

Austria  
Full Rating Report

# Raiffeisen Zentralbank Oesterreich

## Ratings

Long-Term IDR	A
Short-Term IDR	F1
Individual Rating	C/D
Support Rating	1
Support Rating Floor	A

## Sovereign Risk

Foreign-Currency Long-Term IDR	AAA
Local-Currency Long-Term IDR	AAA

## Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

## Financial Data

### Raiffeisen Zentralbank Oesterreich AG

	31 Mar 10	31 Dec 09
Total assets (USDm)	202,309.0	213,118.3
Total assets (EURm)	150,091	147,938.2
Total equity (EURm)	8,518.0	7,807.8
Operating profit (EURm)	369.8	823.1
Published net income (EURm)	341.6	570.6
Comprehensive income (EURm)	709.6	424.7
Pre-impairment operating ROAE (%)	34.54	40.84
Operating ROAA (%)	1.01	0.54
Operating ROAE (%)	18.37	10.95
Internal capital generation (%)	16.26	7.31
Eligible capital/weighted risks (%)	10.78	9.69
Tier 1 ratio (%)	9.60	9.40

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## Related Research

### Applicable Criteria

- [Global Financial Institutions Rating Criteria \(December 2009\)](#)

## Rating Rationale

- The ratings of Raiffeisen Zentralbank Österreich AG (RZB) – apart from its Individual Rating – reflect Fitch Ratings' opinion that the Raiffeisen banking group's importance to the domestic financial system means there is an extremely high probability of support - if ever required - for the group as a whole and RZB in particular, given its role as central institution for the sector.
- RZB's Individual Rating takes into account its sizeable credit exposure to challenging markets in Central (CEE) and South (SEE) Eastern Europe and the Commonwealth of Independent States (CIS), which resulted in elevated loan impairment charges (LICs) and more volatile revenues from capital markets. This is balanced by its strong domestic corporate franchise, good track record in CEE, resilient pre-impairment core profitability and improved capitalisation.
- Profitability in 2009 and Q110 was supported by rebounding mark-to-market valuations of its bond portfolio as well as sound cost control (amplified by exchange rate movements), which compensated for a drop in net interest and net fee income and notably sharply higher LICs. Fitch expects further pressure on profitability due to continued high LICs and low business volumes in 2010 although RZB will continue to benefit from a resilient core earnings base.
- RZB is predominately exposed to credit risk in its EUR75bn net loan book, 87.7% of which relates to CEE/SEE/CIS. In line with the general economic downturn, impaired loans more than doubled in 2009 to 8.0% at year-end and Fitch expects this ratio to increase further. Loan loss coverage is acceptable at 69.5%. Market risk largely relates to relatively sizeable unhedged foreign capital investments.
- Retail deposits, largely from CEE/SEE/CIS, fund around three-quarters of RZB's loan book. Since early 2009, RZB has eased pressure on wholesale funding by issuing EUR4.25bn of government-guaranteed bonds. Simultaneously, RZB has improved its capital ratios to adequate levels by issuing EUR2.5bn participation capital (EUR1.75bn of which was injected by the government).

## Support

- Fitch considers that, given RZB's systemic importance, there is an extremely high probability of support from the Austrian authorities, although RZB also has a strong position in the banking systems of some adjacent countries in CEE.

## Key Rating Drivers

- The bank's Long-Term IDR is on its Support Rating Floor and has a Stable Outlook. Maintaining adequate profitability and capitalisation could provide upside potential for RZB's Individual Rating. Increased market risk, higher-than-expected LICs and/or a sharp fall in revenues could put it under pressure.

## Profile

RZB, 88% owned by eight Raiffeisen central banks, operates as the central institution of the Raiffeisen group and focuses on wholesale/corporate banking in Austria. Through Raiffeisen International Bank-Holding AG (RI, 72.8% owned by RZB), RZB is one of the largest foreign banks in CEE/SEE/CIS, operating in 17 markets. RZB and RI announced in April 2010 that they plan to merge, thereby decreasing the free float of the combined bank, allowing an integrated access to capital markets.

- Central institution of Austria's largest banking group
- Focus on domestic corporate lending and CEE; the latter via its Raiffeisen International subsidiary
- Planned RZB-Raiffeisen International merger to improve access to debt and equity capital markets

### Raiffeisen Group

(As of end-2009)

(EURbn)	Assets	Equity
Raiffeisen group (RBG)	260.3	14.3
Of which		
RZB (consolidated)	147.9	10.3
RI	76.3	7.0

Source: RZB

- Drop in net interest and net fee income due to lower business volumes and interest rates compensated for by rebounding capital market revenues
- Sound cost containment measures supported by favourable exchange rate developments
- Sharp increase in impairment charges, notably in CIS and SEE
- Pressure on core revenues in Q110 compensated for by trading and valuation gains

### Profile

Set up in 1927 as Genossenschaftliche Zentralbank (and renamed in 1989), RZB operates as the central institution of the Raiffeisen banking group (RBG), Austria's largest banking group. It is a major domestic corporate lender and one of the largest banks across CEE, SEE and the CIS.

At end-2009, the Raiffeisen group had domestic deposit and lending market shares of 28.6% and 25.1% respectively. The group consists of three tiers: 1. around 540 local (and typically small) Raiffeisen retail banks, which own; 2. eight Landesbanks (regional central institutions), which own; 3. 87.8% in RZB. RZB itself holds 72.8% in Vienna-listed Raiffeisen International Bank-Holding AG (RI), which in turn owns banking and non-banking subsidiaries in various CEE/SEE and CIS countries.

At end-2009, RZB employed around 59,800 staff in 3,038 branches and other outlets. Reflecting its corporate/investment banking (ie, non-retail) profile in Austria, the vast majority of staff (94.6%) and branches (99.7%) relate to foreign operations. Most of the Raiffeisen group's domestic retail banking business is conducted via first-tier banks (not consolidated into RZB), which have the densest branch network in Austria (2,224 branches at end-2009; see Annex for further details on the overall group's organisation and ownership).

Although the banks in the three tiers operate independently, there is an increasing degree of cohesion within the Raiffeisen group. A cross-guarantee mechanism (Raiffeisen-Kundengarantiegemeinschaft Österreich; see Annex for further details), put in place in 2000, covers about 95% of the group's customer deposits (as of end-2008), excluding RI deposits. At end-2009, RZB accounted for 56.8% of RBG's total assets, 48.3% of total loans but only 38.3% of total deposits.

RZB was one of the first western European banks to enter CEE in 1986 through entry into the Hungarian market. Today, through RI, RZB operates in 17 CEE/SEE/CIS markets and has one of the most comprehensive networks in the region. Compared with its national and international peers, RZB is disproportionately well represented in the Balkans region, Ukraine and Russia. The regional universal banks and leasing companies in CEE/SEE/CIS have been a key driver of growth, accounting for 65.6% of credit risk-weighted assets and around 62.7% of RZB's pre-tax profit (78.0% excluding loss-making Ukraine) at end-2009.

Outside the CEE/SEE/CIS region, RZB is a major corporate lender in Austria, targeting the country's 1,000 largest corporates. It also offers a wide range of treasury and investment banking services, the latter partly concentrated in its Centrobank subsidiary. Proprietary trading and – notably – interbank activities at RZB had traditionally been relatively pronounced, but in 2009 management decided to reduce its exposure to both proprietary trading and financial institutions business.

In April 2010, RZB announced that it intends to merge RZB and RI, creating a combined bank for both the Austrian corporate and investment banking business (currently in RZB) and RI's CEE activities. In Fitch's opinion, the main rationale behind this merger is to decrease the free float of the combined bank (to around 21% from RI's current 27%), thereby improving the opportunities for the group to access the equity capital market while the sector still maintains a clear majority stake in the group. The group restructuring is also likely to consider the proposed changes to Basel II's capital adequacy framework. Management expects the merger – which is still subject to various shareholder and regulatory approvals – to be finalised in late 2010 (see Annex for further details on the planned transaction).

