets	4,551,577.85	4,516
11.	Other assets	261,318,069.72	331,098
12.	Accruals and deferred income	846,410.70	1,125
Total assets		**18,363,679,378.56**	**17,860,799**

Liabilities

		31/12/2015 in €	31/12/2014 in € thousand
1.	Deposits from banks	13,739,487,268.05	13,170,607
	a) due at call	218,352.81	71,202
	b) With agreed maturity dates or periods of notice	13,739,268,915.24	13,099,405
2.	Liabilities to customers (non-banks)	271,999,452.31	186,908
	a) Savings deposits	0.00	0
	b) Other liabilities	271,999,452.31	186,908
	aa) due at call	16,999,530.95	127
	bb) With agreed maturity dates or periods of notice	254,999,921.36	186,781
3.	Debt securities issued	35,003,703.00	0
4.	Other liabilities	70,357,557.79	87,679
5.	Accruals and deferred income	4,950,123.23	14
6.	Provisions	76,298,999.43	80,291
	a) Provisions for severance payments	4,937,539.88	3,858
	b) Provisions for pensions	53,021,634.72	57,058
	c) Provisions for taxation	4,392,369.56	4,392
	d) other	13,947,455.27	14,982
7.	Supplementary capital	66,099,100.77	52,000
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	1,215,659,469.27	1,477,135
	a) Legal reserve	38,612,000.00	38,612
	b) Other reserves	1,177,047,469.27	1,438,523
11.	Liability reserve pursuant to Article 57 (5) BWG	524,366,174.72	524,366
12.	Profit/loss	1,074,702.41	(76,582)
	a) Profit/loss	77,656,592.63	(78,900)
	b) loss/profit brought forward from previous years	(76,581,890.22)	2,318
13.	Untaxed reserves	3,773,411.96	3,773
	Valuation reserve due to extraordinary depreciation	3,773,411.96	3,773
Liabilites total		**18,363,679,378.56**	**17,860,799**

Items off the statement of financial position

	ASSETS	31/12/2015 in €	31/12/2014 in € thousand
1.	Foreign assets	3,411,203,583.64	2,277,145

	EQUITY AND LIABILITES	31/12/2015 in €	31/12/2014 in € thousand
1.	Contingent liabilities	8,744,921,094.87	10,513,354
	Guarantees and assets pledged as collateral security	8,744,921,094.87	10,513,354
2.	Commitments	2,168,017,000.00	3,418,524
3.	Commitments arising from agengy services	24,009,548.05	24,010
4.	Eligible capital pursuant to Part 2 of Regulation (EU) No 575/2013	3,393,821,912.41	3,621,834
	hereof: supplementary capital pursuant to Chapter 4 of Title I of Part 2 of Regulation (EU) No 575/2013	0.00	0
5.	Capital requirements pursuant to Article 92 of Regulation (EU) No 575/2013	8,103,177,955.64	9,020,435
	hereof: capital requirement pursuant to Article 92 (1) (a) to (c)		
	a) hereof: capital requirements pursuant to Article 92 (1) (a)	41.88%	40.15%
	b) hereof: capital requirements pursuant to Article 92 (1) (b)	41.88%	40.15%
	c) hereof: capital requirement pursuant to Article 92 (1) (c)	41.88%	40.15%
6.	Foreign liabilities	140,008,570.14	0

Income statement

		2015 in €	2014 in € thousand
1.	Interest receivable and similar income	47,365,740.52	86,972
	hereof: from fixed-income securities	24,853,445.65	11,976
2.	Interest payable and similar expenses	(68,690,306.19)	(111,352)
I.	**NET INTEREST INCOME**	**(21,324,565.67)**	**(24,380)**
3.	Income from securities and participating interests	82,255,132.81	219,535
	a) Income from shares and other variable-yield securities	52,227.16	0
	b) Income from participating interests	6,306,905.65	8,569
	c) Income from shares in affiliated undertakings	75,896,000.00	210,966
4.	Commissions receivable	11,149,315.95	11,493
5.	Commissions payable	(575,349.53)	(1,023)
6.	Net profit or net loss on financial operations	(9,039,349.32)	(5,972)
7.	Other operating income	28,023,100.41	20,354
II.	**OPERATING INCOME**	**90,488,284.65**	**220,008**
8.	General administrative expenses		
	a) Staff costs	(30,219,309.80)	(33,890)
	aa) Wages and salaries	(22,687,037.91)	(16,148)
	bb) Expenses for statutory social contributions and compulsory contributions related to wages and salaries	(4,574,318.44)	(3,241)
	cc) Other social expenses	(947,298.05)	(735)
	dd) Expenses für pensions and assistance	(4,617,211.82)	(4,639)
	ee) Release/Allocation to provision for pensions	3,677,518.84	(8,124)
	ff) Expenses for severance payments and contributions to severance funds	(1,070,962.42)	(1,003)
	b) Other administrative expenses	(48,383,160.69)	(43,885)
9.	Value adjustments in respect of asset items 9 and 10	(162,954.54)	(131)
10.	Other operating expenses	(8,290,935.11)	(676)
III.	**OPERATING EXPENSES**	**(87,056,360.14)**	**(78,582)**
IV.	**OPERATING RESULT**	**3,431,924.51**	**141,426**
11./ 12.	Net income/expenses from the disposal and valuation of loans and advances and specific securities	12,933,288.90	3,542
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	(192,678,185.17)	(178,521)
V.	**PROFIT ON ORDINARY ACTIVITIES**	**(176,312,971.76)**	**(33,554)**
15.	Tax on profit or loss	10,578,505.29	1,630
16.	Other taxes not reported under Item 15	(18,084,355.27)	(21,977)
VI.	**PROFIT/LOSS**	**(183,818,821.74)**	**(53,900)**
17.	Changes in reserves	261,475,414.37	(25,000)
	hereof: allocation to liability reserve	0.00	0
VII.	**PROFIT/LOSS**	**77,656,592.63**	**(78,900)**
18.	Loss/Profit brought forward	(76,581,890.22)	2,318
VIII.	**PROFIT/LOSS**	**1,074,702.41**	**(76,582)**

Notes

Company

Raiffeisen Zentralbank Österreich AG is the lead and central institution of the Raiffeisen Banking Group (RBG) in Austria. 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 is the third-largest banking group in Austria and the RBG as a whole is the largest and strongest domestic banking group. RZB AG is primarily owned by the Regional Raiffeisen Banks and is their central institution pursuant to the Austrian Banking Law applicable until 31 December 2015.

The core business area of RZB AG is its function as the lead institution of the RBG and its role as the head of the RZB. RZB AG also performs central services for the RBG. RZB AG owns one of the largest banking networks in Central and Eastern Europe through its stock-exchange listed subsidiary, Raiffeisen Bank International AG (RBI AG). In the region, 15 markets are covered by subsidiary banks, leasing companies and a number of other financial service providers. Around 51,000 employees look after approximately 14.9 million customers worldwide through a distribution network of around 2,700 outlets.

Business areas

Alongside the management of its principal equity participation, RBI AG, RZB AG's business predominantly relates to its role as lead institution of the RBG and management of the broader portfolio of equity participations.

The main business areas of RZB AG encompass equity participation management, Raiffeisen sector business and liquidity management.

- Participation Management: RZB AG holds alongside RBI AG 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.

- Sector business: Business that RZB AG, 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 RZB AG and between RZB AG and RBI AG, as well as investment of the required liquidity at the National Bank of Austria (Österreichische Nationalbank). Furthermore, RZB AG carries out advisory and service activities for the entire Austrian Raiffeisen bank sector, such as the organization and centralized management of Raiffeisen marketing.

- Liquidity Management: RZB AG is the central institution of the RBG. Together with the approximately 500 banks in the RBG, it forms the largest liquidity network in Austria. In this liquidity network, pursuant to the Austrian Banking Act (BWG; Section 27a) members are required to hold a liquidity reserve at the central parent company institution. RZB AG invests the liquidity reserve in highly liquid assets according to the CRR/CRD IV.

A further activity of RZB AG is risk management. RZB AG 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 RZB AG and RBI AG

There are mutual service relationships between RZB AG and RBI AG that are covered by Service Level Agreements (SLAs). On the basis of a framework agreement and 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 RZB AG and RBI AG. These are subject to an annual review process based on the services actually provided.

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

- Accounting & Reporting
- Group Communications
- Human Resources
- Information Technology (IT)
- Risk Controlling

In turn, RZB AG provides services - Group management instruments - that represent Group guidelines. These are also regulated by 7 SLAs: Compliance, Corporate Responsibility, Executive Secretariat, Group Organizations & Internal Control System, Risk Controlling and Raiffeisen sector customers.

Service relationships between RZB AG and other companies

There are service relationships between RZB AG as service recipient and other companies (Raiffeisen Informatik GmbH, card complete Service Bank AG).

RZB AG in turn provides services to various companies in the Raiffeisen sector in the areas of marketing, risk controlling, compliance, accounting & repoting and internal control system (IKS).

Shareholders

RZB AG 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 RZB AG in a separate company, Raiffeisen-Landesbanken-Holding GmbH. This company currently holds 78.5 per cent of the subscribed capital in RZB AG 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 3.9 per cent of the subscribed capital in RZB AG.

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 RZB AG.

Recognition and measurement principles

General principles

The annual financial statements for the year ending 31 December 2015 were prepared in accordance with the Austrian Commercial Code (UGB), taking into account the special provisions of the Austrian Banking Act (BWG) as well as Regulation (EU) No 575/2013 (CRR). 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.

RZB AG chose the internet as the medium for the disclosure under Section 431 ff Regulation (EU) No. 575/2013. The disclosure is reported on the homepage of RZB AG (www.rzb.at).

Foreign currencies

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

Financial instruments

At the reporting date, RZB AG held securities classified as fixed assets in the amount of € 3,586.5 million (31/12/2014: € 1,686.9 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 are valued strictly according to the lower of cost or market value principle, with any reversals of impairment losses up to amortized cost.

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. On designation, the effectiveness of the hedging relationship is reviewed in a prospective effectiveness test using a 100 basis point shift in the yield curve.

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

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

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

In the financial year 2015 RZB AG allocated portfolio loan loss provisions which amounted to € 0.3 million for the first time.

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 (31/12/2014: € 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	3	Tenancy rights	10
Office fixtures and fittings	5 to 10	Business equipment	5 to10
Vehicles	5		

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 (31/12/2014: 2.0 per cent) per annum and an effective salary increase of 3.0 per cent (31/12/2014: 3.0 per cent) per annum. The parameters for retired employees are a capitalization rate of 2.0 per cent (31/12/2014: 2.0 per cent) per annum and an expected increase in retirement benefits of 2.0 per cent (31/12/2014: 2.0 per cent); in the case of retirement benefit commitments with existing reinsurance policies 1.0 per cent (31/12/2014: 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 (31/12/2014: 2.0 per cent) per annum and an average salary increase of 3.0 per cent (31/12/2014: 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	31/12/2015	31/12/2014
Loans and advances to credit institutions		
Up to 3 months	1,860.6	4,278.2
More than 3 months, up to 1 year	163.6	442.7
More than 1 year, up to 5 years	270.2	372.9
More than 5 years	200.2	158.9
Loans and advances to customers		
Up to 3 months	43.3	167.5
More than 3 months, up to 1 year	191.8	117.5
More than 1 year, up to 5 years	114.6	210.3
More than 5 years	733.5	748.1

The item *Loans and advances to customers* contains an amount of € 32.2 million (31/12/2014: € 37.1 million) which constitutes a cover pool for covered bonds of RBI AG.

In the next fiscal year no debt securities and other fixed-income securities will become due (31/12/2014: € 49.0 million).

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	31/12/2015	31/12/2014
Deposits from banks		
Up to 3 months	8,819.4	9,039.4
More than 3 months, up to 1 year	1,655.2	417.0
More than 1 year, up to 5 years	2,398.9	2,664.0
More than 5 years	865.7	979.0
Liabilities to customers (non-banks)		
Up to 3 months	95.4	0.0
More than 3 months, up to 1 year	159.6	175.6
More than 1 year, up to 5 years	0.0	11.2
More than 5 years	0.0	0.0

In the next fiscal year no own issuances will become due (31/12/2014: € 0.0 million).

