Pure investment banking

Annual Financial Report 2012

Raiffeisen CENTROBANK

Annual Financial Report 2012: An Overview

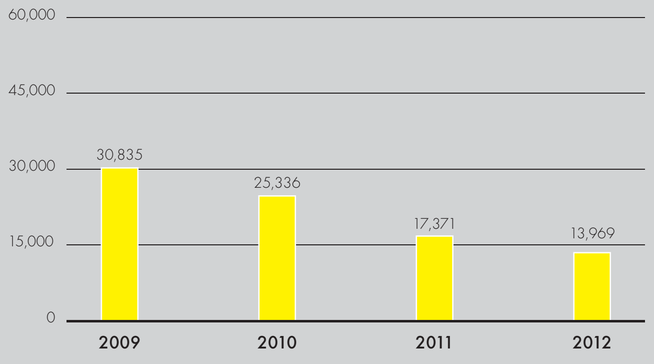
This is a translation from German. In case of any discrepancies between the English and German version, the German text shall prevail and be binding.

Key Data 2012 of Raiffeisen Centrobank Group

in € thousand / in per cent	2012	2011	Change
Income Statement			
Net interest income	5,497	4,003	+ 37.3%
Net fee and commission income	14,295	17,464	(18.1%)
Trading profit	49,300	44,464	+ 10.9%
General administrative expenses	(63,174)	(60,452)	+ 4.5%
Profit before tax	13,969	17,371	(19.6%)
Group net profit	11,759	13,887	(15.3%)
Balance Sheet			
Loans and advances to credit institutions	231,695	266,376	(13.0%)
Loans and advances to customers	87,517	58,029	+ 50.8%
Trading assets	2,176,974	1,743,180	+ 24.9%
Liabilities to credit institutions	163,100	26,724	+ 510.3%
Liabilities to customers	136,936	139,251	(1.7%)
Trading liabilities	2,138,548	1,820,628	+ 17.5%
Equity incl. group net profit	108,862	117,692	(7.5%)
Total assets	2,616,728	2,199,421	+ 19.0%
Indicators			
Return on equity before tax	14.1 %	17.1 %	–
Cost/Income ratio	82.1 %	77.3 %	–
Bank-specific indicators pursuant to the Austrian Banking Act			
Eligible own funds	97,993	98,009	0.0%
Total own funds requirement	61,199	51,187	+ 19.6%
Excess own funds	36,794	46,822	(21.4%)
Excess cover ratio	160.1%	191.5%	–
Resources			
Employees at end of period	344	342	+ 0.6%

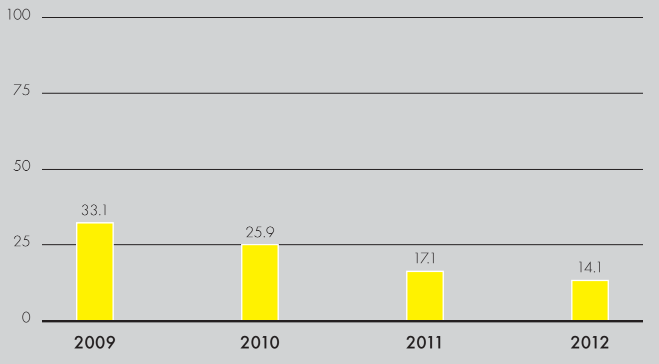
Profit before tax

in € thousand



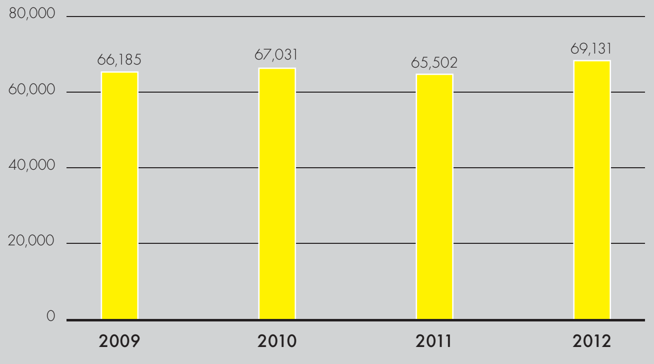
Return on equity before tax

in per cent



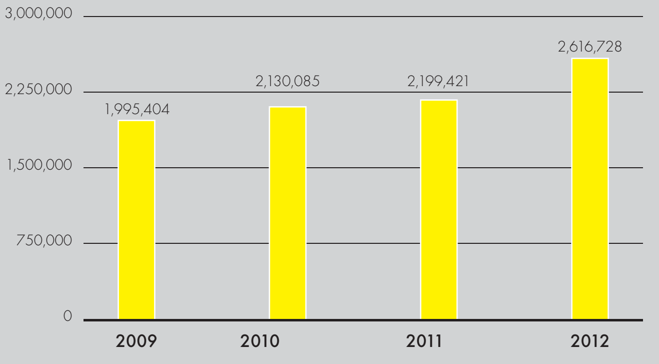
Operating income*

in € thousand



Total assets

in € thousand

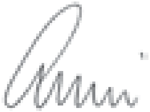


*) Operating income comprises net interest income before provisioning, net fee and commission income, trading profit, and net income from financial investments and derivative financial instruments.

