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Ratings

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Raiffeisen Bank International AG

Primary Credit Analyst:
Anna Lozmann, Frankfurt (49) 69-33-999-166; anna.lozmann@spglobal.com

Secondary Contact:
Harm Semder, Frankfurt (49) 69-33-999-158; harm.semder@spglobal.com

Table Of Contents

Raiffeisen Bank International AG

SACP	bbb+		+	Support	0	+	Additional Factors	0

Anchor	bbb+	
Business Position	Adequate	0
Capital and Earnings	Adequate	0
Risk Position	Adequate	0
Funding	Above Average	0
Liquidity	Adequate	

ALAC Support	0
GRE Support	0
Group Support	0
Sovereign Support	0

Issuer Credit Rating
BBB+/Positive/A-2

The scores relate to the group credit profile of Raiffeisen Banking Group.

Major Rating Factors

Strengths:

- Benefit from solidarity support and a domestic joint liability scheme as a member of the Raiffeisen Banking Group (RBG or the group).
- Strong presence in Austria, Central and Eastern Europe (CEE), Southeastern Europe (SEE), and Russia in retail and commercial banking operations.
- Above-average funding profile, owing to the group's strong retail deposit franchise.

Weaknesses:

- RBG's slower pace to adapt to changes in the operating environment than its main peers because of the complex group structure.
- Tight margins in a highly competitive business in Austria and low efficiency of domestic operations.
- Vulnerability to economic and political developments in Russia, CEE, and SEE.

Outlook: Positive

S&P Global Ratings' outlook on Raiffeisen Bank International AG (RBI) is positive. We continue to derive the ratings on RBI from our view that the bank is core to Raiffeisen Banking Group (RBG or the group) and our expectation that the group's capitalization will improve over the next two years. We see RBG as benefiting from the improved earnings outlook becoming evident in the Austrian banking industry. While we do not think that the benefits trigger an immediate change in the group's creditworthiness, we expect improved earnings generation to support growth in its capitalization over time.

An upgrade could occur if the group's capitalization improves materially, as reflected by S&P Global Ratings' risk-adjusted capital (RAC) increasing sustainably beyond the 10% threshold. A precondition for the upgrade would be further asset quality improvement and cautious growth in higher-risk countries.

Furthermore, as details on the group's resolution strategy will become available in the coming year, we expect more clarity on the potential impact on the group's solidarity mechanism. An upgrade would hinge on our belief that RBI is to remain integral to the group's identity and strategy and that the rest of the group is likely to support RBI under any foreseeable circumstances.

Although it is a more remote possibility, we could also consider an upgrade if we came to believe that the group is on track to achieve greater cohesiveness. We regard greater cohesiveness as essential to facilitate material improvements in efficiency and performance and to better leverage the strong customer franchise.

An outlook revision to stable would most likely occur if RBI or the broader group deviates from its cautious expansion strategy in foreign countries, and/or proves unable to improve efficiency over the next two years in order to defend its profitability by normalizing risk costs in the downturn of the cycle. This situation, combined with unexpected pronounced credit losses and weaker earnings in higher-risk regions, could result in a deterioration of our RAC projection below 7% threshold.

We could also take a negative rating action if economic conditions in the group's core countries deteriorated markedly. Exposure to geopolitical risk in some of RBG's extended home markets in CEE and Russia create potential downside risk to the group's creditworthiness.

Rationale

The ratings on RBI reflect the bank's importance to RBG and RBG's aggregate creditworthiness.

RBG has a three-tier structure and comprises:

- Tier 1: 407 independent Raiffeisen banks;
- Tier 2: Eight independent regional Raiffeisen banks; and
- Tier 3: Its central institution, RBI.

We assess the unsupported group credit profile (GCP) of RBG at 'bbb+'. We regard the group as a cohesive economic entity and expect solidarity support among member banks in a crisis.

Following the merger with former parent Raiffeisen Zentralbank AG in March 2017, RBI is now the group's central institution. We view its role as core for the group's strategy. As such, we equalize our ratings on RBI with the 'bbb+' GCP of RBG. We do not assess a stand-alone credit profile (SACP) for RBI.