### Performance

RZB's earnings base is well diversified, both by geography (see Annex) and revenue stream. Net interest income typically accounts for two-thirds of revenue, supplemented by relatively resilient net fee income and more volatile trading and

securities income. The bank's net interest margin (NIM) is somewhat thinner than that of its immediate peers (see *Annex*) due to its lower leverage (gross loans accounted for 50.6% of assets at end-2009), reflecting its sizeable interbank activities.

Primary effects of the recent market dislocation (losses on Lehman, Icelandic exposures, spread widening on fixed income securities) negatively affected RZB's performance in 2008. Since early 2009, however, profitability has been burdened by secondary effects: lower net interest (down 16.0% yoy) and lower net fee income (down 19.6% yoy) due to lower business volumes and higher refinancing costs in some markets (in the case of NII); and more importantly sharply higher loan impairment charges (LIC; up 95.3% yoy).

Conversely, pre-impairment operating profitability in 2009 (up 76.5% yoy) was significantly supported by rebounding trading income and gains of securities in more benign capital markets. This – and 10.3% lower operating expenses (around 50% due to favourable currency effects) – allowed RZB to absorb the markedly higher LICs (which consumed 73.2% of pre-impairment profit; 66.1% in 2008). RZB's operating profit actually improved to EUR823.1m in 2009, or an adequate 11.0% of average equity (7.2% at end-2008).

In Q110, despite continued pressure on RZB's core revenues (NII down 7.5% compared with Q109, net fee income down 2.9%), a sharp reduction in LICs (down 45.5%) and notably significant valuation gains led to a considerable improvement in operating profit (EUR369.8m compared with EUR118.4m in Q109).

The drop in NII during 2009 was driven partly by an 11.2% fall in NII from customer business but more markedly by sharply lower NII from bank (and central bank) placements, as a result of both lower average interest rates and RZB's more prudent interbank placement strategy. Higher refinancing costs also contributed to a squeeze on RZB's NIM, particularly pronounced in Russia (down 67bp) and Austria (27bp).

RZB's fee revenue is overwhelmingly linked to transaction volumes, which were significantly lower yoy in 2009. In CEE/SEE/CIS, net fee income was negatively affected by fewer FX transactions (partly because of Slovakia's euro accession) and a decline in payment transfers due to adverse exchange rate movements.

Net trading income mainly relates to interest rate and FX transactions, with smaller balances in equity and credit trading. In 2009, trading income from interest rate transactions recovered strongly (EUR368.5m; EUR275m loss in 2008) due to positive interest rate developments. FX trading income was sharply lower, largely due valuation losses on rouble/USD futures (for hedging purposes; corresponding valuation gains in 2008). Income from derivatives (both qualifying and non-qualifying) also contributed to RZB's strong trading result. Net income from financial investments rebounded strongly, after a EUR958m loss in 2008, despite impairment losses on several equity positions.

Cost containment measures initiated in 2008 and favourable exchange rate developments had a positive impact on RZB's operating cost base. The bank's cost/income ratio improved to a sound 47.6% at end-2009. Both staff and other operating expenses decreased by around 10%, the former helped by a 10% yoy decline in staff numbers. Reductions in personnel expenses were particularly pronounced in Ukraine/Belarus (down 30%), Russia (down 25%) and CEE (down 15%). Adjusted for currency effects, the fall in total operating expenses would have amounted to 4.5%.

LICs increased in all of RZB's markets, but particularly strongly in Ukraine/Belarus (up 184% yoy to account for 22.9% of total LICs) and SEE (up 160%; 18.4%). Increases in Russia (up 84%; 14.3%), CEE (up 84%; 21.7%) and Austria (up 28%; 20.0%) were less

pronounced but still considerable. Reflecting its sizeable Ukrainian and SEE exposure, RZB's overall credit costs (LICs/average gross loans), at 282bp at end-2009, were markedly higher than those of its peers. Management expects LICs to remain high in 2010 (and 2011) as a result of continued – albeit somewhat slower – asset quality deterioration in many of RZB's markets.

## Risk Management

Risk management systems and policies are centred at consolidated RZB group level, with some monitoring and reporting at the RZB Group level. An RZB Group risk committee meets quarterly. RZB's board of directors (ie, its group risk committee) is responsible for overall risk policies. At the RI level, each member of the management board is responsible for at least one CEE/SEE/CIS country. All systems implemented in foreign subsidiaries and all credit policies have to be approved centrally. The appropriateness of foreign systems and policies is audited by internal audit every second year. Since the onset of the financial crisis, approval limits in all foreign subsidiaries have been lowered.

At end-2009, according to the bank's economic capital model (99.95% confidence interval, one-year time horizon), 33% of risks related to corporate lending, 18% to retail lending, 9% to financial institutions, 7% to sovereign risk, 2% to country risk, 9% to market risk, 8% to operational risk and 1% to participation risk. The remainder (13%) related to "other" risks, essentially a buffer for non-quantifiable risks.

## Credit Risk

Credit risk is by far RZB's main source of risk, due mainly to its sizeable CEE/SEE/CIS exposure but also to its interbank business (booked in its Austria segment, see Credit Exposure table below) and its large corporate loan book in Austria. Loan growth was still strong in 2008, at 12% in corporate loans and 23% in retail loans. However, loan growth turned negative in all geographies in 2009, most notably in Russia and Ukraine but also in Austria

Corporate lending (and financial institutions exposures) is assessed using an 11-scale rating model, and project finance is assessed using a six-scale rating model. Application and behavioural scorecards are used for most types of retail lending.

Loans to large corporates continue to dominate RZB's balance sheet, reflecting its roots as a central institution. They accounted for EUR48.6bn, or 65.0% of total loans, at end-2009. However, as a result of RZB's recent strong growth in CEE/SEE/CIS, retail loans, notably mortgage loans and short-term unsecured loans, have increased disproportionately and made up 23.9% of loans at end-2009. The remainder of RZB's end-2009 loan book consisted of loans to small corporates (5.5%) and SMEs (3.2%), sovereign loans (2.2%) and other loans (0.2%). Off-balance-sheet commitments have been actively reduced. At end-2009, they amounted to EUR31.2bn (down 14.2% yoy) and were roughly evenly split between contingent liabilities (largely credit and other guarantees), irrevocable credit lines and revocable credit lines.

By sector, RZB's loan exposure (including off-balance sheet) was well diversified at end-2009; exposure to real estate (16% of loan exposure) and construction (4%), although falling, remained relatively high (see *Annex* for further details). At end-Q309, concentration risk by borrower was acceptable, with the 20 largest corporate loans accounting for around EUR8.1bn, or 89.3% of end-2009 eligible capital. At the same time, six exposures (to four Austrian, one German and one Chinese corporate) exceeded 5% of eligible capital. (The biggest exposure amounted to 8.6%.)

Collateralisation of corporate exposures tends to be low. At end-Q309, RZB's 20 largest exposures were merely 11.2% covered by tangible collateral. Around half of RZB's retail loans (EUR20.2bn at end-2009, including EUR2.4bn SME loans), virtually exclusively in CEE/SEE/CIS markets, related to residential mortgage loans. Just

- Credit risk from Austrian and Eastern European corporate as well as Eastern European retail exposure is the main source of risk
- Sharp deterioration in asset quality in 2009 in line with expectation; further worsening expected in 2010; acceptable coverage
- Moderate market risk from CEE capital investments

## Loan Book

(EUR74.9bn; as of end-2009)

(%)	Growth	Total
Austria	-9.60	12.34
CEE	-5.08	31.24
SEE	-4.77	16.47
Russia	-30.73	8.16
CIS other	-18.20	7.21
Other countries <sup>a</sup>	-15.22	24.57
Total	-11.85	100.00

<sup>a</sup> Predominately Western Europe, USA and Far East  
Source: RZB

below 25% were made up of micro and SME loans, with the remainder relating to other personal loans. Around 60% of retail loans were extended in local currency, with the remainder roughly evenly split between EUR, USD and CHF. Underwriting criteria for FX loans are somewhat stricter (20% additional collateral haircut and tighter debt-to-income ratios). New regulation put in place should gradually reduce the importance of FX lending.