Preface by the Chairman of the Supervisory Board

Even as investors slowly regained confidence in the core markets of Raiffeisen Centrobank (RCB) at the end of the year and the stock markets posted considerable year-on-year gains, 2012 was very challenging for the equity house of the Raiffeisen Banking Group. Factors such as the decreased level of trading activity on the markets and the lower liquidity created a difficult environment for capital market transactions and had to be overcome. RCB's strategy of boosting its market share in its core segments was successful in most areas. In Austria, for example, it rose to become number two on the Vienna Stock Exchange and became the largest domestic market player by a wide margin. Our commitment to sustainable customer service was underscored by 76 company roadshows in Europe and the USA, and 39 roadshows with RCB's Company Research department. Our structured products business was extremely successful during the year. We not only significantly expanded our market share in Austria, but also achieved substantial revenue growth in Central and Eastern Europe in part thanks to new information and sales initiatives. The fact that we again were the overall winner at the 2012 Certificate Awards Austria and were crowned as the Best Issuing House in CEE at the Structured Products Europe Awards in London is impressive confirmation of RCB's excellent work in this segment. Despite the continued global decline in mergers and acquisition activity, RCB also achieved a positive result in this segment. In contrast, the equity capital markets segment was again impacted by the continued strong contraction in the volume of capital market transactions.

All in all, RCB performed very well under these difficult conditions. I would like to sincerely thank all employees and the Executive Board for their hard work in the name of the entire Supervisory Board. You all made this gratifying result possible with your commitment and outstanding expertise.



Herbert Stepic
Chairman of the Supervisory Board

CEO Editorial

Dear Sir or Madam,
dear Reader,
The year 2008 marked the start of a new era for the banking industry in general, and for investment banks in particular. Starting with the US-American real estate and financial crisis and its global effects, the turmoil moved to new focal points, arriving at the current European financial and sovereign debt crisis that is gripping the international markets. One of the causes of the global financial crisis was flagrant violations of important rules of fair play on the part of internationally active universal and investment banks, which brought discredit to the entire industry. As a result, the credibility and reputation of investment banks have suffered tremendously, and banks have been the object of grave public criticism – unfairly so in my opinion, because we must make distinctions. As the CEO of an investment bank, it is important to me to increase awareness among the public for the indispensable and economically sensible contribution that integrated and clean investment banking services make to the real economy. A contribution that will become even more important as a result of stricter legal requirements, including corporate financing through the capital market in response to the increased costs stemming from Basel III. All of our activities center on the need for "pure investment banking" for the benefit of companies and investors, and the commitment of Raiffeisen Centrobank (RCB) to correct and sustainable investment banking.

Together with our Group parent, Raiffeisen Bank International AG (RBI), we cover the full spectrum of investment products – RCB being responsible for stock-based equity activities including mergers and acquisitions, and RBI being responsible for debt capital markets, asset-based finance and foreign exchange business. To this end, I want to provide some insights into our investment banking activities in this annual report in a discussion with Klemens Breuer, RBI's Managing Board Member responsible for markets & investment banking. My goal in this is to make our daily work clearer and more transparent and to eliminate prejudices against our core area of business, investment banking.

It is important to me in this annual report to show how important investment banking in general and the services of our bank in particular are for the real, international economy, regardless of whether for medium-sized companies or major corporations. The success of our long-time customer relationships shows that the commitment and professionalism that we are known for are absolutely crucial in achieving sustainable economic development.

Eva Marchart
Chief Executive Officer

Corporate Bodies

Executive Board	Eva Marchart Alfred Michael Spiss Gerhard Grund Wilhelm Celeda	Chief Executive Officer Deputy Chief Executive Officer Member Member (since January 1, 2013)
Supervisory Board	Herbert Stepic Chief Executive Officer Raiffeisen Bank International AG, Vienna	Chairman (since April 2012) Second Deputy Chairman (until April 2012)
	Walter Rothensteiner Chief Executive Officer Raiffeisen Zentralbank Österreich AG, Vienna	First Deputy Chairman (since April 2012) Chairman (until April 2012)
	Klemens Breuer Member of the Board Raiffeisen Bank International AG, Vienna	Second Deputy Chairman (since April 2012)
	Patrick Butler Member of the Board Raiffeisen Bank International AG, Vienna	First Deputy Chairman (until April 2012)
	Karl Sevelda Deputy Chief Executive Officer Raiffeisen Bank International AG, Vienna	Member
	Johann Strobl Member of the Board Raiffeisen Zentralbank Österreich AG und Raiffeisen Bank International AG, Vienna	Member
	Werner Kaltenbrunner Executive Director Raiffeisen Bank International AG, Vienna	Member
State Commissioners	Alfred Hacker, Tamara Els	