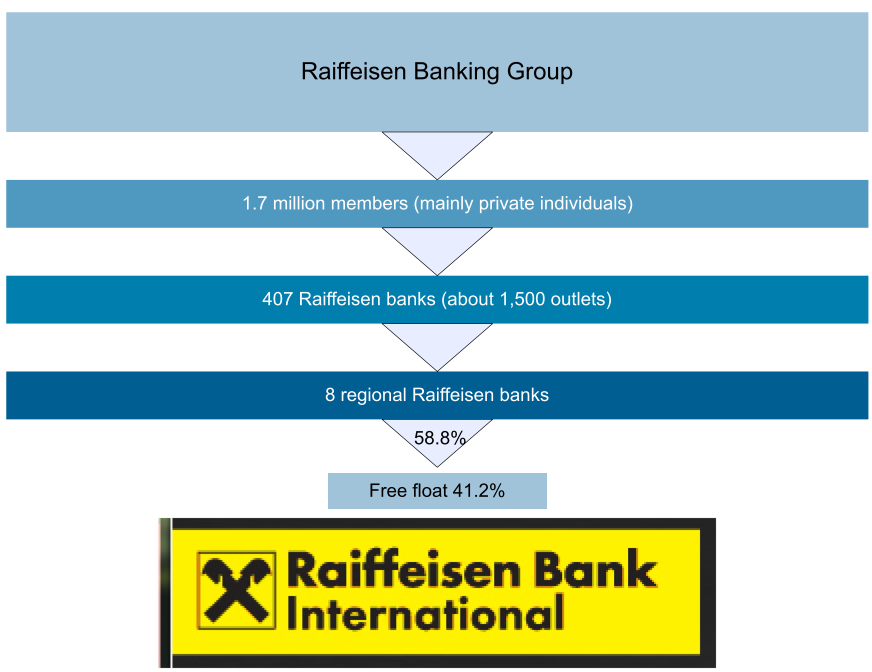
The starting point for our assessment of RBG's unsupported GCP is its 'bbb+' anchor, which is based on our view of economic risk in the countries in which RBG operates.

We see RBG's business position as adequate, reflecting the local Raiffeisen banks' strong domestic retail positions and RBI's strong competitive positions in corporate business in Austria, and in retail and corporate business in CEE, SEE, and Russia. At the same time, the assessment reflects the group's complex structure, which results in a somewhat slower reaction to a changing operating environment than that of peers.

We assess capital and earnings as adequate, since we anticipate that the group's aggregate RAC ratio before diversification will increase, but, in our base-case scenario, remain below our 10% threshold over the next two years. We anticipate that the risk position will remain adequate, as RBG's higher-quality, granular loan portfolios in Austria balance riskier foreign operations. We believe funding will remain above average and liquidity adequate, thanks to RBG's strong retail deposit franchises in both the domestic and foreign markets providing funding stability.

We derive our 'A-2' short-term issuer credit rating by applying the mapping guidelines between long- and short-term ratings described in our "Methodology For Linking Long-Term And Short-Term Ratings," published April 7, 2017.

Raiffeisen Banking Group—Group Structure



Anchor: Reflects economic risks in the domestic and international operations and industry risk in Austria

Under our bank criteria, we use our Banking Industry Country Risk Assessment (BICRA) economic risk and industry risk scores to determine a bank's anchor, the starting point for further analysis. Our anchor for a commercial bank operating only in Austria is 'a-', based on an economic risk score of '2' and an industry risk score of '3' (on a scale of '1' to '10', with '1' representing the lowest risk and '10' the highest).

The 'bbb+' anchor for RBG is one notch lower than that of a purely Austrian group and draws on our view of the weighted-average economic risk in countries the group is exposed to. This is based on the distribution of exposure at default for RBG's customer loan portfolio at year-end 2017, spanning Austria (60%), Poland (5%), Czech Republic (5%), Slovakia (5%), Russia (5%), Romania (5%), with the rest split across Europe. The weighted-average economic risk score was '3.4' as of year-end 2017.