Although falling, interbank assets still represent a large part of RZB's balance sheet (EUR33.9bn, or 22.9% of assets at end-2009; EUR46.5bn including off-balance-sheet exposures), given RZB's role as the central institution for the Raiffeisen group. At end-2009, the majority related to Austrian and US/Western European banks, with CEE/SEE/CIS bank exposure limited to EUR3.8bn, or 11.2% of the total. Around 83.2% of banks were rated in the four best rating classes, but 4.2% were classified in the "weak", "very weak", "doubtful" or "default" (1.3%) categories (0.2% were unrated). The majority of interbank assets related to commercial banks (94.1%), with only limited central bank (5.8%) and multilateral bank (0.2%) placements.

RZB is also exposed to credit risk in its EUR10.3bn trading and derivatives book and its EUR18.9bn financial investments book (as of end-2009; EUR13.2bn of which held-to-maturity). The vast majority of RZB's security exposure related to bonds (EUR22.2bn, or 15% of end-2009 assets), with limited exposure to shares (including investments in associates), mutual funds and other non-fixed income securities (EUR2.2bn, or 24.2% of eligible capital). RZB's bond portfolio was mostly made up of ECB-eligible (42.9% of the total) and other (16.2%) public-sector bonds; around 40.8% related to bank and corporate bonds. Around EUR0.5bn related to ABS (predominately 'AAA' rated). Shares in UNIQA, an Austrian insurance company, accounted for around EUR840m of RZB's EUR2.2bn non-fixed income exposure. The positive replacement value of derivative transactions predominately related to interest rate (79.8% of the total; around 40.8% of which classified as cash flow or fair value hedges) and FX derivatives (16.0%). CDS exposure was limited to 0.9%.

### Asset Quality

Reflecting the difficult economic conditions in all of RZB's markets, asset quality deteriorated in all geographies in 2009, but particularly rapidly in Ukraine, Russia and SEE (see table below). Overall, RZB's non-performing loans (NPL) ratio more than doubled yoy (partly due to falling loan balances) to 8.03% at end-2009 (3.1% at end-2008). Including loans classified as performing but more than 90 days overdue, this ratio worsened to 8.99% (3.78% at end-2008). Despite RZB's sizeable corporate loan book, NPLs tend to be fairly granular. At end-Q309, the group's 25 largest NPLs accounted for 14.3% of eligible capital (9.2% after taking provisions into account). Due to the rapid asset quality deterioration and despite sharply higher loan

### End-2009 Credit Exposure

(EURm)	Austria	CEE	SEE	Russia	Other CIS	ROW	Total
Corporate loans	20,470.2	14,414.4	7,162.7	4,394.0	3,222.7	3,268.0	52,931.9
NPL ratio (%)	3.76	7.45	7.68	10.05	15.87	6.59	6.73
NPL increase yoy (%)	60.17	119.91	198.65	898.73	374.99	334.38	163.01
Coverage ratio (%)	75.71	54.83	53.57	92.38	79.45	46.49	66.84
NPL collateralised (%)	20.37	38.15	61.69	39.04	63.70	58.13	42.94
Retail loans	140.4	9,225.3	6,865.1	1,866.5	2,151.6	0.1	20,249.0
NPL ratio (%)	5.85	7.05	6.36	10.87	26.02	0.00	9.18
NPL increase yoy (%)	41.26	98.97	120.64	51.91	91.60	n.a.	94.28
Coverage ratio (%)	86.77	62.74	84.93	94.83	72.99	n.a.	74.65
NPL collateralised (%)	34.42	55.09	26.05	56.25	72.49	n.a.	53.54
Banks	27,811.9	1,411.0	1,137.0	547.6	322.1	651.8	31,881.4
NPL ratio (%)	2.06	0.29	0.00	0.00	0.05	0.15	1.81
Sovereigns	537.0	1,060.9	1,724.7	127.7	218.8	11.1	3,680.1
NPL ratio (%)	0.00	1.22	0.00	2.32	0.00	0.00	0.43
<b>Total</b>	<b>48,959.5</b>	<b>26,111.5</b>	<b>16,889.4</b>	<b>6,935.8</b>	<b>5,915.3</b>	<b>3,930.9</b>	<b>108,742.4</b>

Source: RZB

impairment charges, RZB's loan loss reserve coverage ratio fell yoy, amounting to 69.5% at end-2009. Fitch views this coverage level as acceptable considering the collateralisation of NPLs. At end-2009, loan loss reserves and available collateral combined exceeded 100% of loan value in all loan classes and markets (except Austrian and CEE corporate lending). Management expects a further worsening of asset quality in 2010, albeit at a slower pace than in 2009, and expects loan impairment charges to remain elevated in 2011 too.

### Market Risk

Market risk, which Fitch views as moderate, largely relates to foreign-currency risk due to unhedged capital investments in subsidiaries and, to a lesser degree, structural interest rate risk in the banking book. In terms of FX positions, the bank partially hedges the book value of its investments in CEE and sometimes part of the expected profit (the latter is decided by the assets and liabilities committee (ALCO) every two months). RZB uses a variance-covariance model to calculate its Value-At-Risk (10-day holding period, 99% confidence level, one-business-year observation period). Overall VaR is calculated daily for RZB bank only and weekly for RZB on a consolidated level (daily VaR feeds are obtained from the five largest subsidiaries). VaR is stress-tested weekly, using the biggest market movements in the previous five years. Back-testing takes place regularly. Total VaR (for both the trading and banking books) is limited to EUR380m (after taking into account diversification effects; EUR425m on a gross basis), or an acceptable 4.2% of end-2009 eligible capital. As of early December 2009, utilisation stood at 89.9% (with a peak at 99.2% during 2009). It predominately related to FX risk (78.3% of the gross VaR), followed by banking book interest rate risk (13.8%). Furthermore, interest rate risk in the banking book, defined as a 200bp interest rate movement, is by regulation limited to 20% of eligible own funds. At end-March 2010, a 200bp shift in interest rates would have had a 7.8% impact on eligible own funds (end-2009: 9.3%). The bank is known as an active trading bank in Austria and emerging markets. Credit derivatives are used mostly for hedging purposes.

### Operational Risk

For Basel II purposes, RZB uses the standardised approach. It has defined key risk indicators and has implemented an early warning system. The group's main exposure to operational risk probably resides in its extensive branch network in CEE. Management is aware of the major differences between the EU/CEE countries and the others in terms of legal environment. In 2009, the majority of RZB's largest operational losses related to external fraud.

## Funding and Capital

### Funding

While predominately retail deposit-funded (see table in margin), RZB relies to some extent on net interbank funding and other wholesale market funding sources. During 2009, RZB's balance sheet liquidity improved – despite a 6.3% fall in customer deposits yoy – due to significantly lower loan balances (helped by the depreciation of most CEE/SEE/CIS currencies against the euro). At end-2009, customer deposits funded 74.0% of RZB's gross loan book. The decrease in deposits was particularly pronounced in RZB's Austrian corporate segment due to pricing adjustments. Reflecting its sizeable corporate business, deposits from corporates and SMEs dominated RZB's customer deposit base (57.4% of total deposits at end-2009), followed by retail deposits (38.8%), sovereign (3.1%) and other (0.7%) deposits. Geographically, the bulk of RZB's deposits related to its CEE (35.1%) and SEE (22.1%) customers, followed by deposits from "other countries" (18.9%; London, Singapore, Beijing, Malta and US), Russia and CIS (15.2%) and Austria (8.8%).