Executive Board - Departments

Eva Marchart Chief Executive Officer	Accounting Controlling Risk Management (until December 31, 2012) Audit Human Resources IT Legal and Tax Organization and Facility Management Payment Transactions Back Office Participations Corporate Communications
Alfred Michael Spiss Deputy Chief Executive Officer	Risk Management (since January 1, 2013) Equities & Derivatives (until December 31, 2012) Treasury Company Research
Gerhard Grund Member of the Executive Board	Equity Capital Markets Mergers & Acquisitions Private Banking Credit Department
Wilhelm Celeda Member of the Executive Board	Equities & Derivatives (since January 1, 2013)

* Alfred Michael Spiss, Wilhelm Celeda, Eva Marchart, Gerhard Grund (from left to right)

"The origin of investment banking products is grounded in real claims and necessities of the real economy"

Raiffeisen Centrobank (RCB) CEO Eva Marchart and Klemens Breuer, Member of the Managing Board of Markets and Investment Banking at Raiffeisen Bank International (RBI), talked about trends, developments, changes and expectations in investment banking.

The motto of the RCB annual report this year is "Pure Investment Banking." What does this mean? What do you want to express with this?

Marchart In recent years and especially after the start of the crisis, there has been a trend in the media towards depicting the real economy as being the antithesis of the financial and banking industry, especially investment banks. As a force that only makes virtual and no real contributions to the economy. We want to take a clear position against this view, because we have no doubts about the fact that investment banking is a very important cornerstone of a flourishing and increasingly global economy. One must not forget that all investment banking products stem from real demands and needs in the real economy. Recent years have painfully shown that the products developed for this can also be misused and employed for purely speculative purposes, but this has nothing to do with the business model to which the Raiffeisen Banking Group and RCB in particular are committed. Investment banking provides financing for major investments and risk capital in general through initial and secondary public offerings; ensures the necessary liquidity on the stock exchanges by trading stocks; locates partners, new business areas and sales markets through M & A advisory services; offers alternatives to mere credit financing by assisting with corporate bond issues; protects the prices set by companies against foreign currency and commodity price fluctuations; and does much more – thereby promoting economic stability and growth. This is the approach to investment banking followed by the Raiffeisen Banking Group and our Bank, and led us to choose the motto "Pure Investment Banking" for our annual report this year.

How does RCB apply this "Pure Investment Banking" concept?

Marchart Our business is not virtual, but is oriented towards the needs of our customers. Our products and services are based on the demand in the economy. It is important to me to stress this, in addition to my previous comments.

Breuer The real economy needs equity! That is why we are fully committed to equity and equity consulting. What sets RCB apart from all other investment banks in this is the fact that it has brought very clear and transparently structured products to the market. This was never about complex interest rate and currency products. RCB's investment banking involves intense advice, and ties up little capital. That is clean investment banking. It is also advantageous for a universal bank like RBI to have its own strong equity capital markets and mergers and acquisitions brand – in this case in its specialist RCB.

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Klemens Breuer (RBI) and Eva Marchart (RCB)

How important is investment banking in general in the RBI Group, and how did this segment develop in 2012?

Breuer Within the Group, RBI handles the debt capital markets business and asset-based finance, while RCB covers equity trading and sales and the equity capital markets and mergers and acquisitions business. Pure investment banking is certain to become even more important in the future. Given the limited capital supply that banks have at their disposal, companies will increasingly shift from debt financing to capital market financing. In Austria, companies obtain 90 per cent of their financing through lines of credit. This is going to change, and we see a great deal of potential here. The trend of disintermediation in the international banking system has further boosted cross-selling within our Group. This means that we want to present ourselves to our customers as a competent partner with a broad range of corporate financing options – including an increasing selection of investment banking products.

What role does cooperation between the Group parent (RBI) and subsidiary (RCB) play in this?

Breuer As I said, we strive to provide our customers with optimum service and a complete range of products in investment banking. To this end, the various units work together very closely, even to the extent that they form a single, fully integrated product provider. How the customer perceives us is much more important here, and our goal is to present ourselves as an intelligent bank that combines its outstanding sector expertise with unique local know-how and that understands its core markets in Central and Eastern Europe.

Marchart I agree. For RCB as an independent bank, close cooperation with our Group parent has become an increasingly important factor in expansion into new markets over the years. Working from our strong position on our home market Austria, Central and Eastern Europe has become more and more important, and our entry onto these markets and the continuous growth of our market share in these countries have been made easier by RBI and its local network banks. You could say that RBI has opened many doors for us. Joint meetings with customers are another step in our current collaboration, and help a great deal in boosting the image of our investment banking units.

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Several concrete initiatives have been launched to promote cooperation between the units in Vienna and the RBI network banks in Central and Eastern Europe. What can you say about them?