We do not anticipate any material shifts in RBG's operations over the next two years as the group has largely accomplished the restructuring of its foreign operations. Reflecting the group's higher risk from its geographical footprint than purely domestic banks, we expect the anchor to remain sustainably lower than that of a purely Austrian bank.

The industry risk score for RBG is based solely on its home market of Austria. We regard the country of domicile and its bank regulation as most relevant for the industry risk assessment for internationally active groups. Combining the economic risk score of '3' and industry risk score of '3' results in an anchor for RBG of 'bbb+'.

Table 1

Raiffeisen Banking Group Austria Key Figures				
	--Fiscal year ended Dec. 31 --			
(Mil. €)	**2017**	**2016**	**2015**	**2014**
Adjusted assets	285,052	278,909	278,847	284,688
Customer loans (gross)	192,166	186,955	185,187	190,475
Adjusted common equity	19,875	18,720	18,132	16,314
Operating revenues	8,856	8,701	9,217	9,381
Noninterest expenses	5,888	5,881	5,997	6,535
Core earnings	2,016	1,649	1,442	132

Business position: Largest banking group in Austria, with a strong footprint in CEE

We view RBG's business position as adequate and in line with an average bank in Austria and other countries with similar industry risk environments. This is owing to RBG's solid domestic market share in retail and corporate banking, particularly from the dominant and stable client base in the lower-tier Raiffeisen banks, and from RBI's strong position in various countries in CEE and the Commonwealth of Independent States (CIS).

At the same time, the assessment reflects the group's complex three-tier structure. Member banks of RBG enjoy high operational independence and there is by design a lack of joint management and steering concepts, tools, and processes. These characteristics, together with a lack of sufficient financial transparency in consolidated reporting disclosure (both externally and internally), hinder the group from fully leveraging its strong customer franchise and gaining benefits from economies of scale.

In our view, the group has fallen behind in terms of efficiency and speed of reaction to a changing operating environment compared with many of its foreign and domestic large peers. We expect no material change to RBG's business position in the near future, as group restructuring would be required for RBG to regain a higher-than-market-average business position that we often see when looking at countries' leading banking groups globally.

We regard RBG as a cohesive economic group and expect solidarity support among member banks in a crisis. The two institutional protection schemes cover only selected parts of RBG. However, each domestic member of the group is covered by one of the two schemes, which we consider to safeguard the overall cohesiveness of the group at a level that enables us to see the group as one risk unit.

Tier 1 and Tier 2 banks are predominantly active in Austria, with RBI being the group's gateway to the extended home markets in CEE, CIS, and Russia. The group has one of the densest and most diverse banking networks in the region, serving 14 million customers in 14 countries. This geographic diversification enables the group to generate sufficient revenues over the cycle, as demonstrated during the last financial crisis. In Austria, the group has about a 40% share of customer deposits; through RBI it also holds top-five market positions in 12 of 14 CEE markets, with a focus on standard retail and corporate banking activities.

The balance of a relatively granular portfolio of corporate and retail lending in Austria (which constitutes 60% of RBG's customer lending) with foreign operations provides diversification benefits and business position strength compared with many peers operating in environments with similar risk. The largest foreign markets include Russia, the Czech Republic, Slovakia, Romania, and Hungary.

The group has made material progress in deleveraging since 2014, with the restructuring finalized by year-end 2017. In our view, following the restructuring of recent years, RBI is now likely to contribute to the overall group's performance with more resilient earnings.

RBI's investment banking activities are minor and do not contribute materially to the group's overall results. Overall, RBG's focus on traditional banking, on the one hand, adds to the stability of the results, but, on the other hand, results in a high reliance on interest income generation and sensitivity to low interest rates. The bottom line is supported by low risk costs, but will come under pressure when risk costs normalize--leaving the management teams of the member banks with the urgent and challenging task of a material cost reduction to prepare for the downturn of the business cycle.