Securities

RZB AG 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	31/12/2015 Listed	31/12/2015 not listed	31.12.2014 Listed	31.12.2014 not listed
Debt securities and other fixed-income securities	645.4	0.0	106.1	0.0
Shares and other variable-yield securities	0.0	45.1	0.0	25.0

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	31/12/2015 Fixed assets	31/12/2015 Current assets	31/12/2014 Fixed assets	31/12/2014 Current assets
Debt securities and other fixed-income securities	645.4	0.0	106.1	0.0
Shares and other variable-yield securities	25.1	20.0	25.0	0.0

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 € 178.0 million as of 31/12/2015 is made up of € 180.7 million (31/12/2014: € 74.5 million) to be recognized as expenditure in the future and € 2.7 million (31/12/ 2014: € 1.1 million) to be recognized as income.

In the case of securities admitted to stock exchange trading that do not have the characteristics of financial investments, the difference between the acquisition cost and the higher fair value is € 0.6 million (31/12/2014: € 0.2 million), € 0.6 million (31/12/2014: € 0.2 million) of which is in the form of hidden reserves and € 0.0 million (31/12/2014: € 0.2 million) is apportioned to valuation gains.

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.

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 ZVEZA Bank, registrirana zadruga z omejenim jamstvom, Bank und Revisionsveband, regisitrierte Genossenschaft mbH (ZVEZA Bank).

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. Furthermore impairment charges were recognized against the carrying amounts of the holdings in Raiffeisen Internationale Beteiligungs GmbH and RZB-BLS Holding GmbH. The carrying amount of the holding in SALVELINUS Handels- und Beteiligungsges.m.b.H. was written up. A distribution restriction applies to the amount of the write-up pursuant to Article 235 (1) Austrian Commercial Code (UGB).

RZB acquired the remaining shares in Raiffeisen Bausparkasse GmbH through RZB Invest Holding GmbH in the past financial year and now holds a 100% stake. RZB sold its shares in Valida Holding AG to RZB Invest Holding GmbH and acquired a majority stake in Valida Holding AG through this company. Furthermore, RZB acquired a 15% interest in Austrian Reporting Services GmbH. The shares in the Austrian Volksbanken-AG were sold and consequently there is no longer a cross-shareholding.

As a member of the Federal IPS, RZB subscribed for shares in ZVEZA Bank by way of direct assistance and wrote down the value of this holding in full at year-end. In 2016 further shares were subscribed for, the value of which is not covered by the company valuation and therefore a provision in the amount of € 6.9 million was formed. These two measures have a neutral impact on net income, due to a release in the same amount of a reserve allocated for the Federal IPS separate fund.

As of the 2015 and 2014 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	31/12/2015	31/12/2014
Loans and advances to credit institutions		
to affiliated companies	771.4	1,539.4
to companies linked by virtue of a participating interest	35.3	24.0
Loans and advances to customers		
to affiliated companies	915.7	1,155.7
to companies linked by virtue of a participating interest	175.7	4.5
Debt securities and other fixed-income securities		
to affiliated companies	0.0	0.0
to companies linked by virtue of a participating interest	0.0	0.0
Deposits from banks		
from affiliated companies	2,375.8	3,908.3
from companies linked by virtue of a participating interest	945.7	468.0
Liabilities to customers (non-banks)		
from affiliated companies	65.4	186.1
from companies linked by virtue of a participating interest	2.9	0.0

Fixed assets

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

The land value of developed land was € 0.1 million (31/12/2014: € 0.1 million).

RZB AG was not engaged in the leasing business as a lessor in the financial years 2015 and 2014.

Obligations from the use of tangible fixed assets not reported on the statement of financial position amount to € 3.6 million for the following financial year (31/12/2014: € 2.4 million), of which € 3.3 million are to affiliated companies. The total amount of obligations for the following five years is € 18.3 million (31/12/2014: € 13.4 million), of which € 17.1 million is to affiliated companies.

The *Intangible fixed assets* item contains intangible fixed assets acquired from affiliated companies, which amount to € 2.0 million.

Other assets

As at 31 December 2015, *Other assets* totaled € 261.3 million (31/12/2014: € 331.1 million). At the reporting date there were receivables due from the tax authorities in an amount of € 72.6 million (31/12/2014: 67.6 million), receivables from Group members resulting from tax transfers in an amount of € 34.3 million (31/12/2014: € 29.8 million) as well as receivables in relation to the Federal IPS contribution due from Österreichische Raiffeisen-Einlagensicherung eGen (ÖRE) in the amount of € 66.8 million (31/12/2014: € 25.0 million). Receivables from the capitalization of income from equity participations in the same period amount to € 75.5 million (31/12/2014: € 190.4 million).

Income effectively due after the reporting date:

in € million	31/12/2015	31/12/2014
Participation income	76.2	191.1

Other liabilities

The item *Other liabilities* totaling € 70.4 million as at 31/12/2015 (31/12/2014: € 87.7 million) contains liabilities from tax transfers (corporate income tax) and chargeable capital gains as well as withholding tax due to Group members of € 37.6 million in total (31/12/2014: € 77.4 million) payable after the reporting date. Furthermore this item contains accrued interest on interest rate swaps used for hedging in the amount of € 21.0 million (31/12/2014: € 4.8 million).

Provisions

Provisions recognized by RZB AG are valued at € 76.3 million (31/12/2014: € 80.3 million), of which € 58.0 million (31/12/2014: € 60.9 million) are for pensions and severance payment obligations, € 4.4 million (31/12/2014: € 4.4 million) are taxation provisions and € 1.6 million (31/12/2014: € 1.5 million) are provisions for performance related bonuses. In addition, a provision in the amount of € 6.9 million (31/12/2014: € 0.0 million) was recognized in the 2015 financial year for the planned acquisition of shares in ZVEZA Bank within the framework of the Federal IPS. Provisions for impending losses from currency derivatives were not necessary in 2015 (31/12/2014: € 5.9 million).

Debt Issuance Program

In 2015, 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.

As at the reporting date, Czech Koruna denominated 10 year bonds amounting to € 14.1 million (31/12/2014: € 0.0 million) had been placed within the Debt Issuance Programme.

Equity

Subscribed capital

As at 31 December 2015, the subscribed capital of RZB AG as defined by the articles of incorporation amounted to € 492.5 million. The subscribed capital consists of 6,776,750 ordinary registered shares.

Development of the valuation reserve

in € million	31/12/2015	Allocation	Release	Reclassification	31/12/2014
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

Supplementary capital pursuant to CRR

As at 31 December 2015, the *Supplementary capital* amounted to € 66.1 million (31/12/2014: € 52.0 million).

In May and July 2015 two Czech Koruna denominated 10 year subordinated bonds in the amount of € 14.1 million were issued by way of long-term refinancing. These are 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.

Expenses for supplementary capital

Expenses for supplementary capital for the financial year 2015 amounted to € 3.0 million (2014: € 0.0 million).

Total capital according to CCR

in € million	31/12/2015	31/12/2014
Paid-in capital	492	492
Capital reserves and premium to CET1 instruments	1,862	1,862
Retained earnings and other reserves[1]	1,680	1,980
Common equity tier 1 (before deductions)	**4,034**	**4,334**
Net loss for the year	0	(76)
Intangible fixed assets	(2)	(1)
Provision shortage for IRB positions	(11)	(14)
Deductions exceeding common equity tier 1	(288)	(296)
Deduction insurance and other investments	(694)	(674)
Transitional adaptions for common equity tier 1	355	349
Common equity tier 1 (after deductions)	**3,394**	**3,622**
Additional tier 1	0	0
Tier 1	**3,394**	**3,622**
Supplementary capital	66	52
Transitional adaptions for Supplementary Capital	(66)	(52)
Tier 2 (after deductions)	**0**	**0**
Total capital	**3,394**	**3,622**
Total risk exposure amount (assessment basis)	**8,103**	**9,020**
Common equity tier 1 capital ratio	41.88%	40.15%
Tier 1 capital ratio	41.88%	40.15%
Total capital ratio (transitional)	41.88%	40.15%
Total capital ratio (fully loaded)	41.88%	40.15%
Common equity tier 1 capital ratio (fully loaded)	41.88%	40.15%

1 Less reserves relating to the Federal IPS of € 63.6 million (31/12/2014: € 25.0 million).

in € million	31/12/2015	31/12/2014
Total risk exposure amount (assessment basis)	**8,103**	**9,020**
Total capital requirement for credit risk	616	678
Internal rating approach	123	116
Standardized approach	400	416
CVA risk	0	0
Basel I - Floor	93	146
Total capital requirement for operational risk	32	44
Total capital requirement	**648**	**722**

in € million	31/12/2015	31/12/2014
Risk-weighted assets according to standardized approach	**400**	**416**
Equity exposures	394	412
Other positions	6	4
Risk-weighted assets according to internal rating approach	**123**	**116**
Banks	4	7
Corporate customers	81	90
Equity exposures	38	19
Basel I - Floor	**93**	**146**
Total capital requirement for credit risk	**616**	**678**

Per cent	31/12/2015	31/12/2014
Leverage ratio (fully loaded)	12.16%	11.26%
Risk weighted assets in per cent of total assets	44.13%	50.50%

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 € 60.5 million (2014: € 25.0 million) for the Federal IPS was added to Other reserves in the financial year 2015.

Furthermore an amount of € 21.9 million (2014: € 0.0 million) was released from other reserves in relation to the valuation of holdings in ZVEZA Bank within the framework of the Federal IPS. The reserve for the Federal IPS as of 31/12/2015 amounted to € 63.6 million (31/12/2014: € 25.0 million). This amount is not eligible for the calculation of capital pursuant to CRR.

For the coverage of the annual losses for the financial years 2014 und 2015, other reserves in the amount of € 300.1 million (31/12/2014: € 0.0 Millionen) were dissolved.

Additional notes

Institutional Protection Scheme

The regulatory changes arising from Basel IIIas per 1/1/2014 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, RZB AG 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. In 2015, one case arose (ZVEZA Bank) and capital from the special reserve previously formed was made available to the institution concerned by way of subscribed shares and subordinated credit.

Notes to the contingent liabilities

RZB AG 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 RZB AG potential liability in connection with the cross-guarantee system.

As at the 31/12/2015 reporting date, there are contingent liabilities of € 8.7 billion (31/12/2014: € 10.5 billion). Within this amount, € 0.4 billion of the liabilities arising from guarantees (31/12/2014: € 0.6 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 RZB AG remains unchanged, i.e. it continues to act as the issuer in relation to the bondholders and bondholder claims can only be addressed to RZB AG. There is an agreement in place whereby RBI has instructed RZB AG, and RZB AG 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, RZB AG has issued an "over-guarantee" in favor of Raiffeisen-Leasing Bank AG in the amount of € 211.8 million.

Soft letters of comfort in the amount of € 33.2 million (31/12/2014: € 33.1 million) are shown under the item *Contingent liabilities*, off the statement of financial position; this amount includes € 30.0 million in favor of Raiffeisen-Leasing Gesellschaft m. b. H, € 1.4 million in favor of RBI Leasing GmbH and € 1.8 million in favor of Raiffeisen Leasing Österreich GmbH.

In addition, RZB AG has provided a € 16.8 million guarantee in favor of RBI AG on the basis of a support agreement. This relates to interest payments for the Jersey IV additional capital of RBI AG.

Undrawn credit lines of € 2,168.0 million (31/12/ 2014: € 3,418.5 million) are shown under the liabilities item *Commitments*, off the statement of financial position; this amount includes € 1.625,0 million in credit lines to RBI 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 € million	31/12/2015	31/12/2014
Assets in foreign currency	158,4	337,2
Liabilities in foreign currency	158,2	337,0

Subordinated assets included under assets

in € million	31/12/2015	31/12/2014
Loans and advances to credit institutions	**69.9**	**0.0**
hereof to affiliated companies	66.1	0.0
hereof to companies linked by virtue of a participating interest	3.8	0.0
Loans and advances to customers	**0.2**	**0.0**
hereof to affiliated companies	0.2	0.0
hereof to companies linked by virtue of a participating interest	0.0	0.0

Open forward transactions as per 31/12/2015 are separately shown in the notes, annex 3.