Interbank funding has typically been significant at RZB, reflecting its role as central institution for the Raiffeisen group and CEE/SEE/CIS funding requirements (EUR13.7bn funding gap at end-2009). However, it fell in 2009 as a result of less

- Less credit demand and some deleveraging supported balance sheet liquidity during 2009
- Limited reliance on central bank funding; significant interbank funding also due to central institution function
- Overhaul of liquidity management
- Adequate capitalisation following injection of EUR1.75bn government preference shares

### RZB Funding Structure

End-2009	EURm	% Δ yoy
Bank deposits	49,917	-7.8
O/w from sector	13,926	+10.3
O/w ECB	4,159	-48.7
O/w foreign	24,691	-14.4
Customer deposits	55,423	-6.3
O/w Austrian	4,850	-34.3
O/w foreign	50,573	-2.3
Debt securities	19,935	-3.7
O/w maturing 2010	2,974	-57.9
Subordinated debt	4,563	2.6
O/w Tier 2	2,802	1.2
<b>Total non-equity</b>	<b>137,630</b>	<b>-7.2</b>

Source: RZB

credit demand. At end-2009, RZB received around EUR13.9m, or 27.9% of total interbank funding, from within the Raiffeisen group. Central bank funding, from both the ECB and the Swiss National Bank (for CHF loans in CEE), fell sharply during 2009. At around EUR4.2bn at end-2009, it appears manageable. Funding through debt issuance is also fairly important, although debt issuance requirements in 2010 will be lower than in previous years due to limited maturities (around EUR1.5bn) and lower CEE/SEE/CIS funding requirements. Overall, RZB's commercial gap (deposits minus loans) narrowed by EUR6.4bn during 2009 (to EUR25.8bn), almost exclusively due to lower CEE/SEE/CIS funding needs (minus EUR5.8bn). During 2009, RZB issued EUR7.7bn in wholesale funding, mostly government guaranteed (55%) and private placements (20%).

### Liquidity

As a result of the financial crisis, RZB has since late 2008 centralised liquidity management for all of its subsidiaries and adjusted several assumptions used (eg, sediment assumptions for customer deposits) in managing the group's liquidity. Reflecting its large and long-term loan book (at end-2009, 33.4% of loans had a maturity of between one and five years and 23.3% of more than five years), RZB has – based on remaining contractual maturities – a significant liquidity gap in the “up to three months” bucket (EUR22.0bn; excluding equity). According to its internal liquidity assumptions (which include off-balance-sheet outflows), at end-2009, RZB had a 12-month “survival period”, with its positive liquidity gap narrowing from around EUR20bn after 14 days to nil after around 18 months. RZB's liquidity stress test assumes no access to wholesale markets for six months, budgeted credit growth and a 20% outflow in retail deposits. Liquidity is supported by RZB's sizeable counterbalancing capacity, which at end-2009 consisted of ECB-eligible assets (EUR7.2bn; EUR7.0bn of which unencumbered) and EUR9.7bn assets eligible for tender at other local central banks.

### Capital

Anticipating pressure on its capitalisation due to deteriorating asset quality, procyclicality effects and adverse currency movements as a result of the difficult operating environment as well as generally higher capital ratios across the industry, RZB took several measures during 2009 to improve its (now adequate) capitalisation. Although access to fresh capital is somewhat limited due to RZB's cooperative structure, the planned restructuring (see *Annex*) provides some flexibility in this respect.

As part of the Austrian state's bank support package, RZB applied in late 2008 for EUR1.75bn in participation capital fully subscribed for by the Austrian government (a first tranche of EUR750m was received in late 2008, the remainder in 2009). RZB also issued EUR750m in participation capital to Raiffeisen group banks (EUR500m was subsequently offered to third-party investors), which lowered the coupon payment on the government participation capital to 8.3% from 10%. Both forms of participation capital are considered core Tier 1 capital by the Austrian regulator but have been reclassified as hybrid capital (100% equity credit) by Fitch. Management has indicated that it intends to repay the government participation capital within five years. This measure – and a 15.8% fall in risk-weighted assets – improved RZB's capital ratios considerably, despite significant negative swings in its foreign-currency reserve. At end-2009, the group's Tier 1 and Fitch eligible capital ratios had improved to 9.4% and 9.7% respectively (from 7.0% and 7.9% at end-2008). RZB's management targets a Tier 1 ratio (all risks) of 9%, which Fitch views as just adequate given RZB's significant exposure to volatile and untested markets.

### CEE/SEE/CIS Funding Gap

End-2009	LDR (%) <sup>a</sup>	Δ (%)	Gap <sup>b</sup>
Czech R.	115.8	-14.6	-1.3
Hungary	130.6	+3.5	-1.5
Poland	136.8	-14.5	-1.8
Slovakia	86.8	+3.4	+1.2
Slovenia	233.5	+17.2	-0.6
Albania	45.4	+5.7	+1.1
Bosnia	86.8	-23.9	-0.2
Bulgaria	137.8	-13.1	-1.1
Croatia	126.1	+7.1	-0.6
Kosovo	67.9	-17.8	+0.1
Romania	126.7	-3.6	-1.1
Serbia	123.2	-39.8	-0.8
Russia	257.5 <sup>c</sup>	-8.3 <sup>c</sup>	-5.93
Belarus	147.5	-46.1	-0.6
Ukraine	191.1	-28.2	-2.9
RI	118.6	-12.3	-13.7
RZB	135.1	-8.6	-25.8

<sup>a</sup> loans/deposits ratio

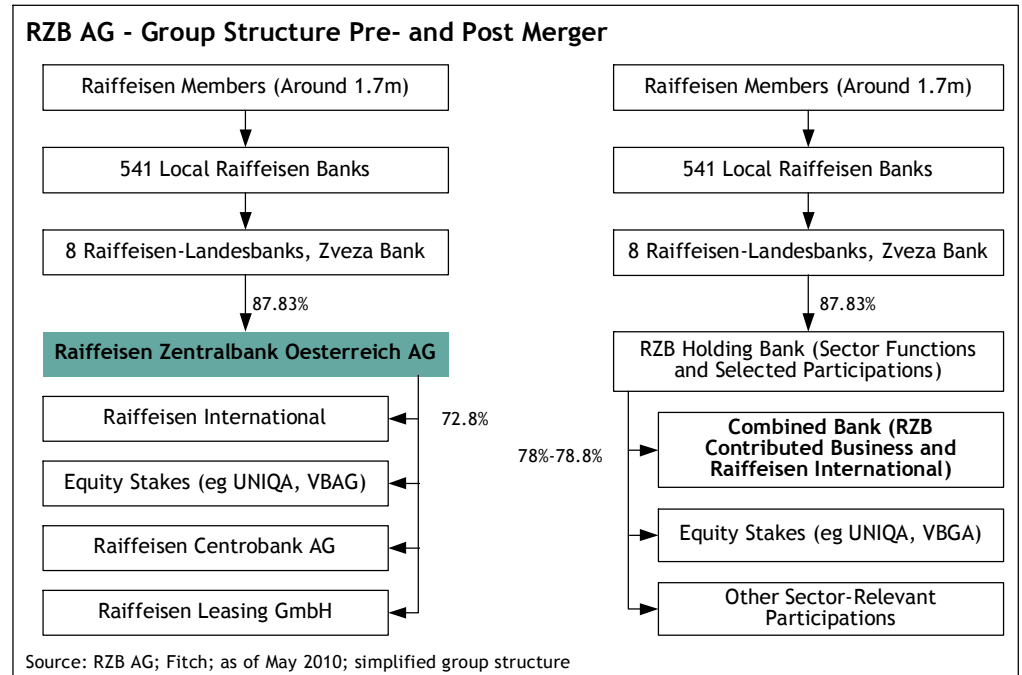
<sup>b</sup> funding gap (deposits minus loans)

<sup>c</sup> local GAAP figures

Source: RZB, RI, Fitch

**Annex**

**Group Structure, Ownership and Support Mechanism**



RZB is an unlisted, privately owned banking group. While this may affect transparency in terms of corporate governance, no material issues have arisen to date. In addition, the management holding company, Raiffeisen International Bank-Holding AG (RIH), is listed and reports on a quarterly basis. RZB’s owners are: eight Raiffeisen Landesbanks and one other Raiffeisen bank (87.8%), Oesterreichische Volksbanken AG (rated ‘A’/Stable Outlook), the group’s cooperative insurance company, and five other Austrian institutions (mostly banks).