Breuer We used 2012 to increase our joint strengths and to use synergies within the Group. Together with the RBI Corporate Banking Team, we have created Raiffeisen Integrated Financial Advisory (RIFA) – a new initiative that offers made-to-measure solutions from a single source on the basis of an exact analysis of a customer's situation. I was also at some of these customers meetings where Corporate Banking, ECM and M & A presented the results of their analyses and their suggestions. This experience has shown me how important this joint initiative is for even better customer service in terms of corporate financing, and how positive the customer response has been to this joint service. For example, M & A mandates are often only awarded when debt capital can also be provided for financing. We have also seen very successful collaboration with structured products.

Marchart Another initiative was optimizing the sales channels for our structured products together with the retail experts at RBI and its network banks in Central and Eastern Europe – especially in Poland, the Czech Republic, Russia, Slovakia and Hungary. In Poland, for example, our collaboration with the newly established brokerage house of Raiffeisen Bank Poland helped to facilitate the listing of our certificates on the Warsaw Stock Exchange through the planning of joint roadshows, marketing campaigns and media activities – and opened a new distribution channel. All in all, we once again stepped up our sales activities over the financial year in cooperation with the RBI network. This provided substantial support to our strategy of achieving sustainable expansion through innovation transfer.

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The integration of the operations of Raiffeisen Investment AG into RCB in May 2012 resulted in some structural changes. What were the primary goals of this, and to what extent were they reached?

Marchart Increased efficiency and good cost discipline are key parameters in the continued difficult environment, and will remain a focus for us. The organizational changes that took effect on May 1, 2012, created a leaner structure that makes us significantly more flexible, especially in M & A and ECM. The rapid success achieved by both units showed that we made the right decision in combining two parallel business units into a single comprehensive, transdisciplinary unit.

Breuer M & A no longer exists as an isolated product in today's world. The agendas of M & A advisors have become too complex and comprehensive in recent years, and corporate financing has become too multifaceted. Today, successful investment banking depends on being able to offer the customer a truly complete range of products and services. As I mentioned before, presenting ourselves to the customer as a strong team, through cross-selling, and convincing them that we have the expertise and intelligence to meet and exceed their high demands and needs. And we have definitely succeeded in this through this organizational change.

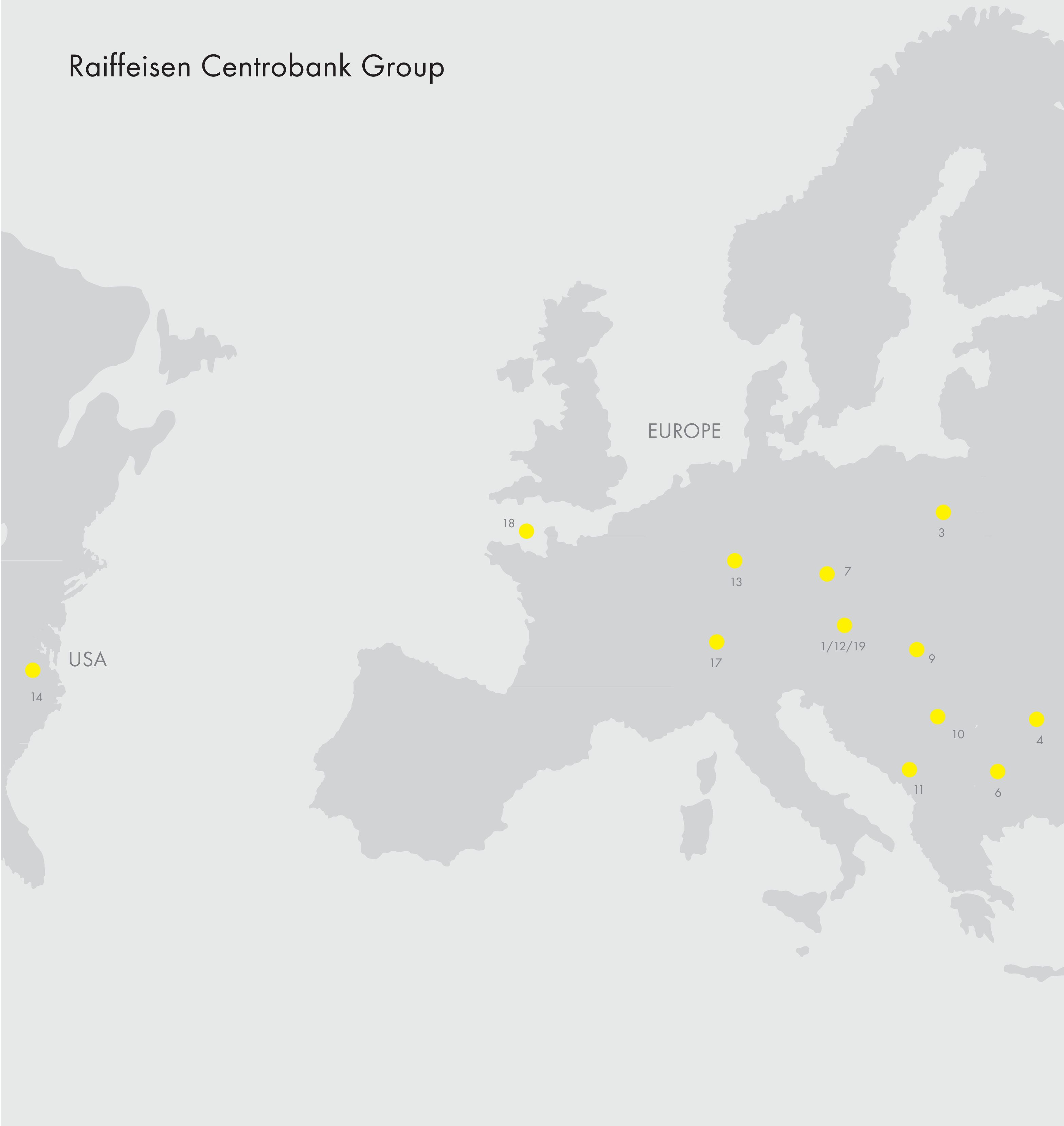
And last but not least, a look at the coming year. How do you expect business to develop in 2013? What are your wishes, and what is realistic?