For the following financial instruments within financial assets, in 2015 the fair value was lower than the book value:

Financial investments in € million		Carrying amount 31/12/2015	Fair value 31/12/2015	Carrying amount 31/12/2014	Fair value 31/12/2014
1.	Treasury bills and other bills eligible for refinancing with central banks	262.8	261.7	71.1	71.0
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	119.5	119.0	0.0	0.0
	a) issued by public bodies	0.0	0.0	0.0	0.0
	b) issued by other borrowers	119.5	119.0	0.0	0.0
5.	Shares and other variable-yield securities	0.0	0.0	0.0	0.0
Total		**382.3**	**238.0**	**71.1**	**71.0**

Commitments arising from agency services

In addition to its own holding, RZB AG holds € 24.0 million in shares in UNIQA Insurance Group AG in trust (31/12/2014: € 24.0 million).

Notes to the income statement

As RZB AG only had a place of business in Austria in 2015, there is no regional allocation by segment according to the respective registered office; a breakdown of income by geographic market is not applicable.

Net interest income in the 2015 financial year was negative and amounted to minus € 21.3 million (2014: minus € 24.4 million). This was primarily due to the funding of the participating interests. Interest income includes negative interest of € 3.0 million (2014: € 0.0 million) as an expense. Interest expenses include negative interest of € 0.9 million (2014: € 0.0 million) as income.

The net profit or loss on financial operations includes a result from forward foreign exchange business in the amount of € 9.1 million (2014: € 5.9 million).

Other operating income includes staff and administrative expenses passed on for other non-banking services and service fees of € 16.7 million (2014: € 16.9 million); within this amount is € 6.6 million (2014: € 6.9 million) in payment from RBI AG for marketing, advertising and license fees (the latter in connection with the Raiffeisen brand). Starting with the financial year 2015, the marketing expenses of € 6.1 million (2014: € 0.0 million) were also passed on to the affiliated companies. In addition, RZB AG in its function as lead institution received income in relation to Service Level Agreements from RBI AG in the amount of € 5.3 million (2014: € 0.8 million) and from companies in the Raiffeisen sector in the amount of € 3.0 million (2014: € 1.3 million).

Expenses for severance payments and benefits for occupational employee pension funds include € 54.1 thousand (2014: € 143.2 thousand) of paid out severance payments, € 763.0 thousand (2014: € 678.0 thousand) in allocations to the provision for severance payments and € 253.9 thousand (2014: € 182.2 thousand) in payments according to the Retirement Plan Act (Mitarbeitervorsorgegesetz).

The substantial change in the item release/allocation to provision for pensions of € 11.8 million is primarily due to the change in the discount rate for the financial year 2014 from 3.5 per cent to 2.0 per cent as well as the reduction in expected pension increases in the 2015 financial year for retirement benefits with reinsurance policies to 1.0 per cent (2014: 2.0 per cent). In 2015 releases of provisions for pensions amounted to € 3.7 million, compared to an € 8.1 million allocation in the 2014 financial year.

Other administrative expenses include legal, advisory and audit costs of € 15.5 million (2014: € 20.5 million). The decrease of legal, advisory and audit costs is primarily caused from the Asset Quality Review of ECB, which was a uniqe expenses of € 7.5 million in 2014.

Advertising and rental expenses amounted to € 13.7 million in total (2014: € 7.2 million). Expenses for Service Level Agreements totaled € 9.7 million (2014: € 10.9 million).

Net income/expenses from the disposal and valuation of loans and advances and specific securities contains income from the repayment of an already impaired credit extended to an affiliated company of € 16.5 million (2014: € 4.7 million), individual loan loss provisions of € 1.0 million (2014: € 1.2 million) as well as portfolio loan loss provisions for on-balance and off-balance sheet transactions of € 0.4 million (2014: € 0.0 million). Furthermore the item contains the valuation result of securities treated as current assets, which amounted to minus € 1.4 million (2014: € 0.0 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 of € 125.5 million (2014: 147.0 million), in R. B. T. Beteiligungsgesellschaft m.b.H. of € 22.2 million (2014: € 5.2 million) as well as for the holdings in RZB-BLS Holding GmbH of € 46.8 million (2014: € 0.0 million). The value of the holdings in SALVELINUS Handels- und Beteiligungsgesellschaft m. b. H. was revaluated by € 21.2 million (2014: partial write-down of € 33.0 million).

Changes in reserves include an allocation to reserves in the amount of € 60.6 million (2014: € 25.0 million) for the formation of a Federal IPS separate fund. In the financial year 2015, € 21.9 million (2014: € 0.0 million) of other reserves were released in connection with the valuation of holdings in ZVEZA Bank in relation to the Federal IPS. For the coverage of the net loss for the year an additional amount of € 300.1 million (2014: € 0.0 million) was dissolved from other reserves.

Since the financial year 2005, RZB AG, 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 49 (31/12/2014: 37) companies as group members. In the reporting year, the existing tax compensation agreement was extended by way of a supplementary agreement with RBI AG. If RBI AG records a negative result for tax purposes and if these tax losses cannot be utilized within the group, the group parent does not have to pay any negative tax compensation to RBI AG immediately. A final settlement takes place only/at the latest when the company leaves the tax group. The group parent must still pay a negative tax contribution to RBI AG for usable shares in losses of RBI AG.

The item Tax on profit or loss includes corporate income tax expense of € 0.1 million (2014: € 0.1 million) and tax assets from the existing tax group allocation correspondent to Group taxation in the amount of € 10.7 million (2014: tax income of € 1.7 million).

The overall return on assets (net profit or loss after tax divided by average assets as for the last financial year) is negative in 2015 and 2014.

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 232 (2014: 156) employees.

Expenses for severance payments and pensions for members of the Management Board and senior staff amounted to € 1.1 million in the financial year (2014: € 11.5 million) and € 0.9 million for other employees (2014: € 2.3 million).

Members of the Supervisory Board received remuneration of € 0.4 million (2014: € 0.4 million).

Remuneration of the Management Board

The following remuneration was paid to the Management Board of RZB AG:

in € thousand	2015	2014
Fixed remunerations	1,772	2,072
Bonus (performance-based)	344	188
Zahlungen an Pensionskassen und Rückdeckungsversicherungen	977	1,813
Sonstige Bezüge	1,514	905
Gesamt	**4,607**	**4,977**

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 € 1.3 million (2014:

€ 1.5 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 (2014: € 0.6 million).

One Management Board member, who was active until 30 June 2015, received his total remuneration exclusively from an affiliated company; no additional remuneration was granted for functions performed for RZB.

Management Board

- Dr. Walter Rothensteiner, since 1 January 1995, Chairman and CEO; Chairman of the Austrian Raiffeisen Association
- Mag. Michael Höllerer, since 1 July 2015
- Dr. Johannes Schuster, since 10 October 2010
- Dr. Johann Strobl, until 30 June 2015

Supervisory Board

Executive Committee

- Mag. Erwin Hameseder, since 23 May 2012, President, PersA, PrüfA, AA, VergA, NA, RA, Chairman of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.
- MMag. Martin Schaller, since 10 October 2013, first Vice President, PersA, PrüfA, AA, VergA, NA, RA, General Director of Raiffeisen-Landesbank Steiermark AG
- Dr. Heinrich Schaller, since 23 May 2012, second Vice President, PersA, PrüfA, AA, VergA, NA, RA, General Director of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft
- Dr. 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
- Betriebsökonom Wilfried Hopfner, since 18 June 2009 member, since 22 January 2016 third Vice President, PersA, PrüfA, AA, VergA, NA, RA, Spokesman of the Management Board of Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband reg. Gen.m.b.H.

Members

- Mag. Klaus Buchleitner MBA, since 25 June 2003, General Director of Raiffeisenlandesbank Niederösterreich-Wien AG
- Dr. Andreas Brandstetter, until 27 June 2015, Director of the Management Board of UNIQA Insurance Group AG
- Mag. Peter Gauper, since 24 June 2008, Spokesman of the Management Board of Raiffeisenlandesbank Kärnten – Rechenzentrum und Revisionsverband, reg. Gen.m.b.H.
- Komm.-Rat Mag. Dr. Günther Reibersdorfer, since 23 June 2005, General Director of Raiffeisenverband Salzburg reg. Gen.m.b.H.
- Dr. Rudolf Könighofer, since 1 August 2013, General Director of Raiffeisenlandesbank Burgenland und Revisionsverband reg. Gen.m.b.H.
- DI 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:

- Mag. [FH] Gebhard Muster, since 20 November 2008, since 14 June 2011 Chairman of the Works Council, PrüfA, AA, VergA, NA, RA
- Mag.Désirée Preining, since 14 June 2011 Deputy Chairwoman of the Works Council, PrüfA, AA, VergA, NA, RA
- Mag. Walter Demel, since 28 November 2013
- Mag. Doris Reinsperger, since 14 June 2011
- Dr. Tanja Daumann, since 27 March 2015

State Commissioner

- Ministerialrat Mag. Alfred Lejsek, since 1 September 1996, State Commissioner
- Sektionschef Mag. Dr. Gerhard Popp, since 1 December 2009, Deputy State Commissioner

Federal Advisory Board

- Dr. Walter Hörburger, since 22 June 2010, since 8 June 2015[1] Chairman, up until 8 June 2015 Deputy Chairman, Chairman of the Supervisory Board of Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband reg. Gen.m.b.H.
- Ök.-Rat Sebastian Schönbuchner, since 20 June 2002, since 8 June 2015[1] Deputy Chairman, Chairman of Raiffeisenverband Salzburg reg. Gen.m.b.H.
- Abg. Z. NR Ok.-Rat Jakob Auer, since 13 June 2000, President of the Supervisory Board of Raiffeisenlandesbank Oberösterreich Aktiengesellschaft

- LAbg. Ök.-Rat 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.
- Dir. Dr. Michael Misslinger, since 3 June 2014, Chairman of the Supervisory Board of Raiffeisen-Landesbank Tirol AG
- Dr. Helmut Tacho, since 3 June 2014, Chairman of the Supervisory Board of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.
- Ök.-Rat Ing. Wilfried Thoma, since 25 June 2003 until 8 June 2015[1] Chairman, President of the Supervisory Board of Raiffeisen Landesbank Steiermark AG
- Dipl.-Ing. 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, 7 March 2016

The Management Board

Walter Rothensteiner

Johannes Schuster

Johann Strobl

Annex 1: Statement of fixed assets

Item	Description of fixed assets	Cost of acquisition or conversion					
		As at 1/1/2015	Exchange differences	Additions	Disposals	Reclassification	As at 31/12/2015
in € thousand		1	2	3	4	5	6
1.	Treasury bills and other bills eligible for refinancing with central banks	1,584,500	0	1,769,025	(249,691)	(189,375)	2,914,459
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	106,099	0	398,837	(49,000)	189,375	645,311
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	106,099	0	398,837	(49,000)	189,375	645,311
5.	Shares and other variable-yield securities	25,012	0	0	(12)	0	25,000
6.	Financial investments	106,952	0	15,207	(62,377)	145	59,927
7.	Interest in affiliated companies	5,583,065	0	257,025	(6,280)	0	5,833,810
8.	Intangible fixed assets	585	0	1,477	0	0	2,062
9.	Tangible fixed assets	7,130	0	255	(105)	0	7,280
10.	Other assets	262	0	0	0	(145)	117
	Total	**7,413,605**	**0**	**2,441,826**	**(367,465)**	**0**	**9,487,966**

	Writing up/depreciation							Carrying amount	
	Cumulative depreciation and amortization 1/1/2015	Exchange differences	Cumulative depreciation and amortization	Write-ups	Depreciation	Reclassification	Cumulative depreciation and amortization	As at 31/12/2015	As at 31/12/2014
Item	7	8	9	10	11	12	13	14	15
1.	(3,765)	0	(847)	475	(23,715)	497	(27,355)	2,887,104	1,580,735
2.	0	0	0	0	0	0	0	0	0
3.	0	0	0	0	0	0	0	0	0
4.	41	0	0	99	(890)	(497)	(1,247)	644,064	106,140
a)	0	0	0	0	0	0	0	0	0
b)	0	0	0	0	0	0	0	0	0
c)	41	0	0	99	(890)	(497)	(1,247)	644,064	106,140
5.	0	0	0	0	0	0	0	25,000	25,012
6.	(56,507)	0	53,249	0	(15,172)	0	(18,430)	41,497	50,445
7.	(254,384)	0	5,682	21,200	(194,520)	0	(422,022)	5,411,788	5,328,681
8.	(73)	0	0	0	(26)	0	(99)	1,963	512
9.	(2,614)	0	23	0	(137)	0	(2,728)	4,552	4,516
10.	0	0	0	0	0	0	0	117	262
	(317,302)	**0**	**58,107**	**21,774**	**(234,460)**	**0**	**(471,881)**	**9,016,085**	**7,096,303**