Table 2

Raiffeisen Banking Group Austria Business Position

	--Fiscal year ended Dec. 31 --			
(%)	2017	2016	2015	2014
Return on average equity	13.48	10.63	11.16	0.94

Capital and earnings: Adequate buffer against risks

We assess RBG's capital and earnings as adequate. Due to RBI's issuance of Tier 1 instruments and our expectations that retained earnings will outpace risk-weighted asset growth, we expect a further improvement of our RAC ratio for

RBG, but we expect it to stay below our 10% threshold for a stronger assessment in the next two years in our base-case scenario. We project only marginal growth in higher-risk countries and risk costs below our view of normalized losses over the cycle. Year-end 2017 RAC was 8.7%.

We expect that the operating environment in the group's biggest core markets will remain stable, facilitating the generation of steady earnings from its traditional customer-led retail and corporate customer business. We expect the pace of the improvement in efficiency to be slow, but steady.

We project RBG's three-year average earnings buffer, which measures the capacity for a bank's earnings to cover normalized losses, at around a low 60 basis points. However, we anticipate that internal earnings accumulation will be sufficient to support the low-single-digit growth that we expect for RBG and to uphold the capital buffer in the next two years, absent low probability, high impact adverse events.

In our base case, we believe the situation in riskier countries remains manageable and is highly unlikely to lead to losses at the aggregated RBG level. However, RBG's earnings remain sensitive to economic and political developments outside Austria. The main risk in terms of foreign exposure remains Russia. At the same time, the Russian operations have been remarkably resilient in a very difficult Russian operating environment.

Table 3

Raiffeisen Banking Group Austria Capital And Earnings

	--Fiscal year ended Dec. 31 --			
(%)	**2017**	**2016**	**2015**	**2014**
S&P RAC ratio before diversification	8.67	8.24	7.40	6.44
S&P RAC ratio after diversification	8.68	9.00	8.61	7.48
Adjusted common equity/total adjusted capital	100.00	100.00	100.00	100.00
Net interest income/operating revenues	66.36	68.13	68.63	73.08
Fee income/operating revenues	30.39	29.12	27.67	27.52
Market-sensitive income/operating revenues	1.17	2.71	1.55	(0.61)
Noninterest expenses/operating revenues	66.49	67.59	65.06	69.66
Preprovision operating income/average assets	1.05	1.01	1.14	1.00
Core earnings/average managed assets	0.71	0.59	0.51	0.05

Table 4

S&P Global Risk-Adjusted Capital Framework Detailed Results Publication Table

(Mil. €)	**EAD**	**Basel III RWA**	**Average Basel III RW (%)**	**S&P Global RWA**	**Average S&P Global RW (%)**
Government and central banks	48,075	3,009	6	7,722	16
Of which regional governments and local authorities	1,375	202	15	255	19
Institutions and CCPs	23,749	3,362	14	6,518	27
Corporate	81,231	70,510	87	84,054	103
Retail	102,798	50,807	49	56,548	55
Of which mortgage	64,463	25,853	40	19,875	31
Securitization*	420	89	21	227	54
Other assets§	16,619	11,670	70	18,780	113

Table 4

S&P Global Risk-Adjusted Capital Framework Detailed Results Publication Table (cont.)					
Total credit risk	274,267	139,446	51	173,848	63
Total credit valuation adjustment	--	908	--	0	--
Equity in the banking book	6,344	9,751	154	37,828	596
Trading book market risk	--	4,476	--	7,194	--
Total market risk	--	14,228	--	45,023	--
Total operational risk	--	16,185	--	10,422	--
RWA before diversification	--	170,768	--	229,294	100
Total diversification/concentration adjustments	--	--	--	-193	-0
RWA after diversification	--	170,768	--	229,101	100
(Mil. €)		**Tier 1 capital**	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global RAC ratio (%)**
Capital ratio before adjustments		13,783	8.1	19,875	8.7
Capital ratio after adjustments¶		13,783	8.0	19,875	8.7

EAD--Exposure at default. RWA--Risk-weighted assets. *Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. §Other assets inlcudes Deferred Tax Assets (DTAs) not deducted from ACE. ¶For Tier 1 ratio, adjustments are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). Sources: Company data as of Dec. 31, 2017, S&P Global Ratings.