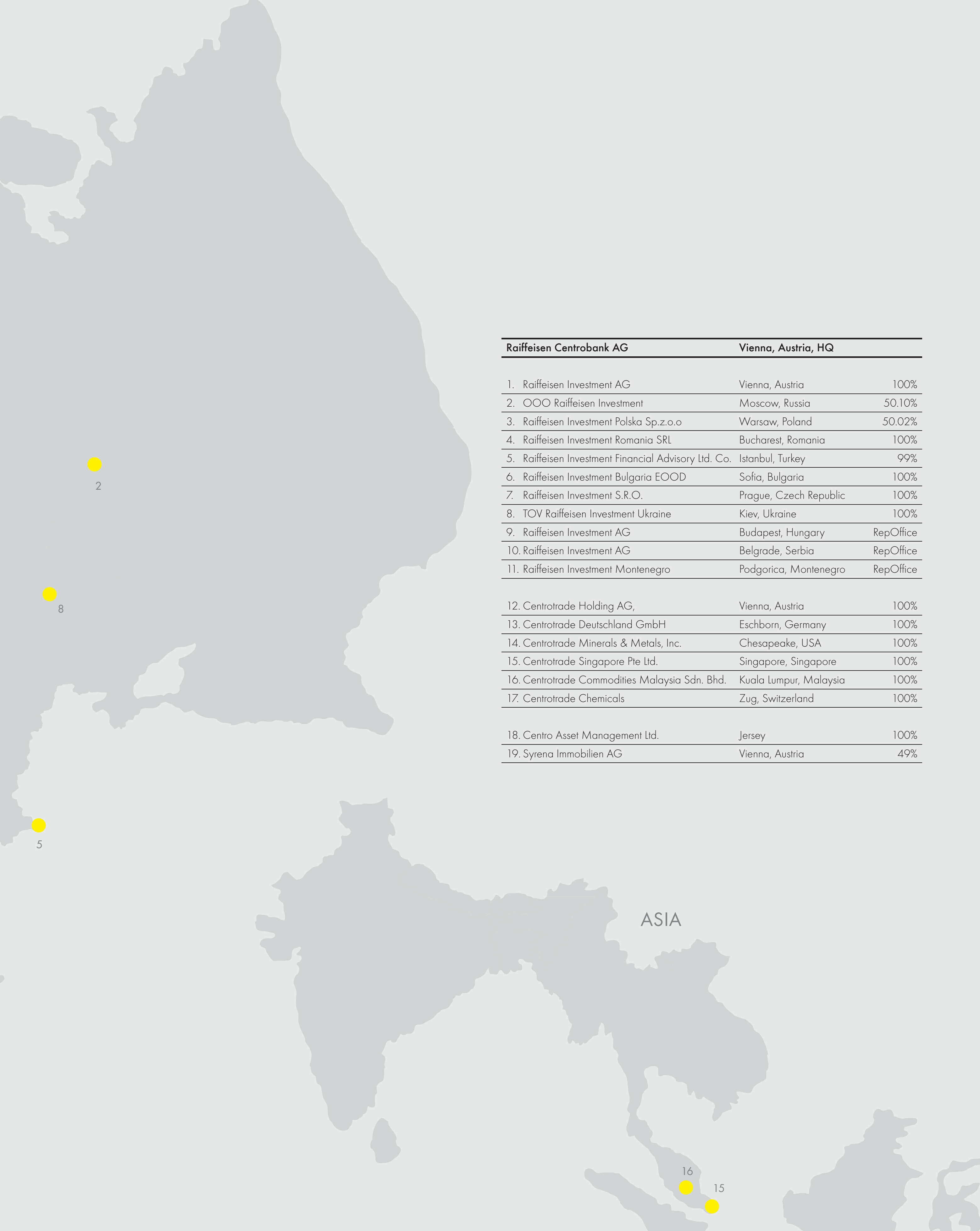
Breuer In general, the RBI Group is striving to significantly increase its earnings from investment banking between 2012 and 2015, especially in ECM/M & A, DCM, and asset-based finance. This will mean different things in our various markets. In Austria, we are the market leader in certificates through RCB, for example, and intend to defend and expand this position. We also want to achieve further growth in Russia. There, we have an excellent customer base – which is why we were generous in allocating resources there in 2012. This is of course reviewed at regular intervals, but we are generally geared towards growth, and want to tap the potential of this market. In Poland, we are aspiring to win mandates for capital market transactions and M & A advisory after our acquisition of Polbank. And Turkey – where RBI itself is not represented, but RCB through its subsidiary Raiffeisen Investment Turkey, a leader in M & A – is one of the most rapidly growing markets anywhere. Foreign investors should soon begin noticing the attractiveness of these markets more again. All in all, I see a positive development path for investment banking, and am more optimistic about ECM and M & A for the current year than I was in past years.