Annex 2: List of investments

Affiliated companies

Company, registered office (country)	Total nominal value in currency		RZB-Directshare	Equity in € thousand	Result[1] in € thousand	From annual financial statements
Angaga Handels- und Beteiligungs GmbH, A(1030) Vienna	35,000.00	EUR	100%	28.00	(4.00)	31/12/2014
KAURI Handels und Beteiligungs GmbH, A(1030) Vienna	50,000.00	EUR	88%	7,395.00	455.00	30/9/2015
Raiffeisen International Beteiligungs GmbH, A(1030) Vienna	1,000,000.00	EUR	100%	3,029,857.00	(125,488.00)	31/12/2015
RALT Raiffeisen-Leasing Gesellschaft m.b.H. & Co. KG, A(1030) Vienna	20,348,393.57	EUR	97%	47,202.00	2,360.00	31/12/2014
RALT Raiffeisen-Leasing Gesellschaft m.b.H., A(1030) Vienna	218,500.00	EUR	100%	29,331.00	(1,364.00)	31/12/2014
R.B.T. Beteiligungsgesellschaft m.b.H, A(1030) Vienna	36,336.42	EUR	100%	49,302.00	(22,215.00)	31/10/2015
R.P.I. Handels- und Beteiligungsgesellschaft m.b.H., A(1030) Vienna	36,336.42	EUR	100%	274.00	(8.00)	31/10/2015
RSC Raiffeisen Service Center GmbH, A(1190) Vienna	2,000,000.00	EUR	17%	2,346.00	39.00	31/12/2014
RZB - BLS Holding GmbH, A(1030) Vienna	500,000.00	EUR	100%	971,771.00	25,992.00	31/12/2015
RZB Invest Holding GmbH, A(1030) Vienna	500,000.00	EUR	100%	845,487.00	(2,799.00)	31/12/2015
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H, A(1030) Vienna	40,000.00	EUR	100%	380,947.00	43,963.00	31/12/2015
Raiffeisen Verbundunternehmen-IT GmbH, A(1030) Vienna	100,000.00	EUR	100%	101.00	1.00	31/12/2014

1 The result (in part from the consolidated financial statements) in € thousand corresponds to the annual profit/loss; equity is reported in accordance with section 224 (3) lit a UGB including untaxed reserves (lit b).
2 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 2015, respectively.

Other equity participations

Company, registered office (country)	Total nominal value in currency		RZB-Directshare	Equity in € thousand	Result in € thousand	From annual financial statements	
EMCOM Beteiligungs GmbH, A(1030) Vienna	37,000.00	EUR	34%	21,042.00	993.00	31/10/2015	2
NOTARTREUHANDBANK AG, A(1010) Vienna	8,030,000.00	EUR	26%	27,232.00	7,209.00	31/12/2014	
Österreichische Wertpapierdaten Service GmbH, A(1030) Vienna	36,336.41	EUR	25%	65.00	5.00	31/12/2014	
Raiffeisen e-force Gesellschaft m.b.H, A(1030) Vienna	145,346.00	EUR	19%	1,374.00	6.00	31/12/2014	
Raiffeisen Software Solution und Service GmbH, A(1190) Vienna	150,000.00	EUR	1%	–	–	–	3

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 2015, respectively.
3 Due to the merger of RACON Software Gesellschaft m.b.H. and Raiffeisen Software Solution and Service GmbH, equity and annual profit/loss is not available.

Annex 3: Open forward transactions

31/12/2015	Nominal amount by maturity in € thousand					Market value in € thousand	
Name	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	hereof trading book	positive	negative
Total	**0**	**680,000**	**1,622,635**	**2,302,635**	**0**	**362**	**(80,441)**
a) Interest rate contracts	**0**	**680,000**	**1,622,635**	**2,302,635**	**0**	**362**	**(80,441)**
OTC products							
Interest rate swaps	0	680,000	1,622,635	2,302,635	0	362	(80,441)
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	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OTC products							
Cross-currency interest rate swaps	0	0	0	0	0	0	0
Forward foreign exchange contracts	0	0	0	0	0	0	0
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

31/12/2014	Nominal amount by maturity in € thousand					Market value in € thousand	
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**	**70,000**	**831,635**	**951,635**	**0**	**0**	**(68,875)**
a) Interest rate contracts	**0**	**70,000**	**831,635**	**901,635**	**0**	**0**	**(62,955)**
OTC products							
Interest rate swaps	0	70,000	831,635	901,635	0	0	(62,955)
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**	**0**	**0**	**50,000**	**0**	**0**	**(5,920)**
OTC products							
Cross-currency interest rate swaps	0	0	0	0	0	0	0
Forward foreign exchange contracts	50,000	0	0	50,000	0	0	(5,920)
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

Management report
Market development

Markets swayed by monetary policy

Developments in the money and capital markets were once again dominated by international central banks' policies last year. The European Central Bank (ECB) decided in early 2015 on an asset purchase program of € 60 billion per month, largely for government bonds, in addition to setting a negative interest rate for the first time on bank deposits at the ECB. The central bank followed this up in December with a deposit facility rate cut to minus 0.3 per cent and an expansion of its bond purchase program to include regional and local issuers, as well as a half-year extension of the program to March 2017. The expanded monetary policy measures resulted in a further decline in money market rates over the course of 2015. Euribor interest rates (money market deposits) out to six months were in negative territory by the end of the year. Even the two-year German government bond carried a negative yield for the entire year and ten-year German government bonds were yielding consistently well below 1 per cent over the course of the year. In the US, after seven years of pursuing a zero interest rate policy, the US Federal Reserve (Fed) hiked its key rate for the first time since 2007. The key rate range was raised 25 basis points to 0.25 to 0.50 per cent in December. In 2015, the euro versus US dollar exchange rate was driven by divergent Fed and ECB monetary policies. In light of the US rate hike expected by market participants, the euro lost considerable value over the course of the year, approached parity with the US dollar on an intermittent basis and ultimately closed at the end of December somewhat higher at 1.09 EUR/USD.

In the euro area, real GDP increased 1.5 per cent in 2015, with economic growth primarily driven by private consumption. Consumer and business sentiment significantly improved, with some values reaching their highest level in many years. The inflation rate hovered around the zero per cent mark for most of the year due to declining energy prices. On an individual country level, economic growth came in very mixed. Reforms in former crisis countries such as Ireland and Spain bore fruit in terms of strong economic growth. The economic recovery in France, Italy and Austria was comparatively modest due to structural deficits. Although the Austrian economy overcame its stagnation phase in 2015, it experienced only subdued average real GDP growth of 0.3 per cent per quarter. Thus, the real GDP rose 0.9 per cent in 2015; however, it was not enough to generate a sufficient revival in the job market. Employment increased in 2015, but the potential labor force fell more strongly, so that the unemployment rate in Austria in fact rose, contrary to the trend in the euro area. Disappointingly, private consumption in Austria stalled – as opposed to government consumption, which was more dynamic. In contrast, investment activity picked up during 2015, mainly due to investment in equipment while construction investment remained persistently weak. Export growth was also able to improve (as a result of higher demand for goods and services). Exports increased to the US, Switzerland, UK, Poland, and Czech Republic, while there was a reduction in export trade with Russia. Import volumes also increased due to domestic economic momentum, with foreign trade only slightly contributing to GDP growth as a result.

The US economy grew 2.4 per cent in 2015, on a par with the previous year's rate, with the low oil price boosting private consumer spending to 3.1 per cent – a stronger increase than at any time since 2006. Residential construction investment also showed strong growth. Conversely, the oil price decline severely dampened investment in the energy sector while the notable appreciation of the dollar curbed export growth. The labor market recovery continued thanks to solid growth in economic output. Nearly 3 million new jobs were created versus 2014, with the unemployment rate dropping 0.6 of a percentage point to 5.0 per cent.

In line with expectations, China's economic growth weakened to just below 7 per cent in 2015. Excess capacity needs to be absorbed in heavy industry, as well as in the real estate market. At the same time, external demand remains weak.

Divergent economic trends in CEE

Most central banks in CEE further cut their key and money market rates in 2015. This monetary policy stance was supported by low domestic inflation rates, as well as by the monetary policies of leading western central banks. The latter increased the scope of CE and SEE central banks, which also expanded monetary policy by using unconventional monetary and liquidity policy measures (e.g. in Hungary and Romania).

The CE region enjoyed very solid economic performance in 2015, with GDP growth of 3.5 per cent. CE generally benefits from solid economic growth in Germany and from the recovery in the euro area, as well as from expansionary monetary policies in some CE countries. In a number of countries, such as the Czech Republic and Hungary, the current cyclical recovery likely peaked over the course of the year. At the same time, key domestic economic activity indicators remain at solid, high levels or point to increasingly balanced growth with sound export performance and momentum in the domestic economy.

SEE recovered in 2015, with year-on-year economic growth of 2.8 per cent. Serbia overcame the 2014 downturn and Croatia posted 1.6 per cent GDP growth in 2015, ending a five-year recessionary period. With 2.7 per cent GDP growth, Bulgaria caught up slightly with Romania, where economic growth increased to 3.7 per cent due to structural reforms. Overall, however, economic growth in SEE remains moderate, mainly due to outstanding structural adjustments and to the high level of private sector debt that is only slowly coming down.

All three countries in the Eastern European (EE) region remained mired in recession in 2015. GDP fell in Russia and Belarus by 3.7 and 4 per cent respectively, while it slumped 10 per cent in Ukraine. The severe adjustment recessions following the huge currency devaluations and necessary structural adjustments in 2015, were mainly driven by sharp declines in private consumption and investment spending. Although there was a massive reduction in imports, the foreign trade positions of EE countries stabilized thanks to improved exports.

Annual real GDP growth in per cent compared to the previous year

Region/country	2014	2015e	2016f	2017f
Czech Republic	3.3	3.5	2.4	2.4
Hungary	3.7	2.8	2.2	2.9
Poland	3.3	3.5	3.6	3.4
Slovakia	2.5	3.6	3.5	3.5
Slovenia	3.0	2.7	2.2	2.1
Central Europe	**3.0**	**3.5**	**3.1**	**3.1**
Albania	2.0	2.7	3.5	4.0
Bosnia and Herzegovina	1.1	2.0	3.0	3.5
Bulgaria	1.5	2.7	2.1	3.0
Croatia	(0.4)	1.6	1.5	1.5
Kosovo	0.9	3.0	3.0	3.5
Romania	2.8	3.7	4.0	3.6
Serbia	(1.8)	0.5	2.5	3.0
Southeastern Europe	**1.5**	**2.8**	**3.1**	**3.2**
Russia	0.7	(3.7)	(2.0)	1.5
Belarus	1.6	(4.0)	(2.0)	1.5
Ukraine	(6.8)	(10.0)	1.5	3.0
Eastern Europe	**0.3**	**(4.1)**	**(1.8)**	**1.6**
Austria	**0.4**	**0.9**	**1.4**	**1.4**
Germany	**1.6**	**1.4**	**1.8**	**1.8**
Euro area	**0.9**	**1.5**	**1.4**	**1.7**

Economic recovery remains modest in Austria

The Austrian economy overcame its stagnation in 2015, but real gross domestic product (GDP) growth was subdued and only averaged 0.3 per cent per quarter. Real GDP grew 0.9 per cent p.a. in 2015 after 0.4 per cent in the previous year (2014). Private consumption increased very little relative to faster-growing government consumption. Investment picked up in the course of 2015, but the recovery remained modest. The improvement was largely driven by investments in machinery and equipment, while construction remained weak. Export growth went up again. However, since imports also increased on the back of strong domestic demand, foreign trade ended up contributing very little to GDP growth.

The modest recovery appears poised to continue in 2016 despite global uncertainty. It will likely be supported by the further recovery of investment activity, additional government spending due to the influx of refugees and the tax reform that took effect at the start of 2016. Domestic demand, in other words, will continue to drive the economic cycle.