Risk position: Adequate, as captured by our capital ratio

We continue to see RBG's overall risk position as adequate, as risks to the forecast due to the foreign operations and the high complexity of the group structure are balanced by the group's very low domestic risk profile, prudent risk management, and continued focus on asset quality improvement.

We expect the group's domestic operations to grow at best in line with the economy in the next two years. According to management, growth of the foreign loan portfolio will be driven by a relatively proportional expansion in foreign markets. We expect that overall growth will remain contained and will not trigger a worsening of the group's risk profile or other components of the GCP.

The independent Tier 1 and Tier 2 banks generally only operate in their own regions and are constrained by their own limits on single exposures. As a result, the group's concentration by single names mostly reflects RBI's large loans. On an aggregated basis, the single-name and sector concentrations in the loan book are low. Reflecting the high granularity of traditional banking operations, we think that the loan book will remain widely diversified geographically, and by sector and single name.

At the same time, our RAC ratio cannot fully capture the complexity of RBG's business model, spread across different countries and different independent tiers. The group operates in some foreign markets that we consider to have materially higher economic and industry risks than Austria, and this exposes RBG not only to credit risk, but also to substantial market and geo-political risks.

Furthermore, the group's structure results in relative complexity in the monitoring of the consolidated group risk profile. Risk profiles across group members differ, given each bank's independent risk strategy. The situation is somewhat mitigated by the fact that scope for risk monitoring is broadly influenced by the joint risk unit. Within several consolidated risk monitoring schemes, member banks provide a set of data on a regular basis to the respective risk monitoring units. Monitoring, however, largely relates to the regulatory metrics.

RBG's nonperforming loans represented 5.2% of the customer loan book at year-end 2017, which is weaker than the peer average of banking groups operating in similar economic risk environments. However, this proportion is driven by the Austrian part of the operations, and we think that it is not a reflection of poorer asset quality, but more the result of less management attention on the timely write-off of impaired loans. Asset quality varies substantially between markets and between independent domestic banks, depending on the economic conditions and the structure of individual portfolios.

We consider that the group's market and operational risks are contained and adequately managed.

Table 5

Raiffeisen Banking Group Austria Risk Position				
	--Fiscal year ended Dec. 31 --			
(Mil. €)	**2017**	**2016**	**2015**	**2014**
Growth in customer loans	2.79	0.95	(2.78)	(0.31)
Total managed assets/adjusted common equity (x)	14.39	14.94	15.42	17.50
New loan loss provisions/average customer loans	0.21	0.36	0.73	1.10
Gross nonperforming assets/customer loans + other real estate owned	5.22	7.00	6.33	6.59
Loan loss reserves/gross nonperforming assets	49.34	57.44	84.38	86.02

Funding and liquidity: Above-average funding thanks to a strong retail deposit franchise

We continue to reflect the stability of RBG's granular retail funding base and its moderate reliance on wholesale funding in our assessment of its above-average funding and adequate liquidity.

We base our funding and liquidity assessment on the sizable surplus liquidity of the majority of local Raiffeisen banks. These banks' funding comes chiefly from the deposits of retail and smaller corporations, and they typically display loan-to-deposit ratios well below 100%, supported by a strong franchise and broad branch network. As a central institution, RBI has very good indirect access to granular and stable customer deposits through the Austrian local Raiffeisen banks and CEE retail and corporate deposits.

We also recognize that solidarity among the banks in the Raiffeisen group adds stability to the members' funding profiles. We do not consider that short-term bank deposits from intragroup banks are available stable funding for calculation purposes. Therefore, the group's stable funding ratio of 105% in 2017 does not fully capture ongoing group support from RBG placing excess liquidity mainly from client deposits at Tier 1 banks with RBI. We expect the group to continue benefitting from the solid reputation of both its Austrian and foreign operations, which contributes to the gradual increase of the deposit base and better deposit pricing power than many competitors.