The Raiffeisen group has a cross-guarantee support mechanism in place. While there has always been a voluntary support mechanism, a legally binding mechanism was established in the early 2000s. The voluntary support scheme remains in place but has been enhanced by an “ultimate payment guarantee” through the setting-up of a fund (Raiffeisen-Kundengarantiegemeinschaft Österreich). The regional cross-guarantee systems are also part of the Raiffeisen-Kundengarantiegemeinschaft, with the exception of the regions of Salzburg and Carinthia. Consequently, around 81% of all group banks are members of the guarantee scheme, including RZB (but excluding RI), resulting in around 95% of deposits being guaranteed.

**Geographical Presence and Segmental Reporting**

**Austria**

RZB is the third-largest domestic bank after UniCredit Bank Austria (Bank Austria) and Erste Group Bank AG (Erste). Given its role as the central institution in the Raiffeisen banking group, RZB focuses on wholesale banking (corporate and investment banking). Retail customers are serviced by local group banks. The Austria segment also includes RZB’s financial institutions and treasury activities, which incurred a significant operating loss in 2008 (see table below).

**CEE/SEE/CIS**

Overall, RZB, through RI, is the second-largest bank in the region (by total assets and by total branches) after UniCredit Bank Austria but before Erste, KBC and Société Générale. Similar to Bank Austria, RZB started with corporate banking, first organically and then through acquisitions. RZB decided in the early 2000s to build

up its retail banking business, and has received positive contributions from this business since 2004. At end-2009, RZB had a retail customer base of 15m in the CEE region, serviced through a substantial branch network. Many of its CEE/SEE/CIS operations have been greenfield, although it has recently acquired some already established banks, notably in Russia (Impexbank; 2006), the Czech Republic (ebanka; 2006) and Ukraine (Bank Aval; 2006).

### CEE

In CEE (ie, the Czech Republic, Hungary, Poland, Slovakia and Slovenia), 2.2m customers are serviced via 549 branches. As of end-2009, RZB had an overall 4.5% market share in CEE and was thus the fourth-largest foreign player after KBC, UniCredit Bank Austria and Erste. It has a strong presence in Slovakia (number three) but somewhat weaker market shares in the other countries (number 10 in Poland, number five in the Czech Republic and Hungary).

### SEE

SEE includes Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Moldova, Romania and Serbia. With an end-2009 market share of 10.6%, RZB is, together with UniCredit Bank Austria, the leading foreign bank in SEE before Erste and SocGen. It is the leading bank in Bosnia and has strong market shares in Croatia (number four), Bulgaria (number four), Romania (number four) and Serbia (number three).

### Russia and the CIS

In the CIS (Russia, Belarus, Kazakhstan and Ukraine), RZB is after UniCredit Bank Austria the leading foreign bank by end-2009 market share (2.2%). The bank expects the integration processes in Russia and Ukraine to last several years. However, risk and treasury functions are generally swiftly integrated into the group. Despite significant problems in this segment, notably in Ukraine, RI has repeatedly stated that it remains committed to all its markets, including the CIS.

Outside the CEE/SEE/CIS region, RZB has a small bank in Malta, branches in New York, London, Singapore, Beijing and Xiamen, and rep offices in Paris, Brussels, Frankfurt, Stockholm, Milan, Madrid, Chicago, Houston, Los Angeles, Hong Kong, Harbin, Zhuhai, Seoul, Mumbai and Ho Chi Minh City.

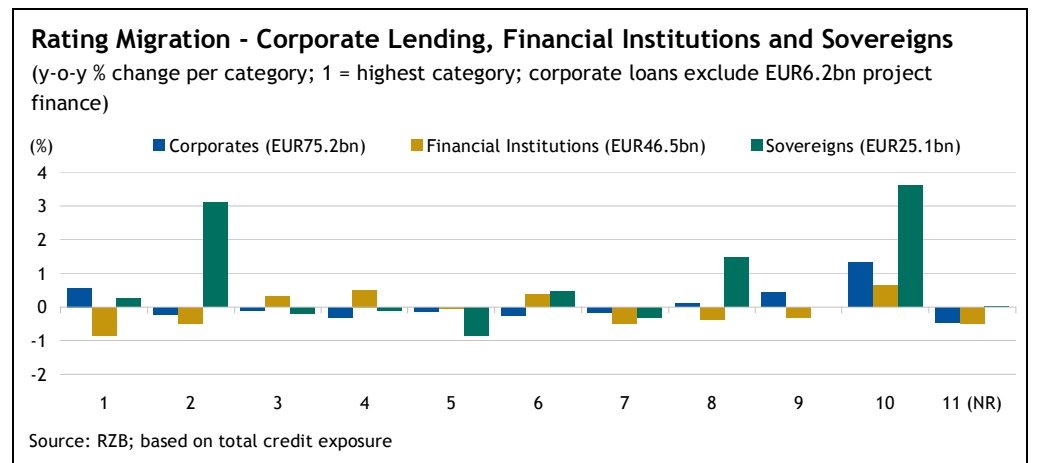
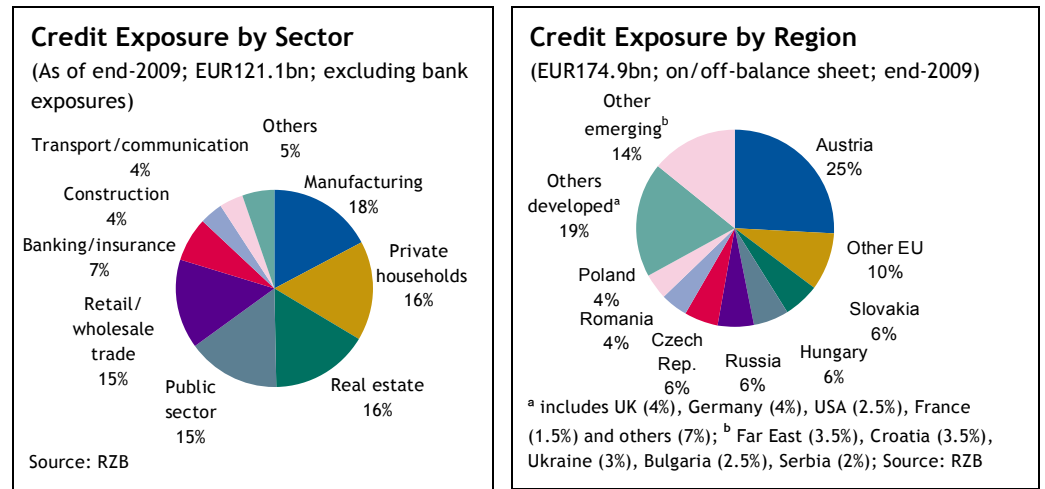
## RZB – Geographical Reporting 2008-2009

(EURm)	Austria			Central Europe			SE Europe			Russia			CIS			Rest of the World		
	2009	2008	Δ (%)	2009	2008	Δ (%)	2009	2008	Δ (%)	2009	2008	Δ (%)	2009	2008	Δ (%)	2009	2008	Δ (%)
Net interest income	686.8	851.1	-19	983.5	1,022.4	-4	895.7	947.1	-5	650.5	763.9	-15	488.4	532.9	-8	159.8	226.8	-30
Net fee income	154.2	234.1	-34	436.4	568.4	-23	398.0	463.1	-14	206.9	223.0	-7	175.3	233.6	-25	68.9	54.3	27
Trading income	324.2	-37.9	-	88.2	44.8	97	88.1	52.1	69	-1.9	94.7	-	17.7	57.5	-69	48.4	-237.2	-
Fin. investm.	-32.4	-907.0	-	36.9	1.8	-	8.5	-18.9	-	3.2	5.4	-40	4.3	-13.8	-	12.4	-31.1	-
Income																		
Other income	153.7	171.0	-10	-22.2	-1.6	-	25.5	21.4	19	-18.5	-17.8	-	-2.9	-5.2	-	16.6	10.6	56
Total revenue	1,287.4	311.3	314	1,522.8	1,635.7	-71	1,415.8	1,464.8	-3	840.3	1,069.2	-21	682.8	805.1	-15	306.1	23.5	-
Total op. expenses	600.4	555.0	8	804.9	930.7	-14	741.4	772.8	-4	366.4	455.9	-20	294.1	396.7	-26	65.1	70.1	-7
Pre-imp. op. profit	687.1	-243.7	-	717.9	704.9	2	674.3	692.0	-3	473.9	613.3	-23	388.8	408.4	-5	241.0	-46.7	-
Impairment charges	449.2	351.1	28	487.3	265.4	84	414.0	159.2	160	322.1	175.3	84	514.4	181.0	184	59.5	19.1	212
Pre-tax profit	237.8	-594.8	-	230.6	439.6	-48	260.4	532.8	-51	151.8	438.0	-65	-125.7	227.5	-155	181.5	-65.8	-
RWAs – credit	35,062	37,042	-5	21,140	23,455	-10	16,288	18,766	-13	6,727	10,834	-38	5,033	6,925	-27	3,731	4,938	-24
Average equity	3,574.83	3,178.9	12	2,165.5	1,821.4	19	1,704.4	1,457.9	17	846.7	840.5	1	616.5	529.4	16	424.9	396.2	7