Currencies

CE and SEE currencies remained largely stable against the euro during 2015. The Czech koruna gained against the euro and neared the upper limit to the euro, as defined by the foreign exchange regime. As a result of oil market weakness, the Russian rouble – despite a temporary recovery – came under more overall downward pressure against the US dollar over the course of 2015. Towards the end of 2015, the renewed downward movement of the Russian rouble against the US dollar resulted from the falling oil price. In turn, this reduced the Russian central bank's potential to carry out further cuts to key rates. Compared to the euro, the loss in value was significantly lower. Although there were no notable year-on-year losses in value compared to the euro, the depreciation of the rouble against the US dollar was however consistent with other currencies of commodity-exporting nations and emerging markets. For instance, currencies of other countries in the Eastern European region, such as the Ukrainian hryvnia and the Belarus rouble, weakened against the euro and US dollar in 2015. In Ukraine, the hryvnia's weakness was cushioned by restrictive foreign exchange measures. With the exception of the EE region, major currency market turbulence was avoided in CEE in 2015.

Development of the banking sector

Moderate growth in CEE

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

Banking sector in Austria

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

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

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

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

Regulatory environment

Changes in the regulatory environment

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

Deposit Guarantee Directive

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

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

Legislative proposal on the European Deposit Insurance Scheme

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

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

Action plan on building a capital markets union

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

European resolution mechanism (BRRD and SRM)

The European resolution mechanism is based on two regulations: The Banking Recovery and Resolution Directive (BRRD), which is valid for all EU member states, and the Single Resolution Mechanism (SRM) which applies to all countries within the euro area. The aim is to largely communitarize the risk of bank resolutions within the euro area. The BRRD is a directive which regulates the resolution of banks in individual EU member states. From 1 January 2015, all 28 EU states must establish a national resolution fund (BRRD); on 1 January 2016, the national resolution funds of the 18 euro area countries will be transferred to a single EU resolution fund (SRM). The ten remaining member states will retain their national funds after 1 January 2016. In Austria, the BRRD was transposed through the Federal Act on the Recovery and Resolution of Banks (BaSAG). The national resolution authority in Austria is the Financial Market Authority (FMA). The SRM for the euro area builds on the BRRD. It aims to foster confidence in the banking sector within the euro area. Much has already happened in this respect (e.g. equity requirements, central supervision by the ECB, deposit guarantee, consumer protection provisions). The ability to offset membership of an IPS system for RBG's cooperative banks when calculating the contributions to the resolution fund is positive. Transposition of the BRRD into national law brought an end to the previous Bank Intervention and Restructuring Act (BIRG) from 1 January 2015. This was replaced by the entry into force of the Federal Act on the Recovery and Resolution of Banks (BASG) on 1 January 2015.

Additional buffer requirements for equity

The Regulation of the Financial Market Authority (FMA) on the setting and recognition of the countercyclical capital buffer rate, on the setting of the systemic risk buffer as well as on the specific description of the calculation basis pursuant to Art. 23a para. 3 no. 1 BWG and Art. 24 para. 2 BWG (Capital Buffer Regulation – KP-V; Kapitalpuffer-Verordnung) entered into force in December 2015. In addition to the systemic risk buffer, the Regulation also sets the countercyclical capital buffer. The FMA aims to ensure banks have more equity available and so improve their ability to cope with sudden losses. Part of this strategy is already contained in the SREP ratio, which banks are required to comply with under the Supervisory Review and Evaluation Process (SREP). Now, Austrian banks must increase their capital ratio by up to two per cent by 2018. However, the SREP ratio alone does not include a systemic risk. The Capital Buffer Regulation now requires twelve Austrian banks to build up additional capital. The systemic risk buffer will be individually set for each individual credit institute and will increase continuously between 2016 and 2019.

Implementation of MiFID II

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

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

Business performance

RZB AG is the lead institution of the Austrian Raiffeisen Banking Group (RBG). It also acts as the central holding company of the RZB Group of domestic and foreign subsidiaries. Its largest equity participation is Raiffeisen Bank International AG (RBI AG), which is stock-exchange listed and has an international banking network focused on Central and Eastern Europe (CEE). As of 31 December 2015, RZB AG held approximately 60.7 per cent in RBI. The business performance of RBI contributes significantly to the result of RZB AG. In addition, alongside UNIQA, dividend income from affiliated companies also contributes to the profit of RZB.

Further pooling of affiliated company operations in the RBG

Combining the operations of affiliated companies within RZB facilitates consistent business management practices, along with improved financial and earnings performance and the application of uniform risk management standards. The objective is to increase the value of the RBG on federal level.

The acquisition of a majority stake in Valida Vorsorge Management in September 2015 was a further step in accordance with the strategy of pooling specific RBG functions in RZB. Shareholdings of 32.7 per cent in aggregate were acquired from various Raiffeisen Regional Banks and RZB AG now indirectly owns 57.4 per cent through a holding company. Valida Vorsorge Management is the central authority for employee retirement benefits in the Raiffeisen Banking Group and UNIQA insurance.

The purchase of the remaining 49 per cent in Raiffeisen Bausparkasse GmbH, Vienna, in December 2015 also took place within this context; this company is now indirectly wholly-owned by RZB AG. As part of the acquisition of the majority holding at the end of 2013, it was agreed that also these shares would be acquired from the Raiffeisen Regional banks.

Regulatory changes
RZB was again confronted with regulatory changes in the past financial year. Since November 2014, the European Central Bank (ECB) has been responsible for the supervision of banks in the euro area under the Single Supervisory Mechanism (SSM). RZB has therefore been under the direct supervision of the ECB since the fourth quarter of 2014. The Single Resolution Mechanism (SRM) was also implemented in the euro area in 2015, which is designed to enable an orderly winding down of failing banks. In addition to drawing up resolution plans, banks must also pay contributions to finance a Single Resolution Fund (SRF), which resulted in additional expenses of € 1 million for RZB AG in 2015. The amount banks are required to contribute to the resolution fund is determined on the basis of business volumes and a bank-specific risk assessment. The target size of the SRF (at least 1 per cent of covered customer deposits of eligible banks in participating member states) is to be reached by 2024.

In the area of deposit guarantees, the goal is also to establish a harmonized guarantee system in Europe. The target size of the deposit guarantee fund is based on 0.8 per cent of the deposits covered, and is also expected to be reached by 2024.

Business areas

Alongside the management of its principal equity participation, RBI AG, RZB AG's business predominantly relates to its role as lead institution of the RBG and management of the broader portfolio of equity participations.

The main areas of RZB AG's activity therefore encompass equity participation management, Raiffeisen sector business and liquidity management.

Participation management

The portfolio of participating interests held by RZB AG 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. 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 RZB AG’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). In addition, ZRB AG enters into financial investments, with the primary objective of income optimization.

In the 2015 financial year, the book values of the direct holdings of RZB changed as follows:

in € million	31/12/2015
Additions	**272.4**
RZB Invest Holding GmbH	256.2
ZVEZA Bank	15.2
Other	1.0
Disposals	**(9.7)**
Valida Holding AG	(8.9)
Other	(0.8)
Write-ups	**21.2**
SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H	21.2
Write-downs	**(209.7)**
Raiffeisen International Beteiligungs GmbH	(125.5)
RZB-BLS Holding GmbH	(46.8)
R.B.T. Beteiligungsgesellschaft m.b.H.	(22.2)
ZVEZA Bank	(15.2)
Total	**74.2**

The principal holdings listed in order of book value are as follows:

Direct investments in € million	31/12/2015	31/12/2014
Raiffeisen International Beteiligungs GmbH, Wien (Raiffeisen Bank International AG)	3,029.9	3,155.3
RZB-BLS Holding GmbH, Vienna (UNIQA Insurance Group AG)	997.0	1,043.8
RZB Invest Holding GmbH	838.1	581.9
SALVELINUS Handels- und Beteiligungsgesellschaft mbH, Vienna	358.3	336.6
R.B.T. Beteiligungsgesellschaft m.b.H.	49.3	71.5
Other	180.7	190.0
Total	**5,453.3**	**5,379.1**

Branches

RZB AG has no branches. It does however have a representative office in Brussels.

Sector business

RZB AG undertakes significant services to facilitate efficient cooperation in the RBG. The Marketing area at RZB AG 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 RZB AG 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 RZB AG.

The responsibility for strategic brand management for the RBG and RZB lies with RZB AG. Raiffeisen has developed into an internationally successful banking group with RZB AG 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 2015), in terms of advertising recall Raiffeisen remains uncontested in first place with 55 per cent, 20 percentage points ahead of the next competitor. This lead was extended compared to the previous year. In terms of image perception among its own major customers, Raiffeisen scores above average for 14 out of 16 "Image Dimensions" and ranks top among the banks for "high security".

Communication campaigns

In 2015 ZRW launched national campaigns focused on specific topics and target groups, based on House/Home incl. "aspiration fulfillment" (first quarter), Youth (April/May), Account/Convenience (May-July) and Savings (September-November), and developed sales support resources for the corporate customers target group.

Sport sponsorship

Sport sponsorship has been an important factor driving the success of Raiffeisen marketing for many years. 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 personal identification. The Raiffeisen brand is consequently perceived as particularly familiar and approachable, and as representing partnership.

Sport sponsorship has a number of advantages: it generates attention, increases or more firmly establishes market recognition, positively affects brand image, brings about personal identification and differentiates the brand from competitors, which is particularly important in the financial services sector where products are largely commoditized.

The gable cross was displayed on the helmets of Austrian ski stars in the 2015/2016 world cup season, such as those of four times world champion and four times overall and slalom world cup winner, Marcel Hirscher and the speed specialist, Max Franz. Since 2003, Raiffeisen has been the main sponsor of the Austrian national soccer team, which comfortably qualified for the Euro 2016 championship in France.

Hermann Maier, a Raiffeisen brand ambassador and advertising star for more than 17 years, was an important testimonial provider in the communication campaigns focusing on House/Home and Account/Convenience as well as that for Savings. Marcel Hirscher was engaged as a testimonial provider in the Youth and the Savings (together with Hermann Maier) focus areas.

Raiffeisen brand

The Raiffeisen brand, according to the Austrian Brand Value study 2015 undertaken by the European Brand Institute, has a value of approximately € 2.0 billion, ranking number five of all the brands evaluated. In the financial services sector Raiffeisen is the undisputed number one in Austria. In an international consumer study conducted by Reader’s Digest, Raiffeisen was once again the most trusted banking brand in Austria.

Liquidity management

RZB AG 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 (BWG, Section 27a) members are required to hold a liquidity reserve at the parent central institution. RZB AG invests the liquidity reserve in highly liquid assets according to CRR/CRD IV.

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 RZB AG as central institution of the Regional Raiffeisen Banks. Within the RBG, the highest level of liquidity balancing is undertaken by RZB AG.

In addition to its role as central institution, RZB AG provides numerous other services to the RBG. Amongst other functions, RZB AG 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.

Financial performance indicators

Statement of financial position

RZB AG’s *Total assets* as at the 31/12/2015 reporting date amounted to € 18,363.7 million (31/12/2014: € 17,860.8 million).

Cash in hand and balances with central banks totaled € 4.051,9 million at year-end (31/12/2014: € 2,393.5 million) and consisted entirely of balances at the National Bank of Austria (OeNB).

European sovereign bond holdings of € 4,293.0 million were shown at the reporting date under the item *Treasury bills and other bills eligible for refinancing with central banks* (31/12/2014: € 3,080.8 million). *Loans and advances to credit institutions* amounted to € 2,523.2 million (31/12/2014: € 5,252.8 million). These were broken down into 16.2 per cent (31/12/2014: 18.1 per cent) in loans and advances to RBI and 83.8 per cent (31/12/2014: 81.9 per cent) to other banks, predominantly banks in the Austrian Raiffeisen Sector.

Loans and advances to customers stood at € 1,083.2 million at the reporting date (31/12/2014: € 1,286.2 million), of which € 1,070.8 million (31/12/2014: € 1,258.9 million) were to domestic customers and € 12.4 million (31/12/2014: € 27.3 million) were to foreign customers. As of 31/12/2015, foreign currency denominated loans and advances to customers amounted to € 9.0 million (31/12/2014: € 7.5 million).

At the reporting date, an amount of € 645.4 million (31/12/2014: € 106.1 million) was reported under the item *Debt securities and other fixed-income securities*. The strong increase of € 539.3 million in comparison with the previous financial year is caused on the one hand by reclassification of securities from the item *Treasury bills and other bills eligible for refinancing with central banks* in the amount of € 306.0 million and on the other hand by the purchase of bonds and notes issued by credit institutions.

The items *Interest in affiliated companies* and *Financial investments* of € 5,453.3 million in aggregate (31/12/2014: € 5.379,1 million) included material holdings in Raiffeisen International Beteiligungs GmbH, in RZB-BLS Holding GmbH, in RZB Invest Holding GmbH, in SALVELINUS Handels- und Beteiligungsgesellschaft mbH and in R. B. T. Beteiligungsgesellschaft m.b.H.