Marchart I would wish for an improvement in the general image of investment banking and investment banks that is portrayed in the media and shaped by decision makers, and that people would become more aware of the importance of this industry for the real economy.

„Pure investment banking is certain to become even more important in the future.“

Raiffeisen Centrobank Group





Raiffeisen Centrobank AG	**Vienna, Austria, HQ**	
1. Raiffeisen Investment AG	Vienna, Austria	100%
2. OOO Raiffeisen Investment	Moscow, Russia	50.10%
3. Raiffeisen Investment Polska Sp.z.o.o	Warsaw, Poland	50.02%
4. Raiffeisen Investment Romania SRL	Bucharest, Romania	100%
5. Raiffeisen Investment Financial Advisory Ltd. Co.	Istanbul, Turkey	99%
6. Raiffeisen Investment Bulgaria EOOD	Sofia, Bulgaria	100%
7. Raiffeisen Investment S.R.O.	Prague, Czech Republic	100%
8. TOV Raiffeisen Investment Ukraine	Kiev, Ukraine	100%
9. Raiffeisen Investment AG	Budapest, Hungary	RepOffice
10. Raiffeisen Investment AG	Belgrade, Serbia	RepOffice
11. Raiffeisen Investment Montenegro	Podgorica, Montenegro	RepOffice
12. Centrotrade Holding AG,	Vienna, Austria	100%
13. Centrotrade Deutschland GmbH	Eschborn, Germany	100%
14. Centrotrade Minerals & Metals, Inc.	Chesapeake, USA	100%
15. Centrotrade Singapore Pte Ltd.	Singapore, Singapore	100%
16. Centrotrade Commodities Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
17. Centrotrade Chemicals	Zug, Switzerland	100%
18. Centro Asset Management Ltd.	Jersey	100%
19. Syrena Immobilien AG	Vienna, Austria	49%

Corporate Governance

The shares of Raiffeisen Centrobank are not listed on a stock exchange. As the issuer of a large number of structured products and as one of the most important securities brokers in Vienna and other financial centres, Raiffeisen Centrobank orients itself towards the rules and principles of good and responsible corporate governance as set forth in the Austrian Code of Corporate Governance to the extent that these rules and principles are applicable for Raiffeisen Centrobank. Raiffeisen Centrobank has not (yet) formally undertaken to comply with the Austrian Code of Corporate Governance.

Efficient collaboration between the various bodies of the Company on a strong foundation of trust, protection of its shareholder's interests and open and transparent communication are key elements of Raiffeisen Centrobank's approach to good corporate governance. The following comments illustrate some aspects of Raiffeisen Centrobank's compliance with the Code in the reporting period (1 January to 31 December 2012) and are based on the Austrian Code of Corporate Governance as amended in January 2010.

Executive Board

The Executive Board is made up of several persons, with one member acting as the chairperson. The rules of procedure govern how responsibilities are assigned and how the members of the Board work together.

The Board is responsible for communication measures that materially shape the image of the Company and is supported by the corresponding departments in fulfilling this responsibility.

An internal auditing department has been set up as a separate staff unit of the Executive Board; this department creates an auditing plan and reports regularly to the Board on the results of its activities.

Rules for Proprietary Trading

The Executive Board makes its decisions on the basis of the members' professional expertise and irrespective of any personal interests. Members of the Executive Board disclose all material personal interests in transactions of Raiffeisen Centrobank and its Group companies and any other conflict of interests to the Supervisory Board. All transactions between Raiffeisen Centrobank or its Group companies and the members of the Executive Board or parties related to them are conducted in accordance with generally accepted industry standards and are approved by the Supervisory Board in advance.