RWAs: Risk-weighted assets

Source: Bank financial statements

**Credit Risk**



**RZB – Peer Group Comparison**

(EURm)	RZB AG		Bank Austria		Erste		VBAG	
	2009	2008	2009	2008	2009	2008	2009	2008
Net interest income	3,369.9	4,010.4	4,791.0	5,238.0	5,208.2	4,891.6	547.0	1,070.0
Net fee income	1,421.8	1,767.8	1,831.0	2,076.0	1,772.8	1,971.0	150.0	185.0
Total non-interest operating income	2,504.1	846.2	2,492.0	2,000.0	2,455.6	1,757.7	62.70	198.1
Personal expenses	1,387.2	1,568.8	1,898.0	2,235.0	2,227.5	2,313.8	277.6	308.4
Other operating expenses	1,407.5	1,548.2	1,841.0	1,796.0	2,131.1	2,130.3	463.8	487.3
Total operating expenses	2,794.7	3,117.0	3,739.0	4,031.0	4,358.6	4,444.1	741.4	795.7
Pre-impairment operating profit	3,069.7	1,739.6	3,614.0	2,298.0	3,317.9	2,226.7	-131.7	472.4
Loan impairment charge (LIC)	2,246.6	1,150.5	2,252.0	1,019.0	2,056.6	1,071.4	863.4	143.7
Operating profit	823.1	589.1	1,316.0	2,203.0	1,261.3	1,155.3	-995.1	328.7
Pre-tax profit	824.1	596.7	1,335.0	1,506.0	1,261.3	576.2	-943.4	-401.9
Net income	570.6	432.0	1,153.0	1,284.0	976.6	1,038.6	-1,123.0	-210.9
Fitch comprehensive income	424.7	-73.8	631.0	-199.0	293.6	-440.4	-1,088.7	-355.2
Net interest margin (%)	2.40	2.90	2.82	2.65	2.87	2.67	1.19	1.67
Pre-impairment op. profit/av. equity (%)	40.84	21.35	25.72	21.82	24.89	19.34	-5.42	17.37
Pre-impairment op. profit/av. assets (%)	2.00	1.15	1.73	1.48	2.16	2.16	-0.25	0.64
LIC/pre-impairment operating profit (%)	73.19	66.14	63.59	33.20	61.98	48.12	n.m.	30.42
Operating profit/average equity (%)	10.95	7.23	9.37	14.58	9.46	10.03	-40.93	12.09
Operating profit/average assets (%)	0.54	0.39	0.63	0.99	0.62	0.56	-1.88	0.44
Comprehensive income/av. equity (%)	5.65	-0.91	4.49	-1.32	2.20	-3.82	-44.77	-13.06
Eligible capital/risk-weighted assets (%)	9.69	7.91	8.82	7.36	11.01	7.23	9.55	7.42
Tang. common equity/tangible assets (%)	4.41	3.85	5.09	4.28	5.48	3.17	3.81	3.12
Equity/assets (%)	5.28	4.52	7.19	6.23	7.41	5.51	4.41	3.98
Tier 1 ratio (%)	9.40	7.00	8.62	6.82	10.80	7.20	9.20	7.14
Impaired loans (EURm)	6,011.5	2,661.9	9,391.0	6,483.0	8,537.0	6,345.0	n.a.	n.a.
Loan loss reserve (LLR; EURm)	4,176.6	2,304.1	5,691.0	3,876.0	4,954.3	3,782.8	1,245.4	496.6
Impaired loans/total loans (%)	8.03	3.13	7.26	4.77	6.61	5.03	n.a.	n.a.
LLR/impaired loans (%)	69.48	86.56	60.60	59.79	58.03	59.62	n.a.	n.a.
LIC/average gross loans (%)	2.82	1.43	1.71	0.77	1.61	0.89	3.15	0.40
LLR/total assets (%)	2.82	1.47	2.93	1.74	2.46	1.88	2.59	0.89
Loans/customer deposits (%)	135.06	143.64	133.24	142.75	115.25	115.44	330.4	301.7
Total assets	147,938.2	156,921.1	194,459.0	222,151.0	201,710.2	201,441.1	48,116.4	55,814.9
Total customer deposits	55,423.0	59,120.1	97,041.0	95,164.0	112,042.4	109,304.6	7,315.5	8,628.0
Total long-term funding	23,196.4	24,816.6	26,493.0	34,597.0	32,287.5	29,202.2	18,372.4	16,031.2
Total equity	7,807.8	7,086.8	13,988.0	13,837.0	16,122.8	11,095.2	2,121.3	2,223.8
Fitch core capital	6,464.5	5,721.0	9,686.0	9,313.0	11,998.8	6,234.7	1,821.3	1,728.2
Fitch eligible capital	9,014.5	6,771.0	10,086.0	9,713.0	14,388.8	7,490.7	2,601.9	2,468.9