As at 31 December 2015, *Other assets* totaled € 261.3 million (31/12/2014: € 331.1 million), of which € 76.2 million (31/12/2014: € 191.1 million) was income from equity participations to be paid out after 31/12/2015. Furthermore the item contains receivables due from tax group members in relation to tax transfers of € 34.3 million (31/12/2014: € 29.9 million), receivables due from the tax authority of € 72.6 million (31/12/2014: € 67.6 million) as well as € 66.8 million (31/12/2014: € 25.0 million) receivables due from ÖRE in connection with the trust account for the Federal IPS.

On the liabilities side, *Deposits from banks* were reported in an amount of € 13,739.5 million (31/12/2014: € 13,170.6 million). At 74.6 per cent of total assets (31/12/2014: 73.7 per cent), these represented the largest source of refinancing for RZB AG. Deposits from banks were split between 14.6 per cent (31/12/2014: 13.0 per cent) in liabilities to RBI AG and 85.4 per cent (31/12/2014: 87.0 per cent) to other banks, predominantly banks in the Austrian Raiffeisen Sector.

As at the reporting date, *Liabilities to customers (non-banks)* amounted to € 272.0 million (31/12/2014: € 186.9 million). Thereof € 140.0 million (31/12/2014: € 0.0 million) are liabilities to foreign customers.

The item *Other liabilities* totaling € 70.4 million (31/12/2014: € 87.7 million) included liabilities from tax transfers (corporate income tax) and chargeable capital gains as well as withholding tax due to Group members of € 37.6 million in aggregate (31/12/2014: € 77.4 million). Furthermore this item contains accrued interest for interest rate swaps used for hedging purposes of € 21.0 million (31/12/2014: € 4.8 million).

The items *Debt securities issued* and *Supplementary capital pursuant to CRR* increased in comparison with the previous financial year by 94.4 per cent, from € 52.0 million to € 101.1 million.

The total amount at risk as at 31/12/2015 was € 8.1 billion (31/12/2014: € 9.0 million). Of this amount, credit risk accounted for € 6.5 billion (31/12/2014: € 6.6 billion), the Basel I floor for € 1.2 billion (31/12/2014: € 1.8 billion) and operational risk for € 0.4 billion (31/12/2014: € 0.6 billion). The total amount at risk fell by approximately € 0.9 billion compared to the previous year.

Common equity tier 1 (CET1 capital) stood at € 3.4 billion as of 31/12/2015 (31/12/2014: € 3.6 billion). The decrease was primarily caused by the release of other reserves. Tier 2 capital - as in the previous year - was zero, as the tier 2 capital issued in the amount of € 0.1 billion was entirely absorbed by deductions. All in all total capital amounted to € 3.4 billion (31/12/2015: € 3.6 billion), a year-on-year decrease of € 0.2 billion.

This resulted in a CET1 ratio, core capital ratio and total capital ratio of 41.9 % (31/12/2014: 40.2 %). The total capital surplus was approximately € 2.7 billion (31/12/2014: € 2.9 billion), with € 0.2 million below the previous year.

Earnings performance

In the 2015 financial year RZB AG posted negative *Net interest income* of € 21.3 million (2014: € 24.4 million). This was primarily due to the funding of participating interests.

Income from securities and participating interests of € 82.3 million (2014: € 219.5 million) mainly consisted of income from shares in affiliated companies of € 75.9 million (2014: € 211.0 million). This decrease was primarily caused by the absence of dividend payments from Raiffeisen International Beteiligungs GmbH (RIBET).

Commissions receivable amounted similarly to the previous year to € 11.1 million (2014: € 11.5 million), mostly due to guarantee fees from affiliated companies.

The income statement item *Other operating income* was € 28.0 million (2014: € 20.4 million), with the major part made up of costs passed on and service fees in the amount of € 16.7 million (2014: € 16.9 million) and SLA income of € 8.3 million (2014: € 2.1 million).

RZB AG generated total *Operating income* of € 90.5 million (2014: € 220.0 million).

Total *Operating expenses* were € 87.1 million (2014: € 78.6 million).

In the 2015 financial year *Staff costs* totaled € 30.2 million (2014: € 33.9 million). This change was due to higher salary expenses caused by increased headcount as a result of the transfer of staff from affiliated companies and by income from the release of provisions for pensions.

Other administrative expenses rose to € 48.4 million (2014: € 43.9 million) and mainly comprised expenses for legal, advisory and audit costs of € 15.5 million (2014: € 20.5 million), expenses for Service Level Agreements of € 9.7 million (2014: € 10.9 million) as well as advertising and rental expenses of € 13.7 million (2014: € 7.2 million).

The income state item *other operating expenses* totaled € 8.3 million in 2015 (2014: € 0.7 million). This increase was caused by the write-off of a receivable.

RZB AG's *Operating result* for the 2015 financial year was € 3.4 million (2014: € 141.4 million).

Net income/expenses from the disposal and valuation of loans and advances and specific securities contains primarily income from the repayment of a previously impaired credit, individual loan loss provisions and the valuation result of securities treated as current assets.

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 € 192.7 million in the 2014 financial year resulting from partial write-downs of holdings in Raiffeisen International Beteiligungs GmbH of € 125.5 million (2014: € 147.0 million), in RZB-BLS Holding GmbH of € 46.8 million (2014: € 0.0 million) and holdings in R.B.T. Beteiligungsgesellschaft m.b.H of € 22.2 million (2014: € 5.2 million). The value of the holding in SALVELINUS Handels- und Beteiligungsgesellschaft m.b.H was written up by € 21.2 million in the financial year 2015, whereas there was a partial write-down of the holding in 2014 of € 33.0 million.

Consequently, *Profit on ordinary activities* was negative € 176.3 million for the financial year (2014: negative € 33.6 million).

Expenses for corporate income tax and tax transfers in the amount of € 10.6 million (2014: € 1.6 million) are shown under the item *Tax on profit or loss*. *Other taxes* contain the "stability contribution" special tax for banks in the amount of € 20.3 million (2014: € 22.0 million).

The profit/loss after tax for 2015 was negative and amounted to € 183.8 million (2014: minus € 53.9 million). A sum of € 60.6 million (31/12/2014: € 25.0 million) was transferred to reserves in connection with the Federal IPS contribution. Furthermore € 21.9 million of other reserves were released caused by the valuation of the holdings in ZVEZA Bank in the framework of the Federal IPS. For the coverage of the annual losses for the financial years 2014 und 2015 other reserves of € 300.1 million (31/12/2014: € 0.0 Millionen) were dissolved.

This resulted in an annual profit for the year of € 77.7 million (2014: € 78.9 million). After adding € 76.6 million in loss brought forward (2014: profit brought forward € 2.3 million), a net profit for the year of € 1.1 million (2014: loss € 76.6 million) was reported.

Recommendation for the appropriation of profits

The net profit will not be paid as a dividend on shares for the 2015 financial year.

The net profit for the year in the amount of € 1.1 million will be carried forward to the next accounting period.

Non-financial Performance Indicators

Human Resources

As of 31 December 2015, RZB AG had 235 employees (full-time equivalents, excluding employees assigned to other group companies), an increase of 42 per cent on 2014 (165 employees). This increase was driven by new hiring and the filling of vacancies, 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 traditionally very high proportion of women among the total workforce continued at 50 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" is also offered 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.

The staff turnover rate during the reporting period was 8.3 per cent (2014: 9.1 per cent).

New compensation structure

In accordance with the strategic realignment, the Management Board initiated the introduction of a new compensation structure in 2015. In putting this into effect, it was important to maintain RZB AG's good market position as an attractive employer.

In line with the clear trend within the European banking industry, the weighting of the variable compensation components was reduced. For roles which have very little or only an indirect influence on financial results, the variable component falls away entirely. In addition, position-related fixed allowances were introduced. When determining bonuses for certain business and management roles, greater weight is placed on the financial results of RZB AG and the respective organizational unit and less on functional components in order to encourage teamwork. Overall, the changes make it easier for employees to estimate their income and provide a higher level of income security. For the company, it creates greater transparency and improves compensation planning.

Organizational structure development

In 2015, 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). These changes included the transfer of the Compliance area on 1 January 2015 from RBI AG. On 1 July 2015, the new Group Transformation Office and Group Regulatory Affairs areas were established.

In the course of the general pooling of service functions in the Raiffeisen sector in Shared Service Centers, in 2015 further employee transfers - including into RZB AG - took place. By way of example, the Raiffeisen Bausparkasse Accounting & Tax and Cost Accounting departments were transferred on 1 November 2015.

Professional and management development

Despite higher pressure on costs, RZB AG again placed great value on ensuring and continually improving the professional skills of its employees during the year under review. In addition, training measures were intensified in order to meet regulatory and compliance requirements and to continue to develop the qualifications of key personnel. The induction process for new employees of RZB AG was also restructured and combined with other affiliated companies in Vienna. Cross-departmental and international exchange programs for experts, talented individuals and "High Potentials" were increasingly offered.

In 2015, a newly structured process for executive recruitment was introduced, in which the standard application process was augmented with "hearings" and potential analyses. This led to enhanced quality in the predominantly internal filling of executive posts and also ensured that new executives were able to complete targeted development measures at the beginning of their management careers.

Professional support for the restructuring measures referred to in the "Organizational structure development" section above was provided, among other factors, by Change Management and Team workshops.

A new targeted training format was introduced in order to further develop existing executives at RZB AG. Under the "Leaders' Breakfast" program, executives became further acquainted with current management issues by means of brief theory inputs combined with an extensive exchange of practical experience as well as discussions and mutual learning. Alongside the professional development aspect, the opportunity to network with colleagues from RBI AG and the affiliated companies was also of value. In 2015, 16 events of this type were organized on various topics.

Corporate responsibility

Sustainability management at RZB AG

Responsible business practices at RZB serve the purpose of comprehensive value creation, incorporating economic, ecological and social responsibility. For almost 130 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 RZB AG, 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.

RZB AG 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.

RZB AG also expects corresponding globally responsible conduct from its employees and management as well as from partners and suppliers.

Implemented sustainability measures 2015

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.

At the sixth RZB Stakeholder Council, based on the theme of "Fit for the future through sustainability", the focus was on "Sustainability in the core business of the banking sector". Different workshop groups discussed a diverse range of issues related to this topic. For example, the demands of society in relation to sustainability in the banking sector and the potential approach to be taken by RZB were discussed. The influence on the sustainable value creation process of a bank was also addressed, along with concrete actions for RZB. Due to their current relevance, incorporation of the global sustainability development objectives (based on the UN Sustainable Development Goals) into the core business was also examined. Furthermore, in an open discussion forum the question of RZB's engagement in national and European (political) governance issues was addressed.

As a fair partner, RZB AG maintains an active, transparent and open dialog with all stakeholders. In this regard, the Sustainability Report, a publication on annual sustainability performance, plays an important role. The RZB Sustainability Report 2015 was distinguished at the Austrian Sustainability Reporting Award (ASRA) for the third time in succession as one of the best large company sustainability reports - a particularly welcome development. The RZB Group benefited here especially from its sound sustainability strategy and the exemplary presentation of the value creation analysis in the report.

As an engaged citizen, RZB AG assumes responsibility for society and the environment. Accordingly, it was for example engaged in the establishment of the Raiffeisen Climate Protection Initiative (Raiffeisen Klimaschutz-Initiative - RKI) in 2007. The RKI is a platform and a driving force for measures in the areas of sustainability, climate protection, energy efficiency, renewable resources and corporate responsibility.

As part of a corporate volunteer program established at the end of 2015, all RZB AG and RBI AG employees have the opportunity to take two days' special leave per annum in order to undertake charitable activities and to participate actively in the community. In this respect, as a first step the area of migration/integration in Austria was selected. Projects relating to financial education are to follow. Currently, options for employees in the following selected projects are available:

"Haus Roshan", a place of humanity

The municipality of Breitenfurt in Lower Austria together with the charitable organization "Haus Roshan" constructed a container village at the end of 2015 for 48 refugees (unaccompanied minors and adult refugees as well as refugee families). Alongside the financing of the containers, a corporate volunteer project was initiated in conjunction with Caritas Vienna to support the long-term integration of the 24 unaccompanied refugee minors from Syria and Afghanistan. Employees of RZB AG and RBI AG have the opportunity to participate in a diverse range of activities. Following construction of the accommodation, which demonstrated a wide range of practical skills on the part of employees, the emphasis is now on communal cooking, sport/games, art workshops and German language sessions.