RBG's loan-to-deposit ratio was a strong 95% as of end-2017, also supported by the self-sufficiency of most of the foreign operations.

As RBG's central institution, RBI benefits from the group's ongoing placement of excess liquidity. RBG's dependence on wholesale funding (defined as interbank, unsecured, and secured debt issues) is moderate, and its needs mainly relate to RBI. RBG's wholesale funding was 23% of total funding as of end-2017. RBI has demonstrated its ability to access wholesale markets and make private placements through the cycle.

RBG's ratio of coverage of short-term wholesale funding by broad liquid assets of 1.9x as of year-end 2017 is high, but not materially higher than the average of peers. In addition, we cannot assume full fungibility of liquidity within the RBG network.

Table 6

Raiffeisen Banking Group Austria Funding And Liquidity				
	--Fiscal year ended Dec. 31 --			
(%)	**2017**	**2016**	**2015**	**2014**
Core deposits/funding base	78.35	77.07	74.11	69.20
Customer loans (net)/customer deposits	94.90	94.73	96.15	103.16
Long term funding ratio	90.59	91.05	88.92	85.54
Stable funding ratio	104.84	105.18	103.30	98.64
Short-term wholesale funding/funding base	10.17	9.65	11.91	15.41
Broad liquid assets/short-term wholesale funding (x)	1.95	2.09	1.75	1.35
Net broad liquid assets/short-term customer deposits	15.41	17.08	15.11	9.60
Short-term wholesale funding/total wholesale funding	46.98	42.09	46.00	50.02

Support: Group support drives the ratings on RBI

RBI is the group's central institution. We view its role as core for the group's strategy. As such, we equalize our ratings on RBI with the 'bbb+' GCP of RBG.

Our ratings on RBI are based on the group's aggregate creditworthiness, since we consider member banks to be a group of integrated institutions, although they are legally independent. We consider the group as a cohesive economic entity despite its decentralized organization and the high operational flexibility of the member banks. Our view primarily reflects the group-wide cross-guarantee scheme, and the institutional protection scheme at the national level, including group-based regulatory oversight.

As for most other European markets, we now see the prospects for extraordinary government support as uncertain in Austria, given the move to use the new bank resolution framework to deal with failing banks and constraints on the conditions under which taxpayer support can be provided. As a systemic banking institution in Austria, we expect that the resolution authorities would want to pursue a bail-in led resolution strategy for RBI that could avoid a default on its senior obligations. However, we do not incorporate any uplift under our additional loss-absorbing capacity (ALAC) methodology to the ratings on RBI. Neither do we intend to assign a resolution counterparty rating to RBI. This is because we believe that RBG member banks are likely to support core group members under any foreseeable circumstance and we base our rating on RBI on group support.

We understand that the regulators would apply a resolution framework to the individual institutions of RBG (which we deem to be sufficiently systemically significant) and not to the group as a whole. For individual cooperative banks, it is generally unlikely that they would be subject to a well-defined bail-in resolution process, given their small size, limited complexity, and low systemic importance as stand-alone entities.

We still lack final details and clarity on the resolution process for the group. Our base-case expectation, based on our current knowledge, is that RBI would follow a separate resolution path, and that the group's cross-guarantee mechanism effectively ceases to exist once the regulator deems one of the members as likely to default. We understand that RBI's ALAC would not be made available to protect the senior creditors of the other RBG banks in case of the resolution of any of the group members.

We might adjust our rating approach if ALAC uplift to our rating on RBI would lead to a rating higher than that based on group support. However, we believe that this scenario is not feasible, at least in the medium term.

We anticipate that our current rating approach--based on RBG group support--will continue to lead to a higher rating outcome compared with our stand-alone assessment of RBI, even if it is supported by material ALAC accumulation in the next four years. We consider that group support is likely to remain the strongest support element in our ratings on RBI.