Source: Banks' financial statements

**Raiffeisen Zentralbank Oesterreich  
Income Statement**

	31 Mar 2010			31 Dec 2009		31 Dec
	3 Months - 1st Quarter	3 Months - 1st Quarter	As % of Earning Assets	Year End	As % of	Year End
	USDm Unaudited	EURm Unaudited		EURm Unqualified	Earning Assets	EURm Unqualified
1. Interest Income on Loans	1,714.1	1,271.7	3.67	5,311.7	3.93	8,554.5
2. Other Interest Income	434.2	322.1	0.93	2,157.8	1.60	919.3
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.
<b>4. Gross Interest and Dividend Income</b>	<b>2,148.3</b>	<b>1,593.8</b>	<b>4.60</b>	<b>7,469.5</b>	<b>5.53</b>	<b>9,473.8</b>
5. Interest Expense on Customer Deposits	705.9	523.7	1.51	1,857.8	1.37	4,355.3
6. Other Interest Expense	307.6	228.2	0.66	2,241.8	1.66	1,108.1
<b>7. Total Interest Expense</b>	<b>1,013.5</b>	<b>751.9</b>	<b>2.17</b>	<b>4,099.6</b>	<b>3.03</b>	<b>5,463.4</b>
<b>8. Net Interest Income</b>	<b>1,134.8</b>	<b>841.9</b>	<b>2.43</b>	<b>3,369.9</b>	<b>2.49</b>	<b>4,010.4</b>
9. Net Gains (Losses) on Trading and Derivatives	123.9	91.9	0.27	590.9	0.44	19.4
10. Net Gains (Losses) on Other Securities	0.1	0.1	0.00	411.1	0.30	-90.8
11. Net Gains (Losses) on Assets at FV through Income Statement	190.7	141.5	0.41	n.a.	-	-958.2
12. Net Insurance Income	0.0	0.0	0.00	n.a.	-	n.a.
13. Net Fees and Commissions	454.0	336.8	0.97	1,421.8	1.05	1,767.8
14. Other Operating Income	3.2	2.4	0.01	80.3	0.06	108.0
<b>15. Total Non-Interest Operating Income</b>	<b>771.9</b>	<b>572.7</b>	<b>1.65</b>	<b>2,504.1</b>	<b>1.85</b>	<b>846.2</b>
16. Personnel Expenses	480.7	356.6	1.03	1,387.2	1.03	1,568.8
17. Other Operating Expenses	489.0	362.8	1.05	1,407.5	1.04	1,548.2
<b>18. Total Non-Interest Expenses</b>	<b>969.7</b>	<b>719.4</b>	<b>2.08</b>	<b>2,794.7</b>	<b>2.07</b>	<b>3,117.0</b>
19. Equity-accounted Profit / Loss - Operating	n.a.	n.a.	-	-9.6	-0.01	n.a.
<b>20. Pre-Impairment Operating Profit</b>	<b>937.1</b>	<b>695.2</b>	<b>2.01</b>	<b>3,069.7</b>	<b>2.27</b>	<b>1,739.6</b>
21. Loan Impairment Charge	438.6	325.4	0.94	2,246.6	1.66	1,150.5
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.
<b>23. Operating Profit</b>	<b>498.4</b>	<b>369.8</b>	<b>1.07</b>	<b>823.1</b>	<b>0.61</b>	<b>589.1</b>
24. Equity-accounted Profit / Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.
28. Other Non-operating Income and Expenses	6.3	4.7	0.01	1.0	0.00	7.6
<b>29. Pre-tax Profit</b>	<b>504.8</b>	<b>374.5</b>	<b>1.08</b>	<b>824.1</b>	<b>0.61</b>	<b>596.7</b>
30. Tax expense	44.3	32.9	0.10	253.5	0.19	164.7
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.
<b>32. Net Income</b>	<b>460.4</b>	<b>341.6</b>	<b>0.99</b>	<b>570.6</b>	<b>0.42</b>	<b>432.0</b>
33. Change in Value of AFS Investments	10.8	8.0	0.02	6.9	0.01	1.8
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.
35. Currency Translation Differences	419.2	311.0	0.90	-181.3	-0.13	-609.9
36. Remaining OCI Gains/(losses)	66.0	49.0	0.14	28.5	0.02	102.3
<b>37. Fitch Comprehensive Income</b>	<b>956.5</b>	<b>709.6</b>	<b>2.05</b>	<b>424.7</b>	<b>0.31</b>	<b>-73.8</b>
38. Memo: Profit Allocation to Non-controlling Interests	66.5	49.3	0.14	137.2	0.10	384.1
39. Memo: Net Income after Allocation to Non-controlling Interests	394.0	292.3	0.84	433.4	0.32	47.9
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.

Exchange rate

USD1 = EURO.74190

USD1 = EURO.69416

USD1 = EL

**Raiffeisen Zentralbank Oesterreich**  
**Balance Sheet**

	31 Mar 2010			31 Dec 2009		31 Dec 2008	
	3 Months - 1st Quarter USDm	3 Months - 1st Quarter EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
<b>Assets</b>							
<b>A. Loans</b>							
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	27,696.5	20,548.0	13.69	20,249.0	13.69	22,391.3	14.27
4. Corporate & Commercial Loans	75,701.6	56,163.0	37.42	52,774.6	35.67	60,895.2	38.81
5. Other Loans	2,282.0	1,693.0	1.13	1,831.9	1.24	1,631.7	1.04
6. Less: Reserves for Impaired Loans/ NPLs	6,162.6	4,572.0	3.05	4,176.6	2.82	2,304.1	1.47
<b>7. Net Loans</b>	<b>99,517.5</b>	<b>73,832.0</b>	<b>49.19</b>	<b>70,678.9</b>	<b>47.78</b>	<b>82,614.1</b>	<b>52.65</b>
<b>8. Gross Loans</b>	<b>105,680.0</b>	<b>78,404.0</b>	<b>52.24</b>	<b>74,855.5</b>	<b>50.60</b>	<b>84,918.2</b>	<b>54.12</b>
9. Memo: Impaired Loans included above	8,888.0	6,594.0	4.39	6,011.5	4.06	2,661.9	1.70
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>B. Other Earning Assets</b>							
1. Loans and Advances to Banks	44,812.0	33,246.0	22.15	33,887.0	22.91	29,115.3	18.55
2. Trading Securities and at FV through Income	7,368.9	5,467.0	3.64	5,466.5	3.70	5,772.3	3.68
3. Derivatives	7,836.6	5,814.0	3.87	4,873.8	3.29	6,562.9	4.18
4. Available for Sale Securities	26,920.1	19,972.0	13.31	18,201.1	12.30	11,443.1	7.29
5. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-
6. At-equity Investments in Associates	2,784.7	2,066.0	1.38	1,630.3	1.10	1,460.8	0.93
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>8. Total Securities</b>	<b>44,910.4</b>	<b>33,319.0</b>	<b>22.20</b>	<b>30,171.7</b>	<b>20.39</b>	<b>25,239.1</b>	<b>16.08</b>
9. Memo: Government Securities included Above	n.a.	n.a.	-	13,118.3	8.87	873.4	0.56
10. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-
11. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-
12. Other Earning Assets	n.a.	n.a.	-	379.0	0.26	442.7	0.28
<b>13. Total Earning Assets</b>	<b>189,239.8</b>	<b>140,397.0</b>	<b>93.54</b>	<b>135,116.6</b>	<b>91.33</b>	<b>137,411.2</b>	<b>87.57</b>
<b>C. Non-Earning Assets</b>							
1. Cash and Due From Banks	5,959.0	4,421.0	2.95	8,271.1	5.59	13,712.0	8.74
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	2,190.3	1,625.0	1.08	1,604.8	1.08	1,618.4	1.03
5. Goodwill	839.7	623.0	0.42	589.0	0.40	620.1	0.40
6. Other Intangibles	741.3	550.0	0.37	533.8	0.36	470.0	0.30
7. Current Tax Assets	n.a.	n.a.	-	151.4	0.10	99.4	0.06
8. Deferred Tax Assets	n.a.	n.a.	-	220.5	0.15	338.9	0.22
9. Discontinued Operations	4.0	3.0	0.00	n.a.	-	n.a.	-
10. Other Assets	3,332.0	2,472.0	1.65	1,451.0	0.98	2,651.1	1.69
<b>11. Total Assets</b>	<b>202,306.2</b>	<b>150,091.0</b>	<b>100.00</b>	<b>147,938.2</b>	<b>100.00</b>	<b>156,921.1</b>	<b>100.00</b>
<b>Liabilities and Equity</b>							
<b>D. Interest-Bearing Liabilities</b>							
1. Customer Deposits - Current	30,629.5	22,724.0	15.14	21,472.1	14.51	20,747.2	13.22
2. Customer Deposits - Savings	1,957.1	1,452.0	0.97	1,400.4	0.95	959.9	0.61
3. Customer Deposits - Term	41,140.3	30,522.0	20.34	32,550.5	22.00	37,413.0	23.84
<b>4. Total Customer Deposits</b>	<b>73,726.9</b>	<b>54,698.0</b>	<b>36.44</b>	<b>55,423.0</b>	<b>37.46</b>	<b>59,120.1</b>	<b>37.68</b>
5. Deposits from Banks	70,648.3	52,414.0	34.92	49,917.4	33.74	54,148.1	34.51
6. Other Deposits and Short-term Borrowings	729.2	541.0	0.36	483.7	0.33	8.2	0.01
<b>7. Total Deposits, Money Market and Short-term Funding</b>	<b>145,104.5</b>	<b>107,653.0</b>	<b>71.73</b>	<b>105,824.1</b>	<b>71.53</b>	<b>113,276.4</b>	<b>72.19</b>
8. Senior Debt Maturing after 1 Year	24,198.7	17,953.0	11.96	19,451.6	13.15	20,692.1	13.19
9. Subordinated Borrowing	5,046.5	3,744.0	2.49	3,744.8	2.53	4,124.5	2.63
10. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-
<b>11. Total Long Term Funding</b>	<b>29,245.2</b>	<b>21,697.0</b>	<b>14.46</b>	<b>23,196.4</b>	<b>15.68</b>	<b>24,816.6</b>	<b>15.81</b>
12. Derivatives	8,870.5	6,581.0	4.38	5,518.8	3.73	7,442.2	4.74
13. Trading Liabilities	505.5	375.0	0.25	374.2	0.25	123.8	0.08
<b>14. Total Funding</b>	<b>183,725.6</b>	<b>136,306.0</b>	<b>90.82</b>	<b>134,913.5</b>	<b>91.20</b>	<b>145,659.0</b>	<b>92.82</b>
<b>E. Non-Interest Bearing Liabilities</b>							
1. Fair Value Portion of Debt	n.a.	n.a.	-	0.0	0.00	0.0	0.00
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-