"Surprise in a Box"

The goal of this now-traditional charitable initiative is to bring some small pleasure to children in need at Christmas. In 2015, RZB AG and RBI AG employees once again donated toys, books and cinema vouchers, and took part in filling shoe boxes and wrapping them in festive packaging. This initiative, which gathered more than 370 Christmas parcels along with 100 cinema vouchers, supports Caritas projects which provide assistance to asylum seekers, those recognized as having the right to asylum and their families in Vienna and Lower Austria. In addition, a portion of the donations was given to mothers who are minors, as part of the H. Stepic CEE Charity "Sure Beginning" project in Hungary.

H. Stepic CEE Charity

The voluntary participation of RBI employees in the H. Stepic CEE Charity – supported by Raiffeisen Bank International – makes it possible for all donations to be used directly for the benefit of those intended, without deductions to cover administrative costs. Since its establishment in 2006, this charitable organization has undertaken numerous projects in the Central and Eastern European countries in which RBI has a presence. In these projects, some of which were implemented in 2015, head office employees were able to contribute their expertise in the form of hourly engagement, for example in the area of translation work.

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.

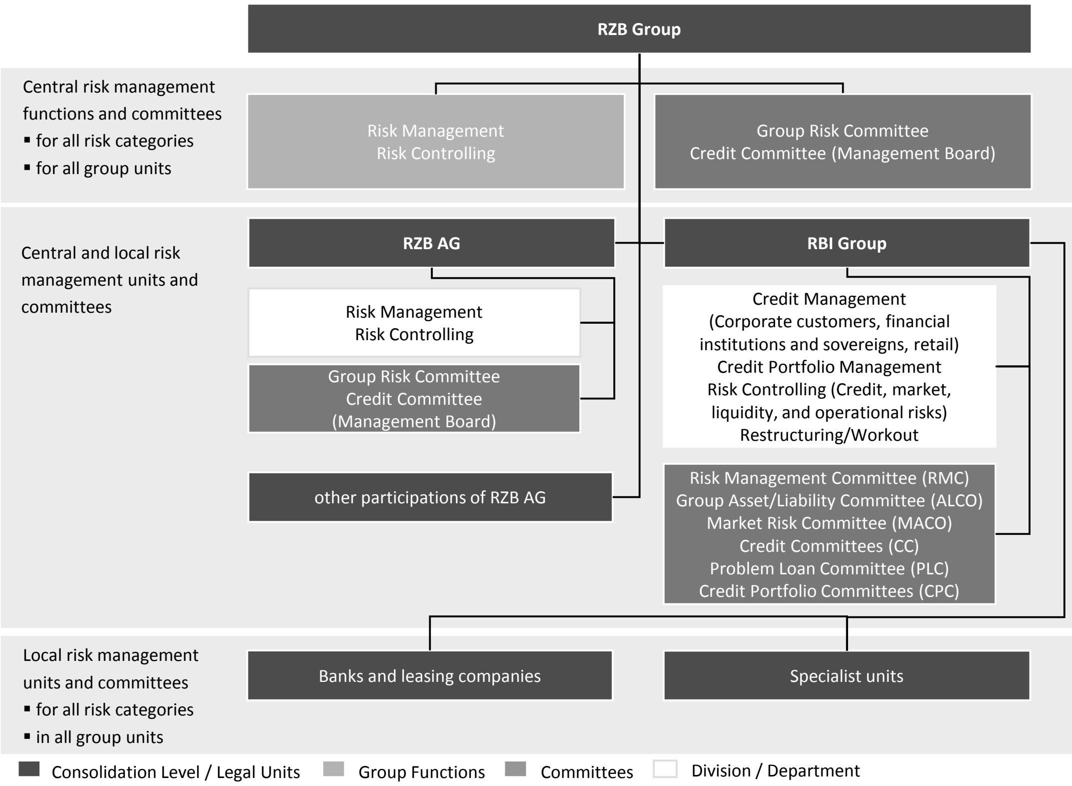
This function spans the entire organizational structure, including all levels of management, and is also implemented in each of the subsidiaries by local risk management units. Risk management is structured to ensure the careful handling and professional management of credit risk, country risk, market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

Risk report

Active risk management constitutes a fundamental responsibility of RZB AG, 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 RBI AG to develop and implement relevant concepts.

Organization

RZB AG, as parent credit institution, maintains a number of Service Level Agreements with risk management units within RBI AG, which carries out the operational implementation of risk management processes in the Group in conjunction with the individual Group subsidiaries. In addition, RZB AG determines risk management policies and defines business-specific guidelines, tools and procedures for all companies in the Group.



The two risk management units of RZB AG have defined authority for credit decisions relating to business undertaken by RZB AG 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).

The Group Risk Committee is under the chairmanship of the RZB AG Board member responsible for risk management and is the ultimate decision-making body for all risk-related issues in the Group. It decides upon the risk management and control policies to be employed for the overall Group and in principal areas of the Group. This also includes determination of risk appetite, different risk budgets and limits on overall bank level, monitoring of the current risk position and corresponding management measures. Additionally, personnel from risk management areas in RZB AG are represented in all risk-related committees within the Group.

Quality assurance and internal audit

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

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

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

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

Moreover, an independent and objective audit, free of potential conflicts of interest, is carried out during the audit of the annual financial statements by the auditing companies. Finally, the Group is continuously supervised by the Austrian Financial Markets Authority.

Overall bank risk management

Maintaining an adequate level of capital is a core objective of the company. 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 annually assessed is taken into account. This concept of 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 RZB AG 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 lenders	Unexpected losses on an annual basis (economic capital) must not exceed the present value of equity and subordinated liabilities	99.92 per cent as derived from the default probability implied by the target rating
Going concern perspective	Risk of not meeting the capital requirement as defined in the Basel III regulations	Risk-taking capacity (projected earnings plus capital exceeding regulatory requirements) must not fall below the annualized value-at-risk of the company	95 per cent presuming the owners´ willingness to inject additional capital
Sustainability perspective	Risk of falling short of a sustainable tier 1 ratio over a full business cycle	Capital and net income projection for a three-year planning period based on a severe macroeconomic downturn scenario	70-90 per cent based on the management decision that a temporary reduction in risks or the raising of additional capital might be required.

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 business areas in the 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.

in € thousand	2015	Share	2014	Share
Participation risk	1,077,421	81.9%	1,109,466	84.6%
Market risk	48,340	3.7%	91,900	7.0%
Credit risk sovereigns	43,160	3.3%	8,455	0.6%
Macroeconomic risk	39,750	3.0%	3,000	0.2%
Liquidity risk	15,030	1.1%	0	0.0%
Credit risk financial institutions	8,840	0.7%	11,325	0.9%
Credit risk corporate customers	8,109	0.6%	7,681	0.6%
Other tangible assets	7,478	0.6%	6,863	0.5%
CVA risk	0	0.0%	0	0.0%
Operational risk	5,060	0.4%	10,010	0.8%
Risk buffer	62,659	4.8%	62,435	4.8%
Total	**1,315,848**	**100.0%**	**1,311,135**	**100.0%**

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. RZB AG uses a confidence level of 99.92

per cent for calculating economic capital. This confidence level is derived from the probability of default implied by the target rating. Based on the empirical analysis of rating agencies, the selected confidence level corresponds to a rating of Single A.

Economic capital is an important instrument in overall bank risk management and is used in the allocation of risk budgets. Economic capital limits are assigned to individual business areas during the annual budgeting process and are supplemented for day-to-day management by volume, sensitivity, or value-at-risk limits. In RZB AG this planning is undertaken on a revolving basis for the upcoming three years and incorporates the future development of economic capital as well as available internal capital. Economic capital thus substantially influences the plans for future lending activities and the overall limit for market risks.

Risk-adjusted performance measurement is also based on this risk measure. The profitability of business units is examined in relation to the amount of economic capital attributed to these units (risk-adjusted return on risk-adjusted capital, RORAC), which yields a comparable performance measure for all business units of the Bank. 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 executive management.

Changes in the regulatory environment

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

Risk Position

Risks relating to equity participations form the most important risk category for RZB. The holding in RBI - which in addition to its own banking business also holds interests in banks and leasing companies in Central and Eastern Europe - constitutes the largest equity participation. The majority of the direct and indirect equity participations 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 RBI, but also by the risk controlling area of RZB AG. The other equity participations include affiliated companies and are additionally focused on the insurance industry, the food sector and the area of banking support services.

Market and liquidity risks in RZB AG are relatively minor in comparison and primarily relate to the sovereign bond portfolio.

Equity participation risk

The risks from listed and unlisted equity 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 equity participations are fully consolidated in the consolidated financial statements (e.g. network banks, affiliated companies, leasing companies) and their risks are therefore captured in detail. Consequently, the management, measurement and monitoring methods described in relation to other types of risk are employed for the risks arising from these equity participations.

Equity participation risk and default risk are fundamentally similar: A deterioration in the financial situation of an equity participation is normally followed by a rating downgrade (or default) of that unit. The calculation of the value-at-risk and/or the economic capital for equity participations is based on an extension of the credit risk approach pursuant to Basel III.

RZB AG's equity participations are managed by the Participations Management and Controlling division. This area 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.

Credit risk

Credit risk in RZB AG principally relates to default risk resulting from business with public sector borrowers or from business with members of the Austrian Raiffeisen Banking Group. As the latter group predominantly have a relationship based on ownership with RZB AG - either as a subsidiary or a parent company - default risk protection generally takes the form of posting of collateral and netting agreements. Moreover, in the context of managing the Group, large credit exposures of subsidiary companies are also approved by RZB AG whenever a credit limit application for a customer group exceeds the defined approval authority of that subsidiary.

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

RZB AG risk policies and credit assessments also take the industry sector of the borrower into account. Financial Intermediation represents the largest industry sector, which is to a large extent attributable to the Austrian Raiffeisen sector. The public sector predominantly derives from the portfolio of securities issued by the Republic of Austria. Credit exposure by customer industry classification is shown in the following table:

in € thousand	2015	Share	2014	Share
Financial Intermediation	17,283,026	72.0%	20,425,871	78.9%
Public administration and defence, social security	3,964,356	16.5%	2,512,469	9.7%
Real estate activities	1,160,294	4.8%	1,580,574	6.1%
Business management, -consultancy	966,764	4.0%	833,729	3.2%
Extraterritorial organizations	261,827	1.1%	211,801	0.8%
Other personal services	213,785	0.9%	4,781	0.0%
Others	143,507	0.6%	329,154	1.3%
Total	**23,993,559**	**100.0%**	**25,898,378**	**100.0%**

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

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

Credit default and workout process

The credit portfolio and individual borrowers are subject to constant monitoring. The main objectives of monitoring are to ensure that the borrower meets the terms and conditions of the contract and to keep track of the borrower's financial position. Such a review is conducted at least once annually in the non-retail asset classes (corporates, financial institutions, and sovereigns). This includes a rating review and the revaluation of financial and tangible collateral.

Problem loans (where debtors might run into material financial difficulties or a delayed payment is expected) need special treatment. In non-retail divisions, problem loan committees make decisions on problematic exposures. If restructuring is necessary, problem loans are assigned either to a designated specialist or to a restructuring unit (workout department). Involving employees of the workout departments at an early stage can help reduce losses from problem loans.

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

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

Country risk

Country risk includes transfer and convertibility risks as well as political risk. It arises from cross-border transactions and direct investments in foreign countries. RZB AG's business activities in the converging Central, Eastern European and Asia markets expose it to this risk. In those markets, political and economic risks to some extent are still considered to be significant.

RZB AG's active country risk management is based on the country risk policy, which is set by the Management Board. This policy is part of the credit portfolio limit system and sets a strict limitation on cross-border risk exposure to individual countries. In day-to-day work, business units therefore have to submit limit applications for the respective countries for all cross-border transactions in addition to the limit applications for specific customers. A model which takes into account the internal rating for the sovereign, the size of the country, and RZB AG's own capitalization is applied to determine the absolute limit for individual countries.