Furthermore, as details on the group resolution strategy will become available in the coming year, we expect greater clarity on the potential impact on the group's solidarity mechanism. Our current rating approach reflects our belief that RBI will remain integral to the group's identity and strategy and that the rest of the group is likely to support RBI under any foreseeable circumstances. If new information on the resolution strategy leads us to reassess RBI's core status for the group, this would trigger a change in our rating approach. We would either notch down the ratings on RBI from the GCP, or, depending on what leads to a higher outcome, we would rate RBI on a stand-alone basis, eventually raising the ratings through ALAC support if RBI accumulates a material ALAC buffer and we deem it to be not available for other group members.

Additional rating factors: None

No additional factors affect this rating.

Subordinated and hybrid issue ratings

The ratings on the subordinated and hybrid issues reflect our analysis of the instruments and our 'BBB+' issuer credit rating on RBI.

In most cases, when rating subordinated and hybrid instruments, we notch down from the issuer SACP, as we believe that this approach is more reflective of the instruments' risks. However, for RBI, we use our issuer credit rating as starting point for the notching of its subordinated and hybrid instruments. This is because we believe that RBG's group support will extend to RBI's subordinated and hybrid issues.

The rating triggers for the hybrid instrument are the same as for the issuer. This rating approach will remain in place unless we come to believe that group support is unlikely to be available for RBI's subordinated and hybrid instruments. In that case, we would do an SACP analysis for RBI and notch down from RBI's SACP to derive the ratings on the subordinated and hybrid instruments.

Additional Tier 1 hybrid instruments (XS1640667116)

At 'BB', the issue rating stands four notches below the issuer credit rating. We derive this four-notch difference as follows:

- One notch because the notes are contractually subordinated;
- Two notches as the notes have Tier 1 regulatory capital status; and

- One notch because the notes include a mandatory contingent capital clause that could lead to the full or partial temporary write-down of the principal amount.

We classify the notes as having intermediary equity content. This reflects our understanding that the notes are perpetual, regulatory Tier 1 capital instruments that have no step-up. The payment of coupons is discretionary and the notes can additionally absorb losses on a going-concern basis through the write-down feature and the non-payment of coupons.

Related Criteria

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings - April 07, 2017
- Criteria - Financial Institutions - Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions - January 29, 2015
- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology - July 20, 2017
- General Criteria: Use Of CreditWatch And Outlooks - September 14, 2009
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions - November 09, 2011
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions - July 17, 2013
- Criteria - Financial Institutions - Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity - April 27, 2015
- Criteria - Financial Institutions - Banks: Banks: Rating Methodology And Assumptions - November 09, 2011
- General Criteria: Group Rating Methodology - November 19, 2013
- General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018

Related Research

- Various Rating Actions Taken On Five Austrian Banks On Reduced Industry Risk, May 30, 2018
- Austrian Raiffeisen Bank International Upgraded To 'BBB+' On Shareholders' Merger Approval; Outlook Negative, Jan. 26, 2017
- Austrian Raiffeisen Bank International Outlook Revised To Positive On Derisking And Improving Fundamentals, May 30, 2017

Anchor Matrix

Industry Risk	Economic Risk									
	1	2	**3**	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	a-	**bbb+**	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of June 22, 2018)

Raiffeisen Bank International AG	
Issuer Credit Rating	BBB+/Positive/A-2
Junior Subordinated	BB
Senior Unsecured	BBB+
Short-Term Debt	A-2
Subordinated	BBB-
Issuer Credit Ratings History	
30-May-2017	BBB+/Positive/A-2
26-Jan-2017	BBB+/Negative/A-2
02-Jun-2016	BBB/Developing/A-2
09-Jun-2015	BBB/Negative/A-2
03-Feb-2015	A-/Watch Neg/A-2
13-Aug-2014	A-/Negative/A-2
10-Jun-2014	A/Watch Neg/A-1
Sovereign Rating	
Austria	AA+/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

Additional Contact:
Financial Institutions Ratings Europe; FIG_Europe@spglobal.com