**Raiffeisen Zentralbank Oesterreich**  
**Summary Analytics**

	31 Mar 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
	3 Months - 1st Quarter	Year End	Year End	Year End	Year End
<b>A. Interest Ratios</b>					
1. Interest Income on Loans/ Average Gross Loans	6.73	6.67	10.66	10.77	10.09
2. Interest Expense on Customer Deposits/ Average Customer Deposits	3.86	3.34	7.42	7.44	6.77
3. Interest Income/ Average Earning Assets	4.69	5.32	6.86	6.42	5.36
4. Interest Expense/ Average Interest-bearing Liabilities	2.25	2.88	3.91	3.93	3.16
5. Net Interest Income/ Average Earning Assets	2.48	2.40	2.90	2.51	2.18
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.52	0.80	2.07	2.28	1.82
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.48	2.40	2.90	2.51	2.18
<b>B. Other Operating Profitability Ratios</b>					
1. Non-Interest Income/ Gross Revenues	40.48	42.63	17.42	32.54	42.03
2. Non-Interest Expense/ Gross Revenues	50.86	47.58	64.18	60.65	58.38
3. Non-Interest Expense/ Average Assets	1.96	1.82	2.06	2.09	2.03
4. Pre-impairment Op. Profit/ Average Equity	34.54	41.67	21.35	23.08	28.47
5. Pre-impairment Op. Profit/ Average Total Assets	1.89	2.00	1.15	1.36	1.53
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	46.81	73.19	66.14	15.78	21.72
7. Operating Profit/ Average Equity	18.37	11.17	7.23	19.44	22.29
8. Operating Profit/ Average Total Assets	1.01	0.54	0.39	1.14	1.20
9. Taxes/ Pre-tax Profit	8.79	30.76	27.60	19.14	13.33
10. Pre-Impairment Operating Profit / Risk Weighted Assets	n.a.	4.09	1.95	2.07	2.54
11. Operating Profit / Risk Weighted Assets	n.a.	1.10	0.66	1.74	1.98
<b>C. Other Profitability Ratios</b>					
1. Net Income/ Average Total Equity	16.97	7.75	5.30	16.01	29.13
2. Net Income/ Average Total Assets	0.93	0.37	0.29	0.94	1.57
3. Fitch Comprehensive Income/ Average Total Equity	35.25	5.77	-0.91	15.24	26.50
4. Fitch Comprehensive Income/ Average Total Assets	1.93	0.28	-0.05	0.90	1.42
5. Net Income/ Av. Total Assets plus Av. Managed Assets	n.a.	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	n.a.	0.76	0.49	1.43	2.59
7. Fitch Comprehensive Income/ Risk Weighted Assets	n.a.	0.57	-0.08	1.36	2.36
<b>D. Capitalization</b>					
1. Fitch Eligible Capital/ Fitch Adjusted Weighted Risks	10.78	9.69	7.91	n.a.	n.a.
2. Tangible Common Equity/ Tangible Assets	4.93	4.41	3.85	5.24	4.61
3. Tangible Common Equity/ Total Business Volume	4.89	3.84	3.56	4.72	4.56
4. Tier 1 Regulatory Capital Ratio	9.60	9.40	7.00	8.80	9.00
5. Total Regulatory Capital Ratio	13.30	13.10	10.20	11.00	10.80
6. Fitch Eligible Capital/ Tier 1 Regulatory Capital	n.a.	81.59	92.86	n.a.	n.a.
7. Equity/ Total Assets	5.68	5.28	4.52	6.13	5.74
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.	n.a.
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	n.a.	n.a.	n.a.	n.a.
10. Net Income - Cash Dividends/ Total Equity	16.26	7.31	6.10	14.13	24.58
<b>E. Loan Quality</b>					
1. Growth of Total Assets	1.46	-5.72	14.21	18.83	23.19
2. Growth of Gross Loans	4.74	-11.85	16.21	37.59	34.06
3. Impaired Loans(NPLs)/ Gross Loans	8.41	8.03	3.13	3.37	2.24
4. Reserves for Impaired Loans/ Gross loans	5.83	5.58	2.71	1.99	2.41
5. Reserves for Impaired Loans/ Impaired Loans	69.34	69.48	86.56	59.00	107.37
6. Impaired Loans less Reserves for Imp Loans/ Equity	23.74	23.50	5.05	11.98	-1.32
7. Loan Impairment Charges/ Average Gross Loans	1.72	2.82	1.43	0.43	0.75
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	0.09	0.08	0.15
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	8.41	8.03	3.13	3.37	2.24
<b>F. Funding</b>					
1. Loans/ Customer Deposits	143.34	135.06	143.64	131.97	118.73
2. Interbank Assets/ Interbank Liabilities	63.43	67.89	53.77	63.21	72.50

**Raiffeisen Zentralbank Oesterreich**  
**Reference Data**

	31 Mar 2010			31 Dec 2009		31 Dec
	3 Months - 1st Quarter USDm	3 Months - 1st Quarter EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm
<b>A. Off-Balance Sheet Items</b>						
1. Managed Securitised Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.
3. Guarantees	n.a.	n.a.	-	8,507.6	5.75	n.a.
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	1,674.2	1.13	n.a.
5. Committed Credit Lines	n.a.	n.a.	-	10,071.5	6.81	11,521.5
6. Other Contingent Liabilities	n.a.	n.a.	-	19.8	0.01	n.a.
<b>7. Total Business Volume</b>	<b>202,306.2</b>	<b>150,091.0</b>	<b>100.00</b>	<b>168,211.3</b>	<b>113.70</b>	<b>168,442.6</b>
8. Memo: Total Weighted Risks	101,833.1	75,550.0	50.34	74,989.7	50.69	89,040.3
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	n.a.	-	n.a.
10. Fitch Adjusted Weighted Risks	101,833.1	75,550.0	50.34	74,989.7	50.69	89,040.3
<b>B. Average Balance Sheet</b>						
Average Loans	103,288.6	76,629.8	51.06	79,616.5	53.82	80,284.6
Average Earning Assets	185,681.1	137,756.8	91.78	140,459.4	94.94	138,097.0
Average Assets	200,855.4	149,014.6	99.28	153,771.1	103.94	151,161.4
Average Managed Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.
Average Interest-Bearing Liabilities	182,787.2	135,609.8	90.35	142,140.7	96.08	139,730.6
Average Common equity	8,327.4	6,178.1	4.12	5,340.6	3.61	5,570.8
Average Equity	11,002.7	8,162.9	5.44	7,365.9	4.98	8,147.4
Average Customer Deposits	74,215.5	55,060.5	36.68	55,583.4	37.57	58,733.0
<b>C. Maturities</b>						
<b>Asset Maturities:</b>						
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	20,323.1
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	15,211.5
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	29,440.3
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	19,943.3
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	32,303.6
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	4,632.4
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	5,189.3
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	701.9
<b>Liability Maturities:</b>						
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	45,706.3
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	9,320.1
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	4,093.7
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	35,103.3
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	6,451.1
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	12,593.9
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.
Senior debt Maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.
Senior debt Maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.
Total Senior Debt on Balance Sheet	24,198.7	17,953.0	11.96	19,451.6	13.15	20,692.1
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.
Subordinated Debt maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.
Subordinated Debt maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.

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