Country risk is also reflected via the internal funds transfer pricing system in product pricing and in risk-adjusted performance measurement. In this way, the bank offers the business units an incentive to hedge country risks by seeking insurance (e.g. from export credit insurance organizations) or guarantors in third countries. The insights gained from the country risk analysis are not only used to limit total cross-border exposure, but also to cap total exposure in each individual country (i.e. including the exposure that is funded by local deposits). RZB AG thus realigns its business activities to the expected economic development in different markets and enhances the broad diversification of its credit portfolio.

Counterparty credit risk

The default of a counterparty in a derivative, repurchase, securities lending or borrowing transaction can lead to losses from reestablishing an equivalent contract. At RZB AG, this risk is measured by the mark-to-market approach where a predefined add-on is added to the current fair value of the contract in order to account for potential future changes. The total amount of the potential expected credit exposures from derivatives transactions determined in this way is set out in the tables for the individual customer segments. For internal management purposes, potential price changes, which affect the fair value of an instrument, are calculated specifically for different contract types based on historical market price changes.

For derivative contracts, the standard limit approval process applies; the same risk classification, limitation, and monitoring procedures as in traditional lending are used. Credit risk mitigation techniques such as netting agreements and collateralization represent an important strategy for reducing counterparty credit risk. In general, RZB AG strives to conclude standardized ISDA master agreements with all major counterparties for derivative transactions to perform close-out netting and to agree on credit support annexes (CSA) for full risk coverage of positive fair values on a daily basis.

Market risk

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

Market risks in the customer divisions are transferred to the Treasury division using the transfer price method. Treasury is responsible for managing these structural risks and complying with the bank's overall limit. The Capital Markets division comprises proprietary trading, market making, and customer business with money market and capital market products.

Organization of market risk management

The measurement, monitoring and management of all market risks is undertaken on the RZB AG overall bank level.

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

The *Market Risk Management* department (RBI) ensures that the business volume and product range comply with the defined and agreed strategy and risk appetite. It is responsible for developing and enhancing risk management processes, manuals, measurement techniques, risk management infrastructure and systems for all market risk categories and credit risks arising from market price changes in relation to derivative transactions. In addition, the department independently measures and reports all market risks on a daily basis.

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

Limit system

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

- Value-at-risk (VAR) confidence level 99 per cent, horizon one day
  The VaR limit caps the maximum loss which is not exceeded with a confidence level of 99 per cent within one day. It is the main steering instrument in liquid markets and normal market situations.

- Sensitivities (to changes in exchange rates, interest rates, gamma, vega, equity and commodity prices)
  Sensitivity limits are designed to avoid concentrations in normal market situations and represent the main steering instrument in stress situations or in illiquid markets or those that are structurally difficult to measure.

- Stop loss
  This limit strengthens traders' management of their proprietary positions to ensure that they do not allow losses to accumulate, but strictly limit them instead.

A comprehensive stress testing concept complements this multi-level limit system. It simulates potential valuation changes in the total portfolio under various scenarios. Risk concentrations evidenced by these stress tests are reported to the Market Risk Committee and taken into account when setting limits. Stress test reports for each portfolio are included in daily market risk reports.

Value-at-risk (VAR)

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

Structural interest rate risks and spread risks from bond books maintained as a liquidity buffer dominate the VaR. RZB AG does not have a qualifying trading book. The complete overview therefore represents the results from the banking book.

Total VaR 99% 1d in € thousand	VaR as of 31/12/2015	Average VaR	Maximum VaR	Minimum VaR
Currency risk	5	782	6,809	2
Interest rate risk	607	1,480	11,970	256
Credit spread risik	5,544	7,711	33,246	2,006
Total	5,162	8,871	32,284	4,279

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

Total VaR 99% 1d in € thousand	VaR as of 31/12/2014	Average VaR	Maximum VaR	Minimum VaR
Currency risk	6,976	184	7,398	0
Interest rate risk	1,924	3,196	5,746	1,360
Credit spread risik	2,584	559	2,634	0
Total	7,850	3,801	8,557	2,148

Interest rate risk in the banking book

As a result of different maturities and repricing schedules of assets and liabilities (customer deposits and financing from money and capital markets), RZB AG is subject to interest rate risk. This risk arises in particular from different interest rate sensitivities, rate adjustments, and other optionality of expected cash flows. Interest rate risk in the banking book exists in the euro and US dollar as major currencies.

This risk is mainly hedged by a combination of transactions on and off the statement of financial position, in particular interest rate swaps and – to a lesser extent – interest rate forwards and interest rate options are also used. Management of the structure of the statement of financial position is a core task of the Treasury division, which is supported by the Group Asset/Liability Committee. The latter uses scenarios and interest income simulations that ensure proper interest rate sensitivity in line with expected changes in market rates and the overall risk appetite.

Interest rate risk in the banking book is measured not only in a value-at-risk framework, but is also managed by the traditional tools of nominal and interest rate gap analyses. The following table shows the change in the present value of RZB AG's banking book given a one-basis-point parallel interest rate increase. The main currencies are shown separately.

2015 in € thousand	Total	< 3 m	> 3 to 6 m	> 6 to 12 m	> 1 to 2 y	> 2 to 3 y	> 3 to 5 y	> 5 to 7 y	> 7 to 10 y	> 10 to 15 y	> 15 to 20 y	>20y
CHF	0	0	0	0	0	0	0	0	0	0	0	0
CZK	8	0	0	0	0	0	1	1	6	0	0	0
EUR	146	(23)	(17)	(45)	51	141	126	42	(130)	0	0	0
PLN	0	0	0	0	0	0	0	0	0	0	0	0
SEK	0	0	0	0	0	0	0	0	0	0	0	0
USD	0	0	0	0	0	0	0	0	0	0	0	0

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
CHF	0	0	0	0	0	0	0	0	0	0	0	0
CZK	0	0	0	0	0	0	0	0	0	0	0	0
EUR	335	(14)	(39)	(71)	2	69	149	144	99	(4)	0	0
PLN	0	0	0	0	0	0	0	0	0	0	0	0
RUB	1	1	0	0	0	0	0	0	0	0	0	0
SEK	0	0	0	0	0	0	0	0	0	0	0	0
USD	0	0	0	0	0	0	0	0	0	0	0	0

Credit spread risk

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

Liquidity risk

An important role of banks is conducting maturity transformation in the international financial markets. The need for maturity transformation arises from the needs of depositors to access their funds at short notice and the divergent need of borrowers for long-term loans. This function constantly results in positive or negative liquidity gaps for different maturities that are managed by banks through transactions with other market participants under normal market conditions.

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

Short-term liquidity risk

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

in € thousand	2015			2014		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	300,127	441,437	458,511	250,689	364,965	727,101
Liquidity ratio	104%	106%	105%	103%	104%	108%

Internal limits are used to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model. The bank holds sizeable amounts of liquid securities and favors assets eligible in tender transactions in the lending business in order to ensure liquidity in various currencies. In the event of a liquidity shortage, contingency plans would come into force.

Liquidity coverage ratio

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

in € thousand	31/12/2015
Average liquid assets	7,661,682
Inflows	1,936,875
Outflows	8,944,027
Net outflows	7,007,152
LCR	109%

Funding liquidity risk

Funding liquidity risk is driven mainly by changes in the risk appetite of lenders or by a deterioration in the creditworthiness of a bank that needs external funding. Funding costs and supply rise and fall with risk premiums, which are subject to market- and bank-specific fluctuations.

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

The funding plan focuses on achieving a balanced funding structure to manage funding liquidity risk. Funds are raised not only by RZB AG as the Group's parent institution, but also by many banking subsidiaries. These efforts are coordinated and optimized through a joint plan. Moreover, RZB AG arranges medium-term and long-term funding for its subsidiaries through syndicated loans, bilateral funding agreements with banks, and financing facilities from supranational institutions. These funding sources are based on long-term business relationships.

Operational risk

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

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

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

Risk identification

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

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

Monitoring

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

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

Risk measurement and mitigation

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

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

Introduction

The establishment and definition of a suitable internal control and risk management system with regard to the accounting process is extremely significant for RZB AG and the Group. The annual financial statements of RZB AG are prepared in the Financial Accounting department of Raiffeisen Bank International, which falls within the Chief Financial Officer's (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.

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

- Wall Street Systems and Murex (Treasury transactions)
- GEOS und GEOS Nostro (securities settlement and nostro securities management)
- Payments
- Banktrade (guarantees and letters of credit)
- SAP sub-ledgers (accounts receivable/accounts payable/fixed asset accounting)

The accounting process can be described as follows:

- Day-to-day accounting
  Day-to-day accounting records are mainly posted to the respective sub-ledgers (sub-systems). This posting data is transferred to the general ledger (SAP) in aggregated form on a daily basis, using automated interfaces. In addition, individual postings are recorded directly in the SAP general ledger. The general ledger in SAP has multi-GAAP functionality, which means two equivalent parallel general ledgers – one in accordance with UGB/BWG reporting standards and also a parallel ledger in accordance with IFRS. An operational chart of accounts exists for the two general ledgers; depending on the respective content, all postings are effected either simultaneously in both general ledgers or in only one of the two ledgers. The parallelism of the entries and the parallel existence of the two general ledgers remove the need for reconciliations from UGB/BWG to IFRS.
- Individual financial statements for RZB AG in accordance with UGB/BWG and IFRS
  The SAP trial balance in accordance with UGB/BWG and/or IFRS results from the posting data of the respective sub-systems which is delivered via automated interfaces. In addition, a number of supplementary ledger-specific closing entries are made directly in SAP. These are independent of the respective sub-systems. The sum of all these entries gives the statement of financial position and the income statement pursuant to UGB/BWG or IFRS.

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 specific transactions

Additionally, there are guidelines that relate solely to RZB AG. 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 equity participations, which are based on estimates of future developments, gives rise to a risk. The main focus of risk assessment is on RZB AG'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 examines the annual financial statements and the management report and they are adopted by the Supervisory Board. 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 RZB AG 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, the RZB Participation Management & Finance department and the responsible RZB board member before being passed on to the Audit Committee.

Outlook

Economic prospects

Austria

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

CEE banking sector

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

Business outlook

Under the current and medium-term outlook for the economic and regulatory environment, RZB AG expects the following developments for its principal equity participations.

RBI targets a CET1 ratio (fully loaded) of at least 12 per cent and a total capital ratio (fully loaded) of at least 16 per cent by the end of 2017. After the implementation of the strategic measures defined at the beginning 2015, the cost base should be approximately 20 per cent below the level of 2014 (general administrative expenses 2014: € 3,024 million). 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. RBI further aims to achieve a cost/income ratio of between 50 and 55 per cent in the medium term. RBI expects net provisioning for impairment losses for 2016 to be below the level of 2015 (€ 1,264 million). General administrative expenses for 2016 should be slightly below the level of the previous year (2015: € 2,914 million).

For its specialised subsidiaries, RZB AG expects higher operating results for the business year 2016 as well as a stable contribution.

Due to a planned investment programme, UNIQA will generate a substantially lower result in the 2016 financial year, since a significant part of the program's expenses will be effective in 2016. The contribution to RZB AG's result is however expected to remain unchanged, as this is based on the record result from 2015.

The contribution of other participations (at-equity) to the consolidated result is expected to remain largely stable, but should increase significantly in the following years.

On the one hand, additional expenses for the Group result from essential investment in the future, in particular in the area of digitalisation; on the other hand, expenses will result from regulatory burdens such as notably for bank levies and contributions to national and European insurance and resolution funds.

In order to be well-prepared for future challenges and against the backdrop an ever changing economic and regulatory environment, RZB AG will continue to evaluate the structures of the Group. The reduction of complexity and the establishment of efficient structures should optimize the cost base and sustainably strengthen Group capital and profitability. Ultimately, in its role as central institution, RZB AG will contribute to enhanced cooperation within the Raiffeisen Banking Group.

Events after the reporting date

There were no events after the reporting date that require disclosure.

Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of

Raiffeisen Zentralbank Österreich Aktiengesellschaft,
Vienna,

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

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal requirements of the banking law and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements.

Report on the 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, 7 March 2016

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca

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, 7 March 2016

The Management Board

Walter Rothensteiner
Chairman of the Management Board responsible for
Participation Management & Finance, General Secretariat, Compliance, Audit of RZB Group
and Management Secretariat

Michael Höllerer
Member of the Management Board responsible for
Sector Marketing, Sector Customers, Sector Treasury,
Sector Sales Services, Group Regulatory Affairs, Group
Transformation Office and Digital Banking

Johannes Schuster
Member of the Management Board
responsible for Risk Management, Risk Controlling
and Organisation & Processes