Members of the Executive Board and managerial staff are not permitted to operate businesses or be officers in other business entities without the approval of the Supervisory Board unless these entities are in a Group relationship with Raiffeisen Centrobank or unless Raiffeisen Centrobank holds an interest in these entities. Members of the Executive Board and managerial staff are also not permitted to conduct business transactions for their own account or the account of another party or to hold a share in another company as a personally liable partner in the areas in which Raiffeisen Centrobank is active without the approval of the Supervisory Board.

Supervisory Board

The Supervisory Board monitors and assists the Executive Board in the direction of Raiffeisen Centrobank, in particular with regards to decisions of fundamental importance.

The Supervisory Board has prepared a catalogue of transactions requiring its approval before they can be conducted by Raiffeisen Centrobank or its Group companies and has assigned appropriate value limits.

Collaboration between the Supervisory Board and Executive Board

A key principle of good corporate governance is open discussion between the Executive Board and Supervisory Board and within these governing bodies.

The Executive Board submits regular, timely and comprehensive reports to the Supervisory Board about all relevant issues of the Bank's business development, including the risk situation and risk management measures at the Bank and all material Group companies. The chairman of the Supervisory Board is in regular contact with the Chief Executive Officer and discusses the development of business and risk management with her. The

Executive Board immediately reports all important events to the chairman of the Supervisory Board and also reports immediately on all circumstances that are of material relevance to the profitability or liquidity of the Company.

The Executive Board coordinates the strategic orientation of the Company with the Supervisory Board and discusses the status of the implementation of the strategy at regular intervals with this Board.

The Supervisory Board meets at least four times per financial year.

Transparent Information Policy

Raiffeisen Centrobank attaches considerable importance to open and transparent communication with its shareholders and other stakeholders. To this end, it provides extensive information on its web site:

- Press releases, key data
- Shareholder structure
- Downloadable annual reports in PDF format
- Downloadable securities prospectuses in PDF format
- Downloadable Raiffeisen Centrobank stock analyses and product brochures in PDF format, etc.

Criteria for the Independence of the Supervisory Board Members for the Purposes of the Austrian Code of Corporate Governance

A Supervisory Board member is considered to be independent when he or she is not in any business or personal relationship with the Company or its Executive Board that could cause a material conflict of interests and that could therefore influence the behavior of the Board member.

The Supervisory Board of Raiffeisen Centrobank applies the following guidelines when setting the criteria for determining the independence of a Supervisory Board member:

- The Supervisory Board member shall not have served as a member of the Executive Board or as a management-level employee of the Company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the Company or one of its subsidiaries to an extent of significance for the member of the Supervisory Board.
- The Supervisory Board member shall not have served as auditor of the Company, have owned a share in the auditing company or have worked at the auditing company as an employee in the past three years.
- The Supervisory Board member shall not be a member of the Executive Board of another company in which a member of the Executive Board of the Company is a Supervisory Board member.
- The Supervisory Board member shall not be a close relative (direct offspring, spouse, life partner, parent, uncle, aunt, sister, niece, nephew) of a member of the Executive Board or of persons who hold one of the aforementioned positions.

All members of the Supervisory Board of Raiffeisen Centrobank are independent according to the defined criteria for independence.

Compliance

Raiffeisen Centrobank fully applies the Standard Compliance Code that was developed by the Austrian banking industry as the basis for its business activities, in particular in the areas of trading financial instruments, providing investment advice, asset management, issuing securities, financial analysis, public relations work and marketing, and in many cases goes above and beyond the standards defined in this code and in the national and European regulations (MiFID). To this end, a code of conduct was put in place by the Group compliance office as a binding set of rules for ethical behaviour in accordance with the highest standards in all business dealings.

This code of conduct stipulates zero tolerance for any form of bribery or corruption and also contains principles for interaction with customers, business partners and co-workers and for how sensitive areas of business are to be handled.

Measures taken to implement effective compliance in Raiffeisen Centrobank include periodic reviews of the adherence to the Execution Policy when executing customer orders, measures to prevent at its best conflicts of interest, insider trading and market manipulation, seamless monitoring of employee transactions and supervision of trading activities, direct and regular communication between the Executive Board and Compliance, as well as institutionalized reporting to the Executive Board, Supervisory Board and Group Compliance.

Listed companies, companies issuing exchange traded financial instruments as well as credit and financial institutions are subject to strengthened capital market-related compliance regulations aimed at enhancing the integrity of the capital market. Raiffeisen Centrobank is fully aware that aside from comprehensive regulatory requirements internal guidelines need to be developed along the specifics of the company in order to implement an effective compliance organization.

This "individualization" of compliance guidelines involves analyzing the Company, the Company's internal processes, its products, customers, business partners and employees and subsequently results in implementing compliance guidelines tailored to the Company's specific products, business segments and processes, i.e. particularly exposed products are subject to special compliance guidelines. The compliance organization within Raiffeisen Centrobank identifies indicated compliance measures as the case may be, and implements them, respectively.

In 2012, Raiffeisen Centrobank implemented the "ESMA guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities". Pursuant to these guidelines providers of "Direct Market Access (DMA)" are to set up "policies" and to review orders and customer transactions (and transactions for own account) at regular intervals as to market manipulation in order to safeguard that orders and transactions (trading algorithms) do not imply wrong or misleading assumptions as to supply and demand of financial instruments. Such manipulation methods would be "layering" and "spoofing".

Raiffeisen Centrobank is fully aware that for capital market participants who do not or not fully adhere to rules and regulations there will be considerable consequences to reckon with, whereby imposing administrative penalties will be one of the weakest sanctions. In addition to consequences under criminal law, the Company may be faced with claims for damages and damage to reputation. In order to avoid such consequences at its best, it has proved effective in Raiffeisen Centrobank to set up the compliance organization as integral part of risk management. Accordingly, the compliance organization is involved in strategic and operational issues and has been vested with powers to take decisions and responsibilities to meet the highest standards.

Gerald Deimel

Gerald Deimel
Head of Legal, Compliance & Tax
Compliance Officer

Certificates 2012 – An Asset for Each Portfolio

Chances in each and every market phase as well as a clear and transparent payout level made certificates once more a most favorite investment tool in the past year.

Investment products with capital protection

Guarantee Certificates
Guarantee Certificates enable investors to invest into stock or commodity markets with the capital guarantee (mostly100%) becoming effective at the end of the term. Depending on the type of certificates, investors participate either in the performance of the underlying or generate yield with coupons.

Investment products without capital protection

Bonus Certificates
As long as the underlying quotes above the barrier the bonus amount is paid out in the amount of the bonus level or the corresponding higher amount. The cap represents the maximum payout.

Discount Certificates
Discount Certificates are traded at a discount; i.e. the certificate's price is lower than the strike. The difference serves as risk buffer. The profit is limited by a pre-defined cap.

Reverse Convertible Bonds
Reverse Convertible Bonds have a high fixed interest rate which is paid out at the end of the term regardless of the performance of the underlying. Redemption (100% nominal value or shares or the appropriate cash amount) depends on the performance of the underlying

Express Certificates
Express Certificates usually have a term of several years. Each year investors have the opportunity to redeem the invested capital prior to the maturity date and to obtain an attractive yield provided that the underlying does not undercut a pre-determined payout level at any of the valuation dates.

Index and Participation Certificates
Index and Participation Certificates enable investors to participate 1:1 and open-ended in the performance of the underlying.

Leverage products without knock-out

Warrants
Warrants are suitable for speculative investors as they react above average to the performance of the underlying. Due to the leverage effect investors may generate high percentage profit at low capital expenditure but may as well incur substantial losses.

Leverage products with knock-out

Turbo Certificates
Similar to warrants, Turbo Certificates provide the opportunity to invest with a leverage effect. Since they have a knock-out barrier, Turbo Certificates are solely recommended for experienced investors with a high risk appetite.

Investment banking

The handwriting of Raiffeisen Centrobank (RCB)
is clearly recognizable whenever excellent investment banking
know-how meets with honest commitment to the customer.
Technical and detailed knowledge of investment banking
combined with a transparent and traceable approach
to questions considering international capital markets,
distinguish RCB and its employees. Not high-flown but
consciously working on the spot on sustainable solutions
for its customers – national and international companies –
and always having the needs of the real economy in the focus,
this is the way Raiffeisen Centrobank understands
pure investment banking.

Investment banking
is not an abstract,
global phenomenon
but a fundamental
element of local
business activities

Glocalization

The product range is tailored to meet the requirements of the real economy and to assist companies in their local and international business activities. The interaction of global expertise and local know-how accounts for RCB's many years of success. RCB's employees are from 19 different nations; their daily networking with customers in RCB's core markets in Austria, Central and Eastern Europe, Turkey as well as with investors from various continents on the highest level of professional expertise underpins the outstanding intercultural competence of RCB and emphasizes its embeddedness as an Austrian investment bank in an international environment.

_SECURITIES TRADING AND SALES

Remaining active on the markets and expanding our presence

Head of department: Wilhelm Celeda +++ Core business area: Sales and trading of stocks and derivatives with a clear focus on the equity markets in Austria and CEE

How did business develop in 2012?
RCB has been one of the largest players on the Austrian capital market in stock and derivatives trading and in stock sales to institutional investors such as funds and insurance companies for many years, and is a leader on the markets of Central and Eastern Europe. Despite in part drastic sales declines on its key markets and continued liquidity contractions on the derivatives exchanges, RCB achieved a very satisfying result. Our strong position on our home market and the further expansion of our presence on liquid Eastern European markets like Poland and Russia are bearing fruit, and had a positive effect on our result for the year. In contrast, 2012 was a very difficult year for stock sales to institutional customers. Because of the uncertainty in connection with the European financial and sovereign debt crisis, institutional investors concentrated on liquid large markets where positions can be liquidated more quickly.

What was the greatest challenge during the financial year?
The greatest challenge in securities trading was adapting to the substantial decrease in activity on the market. The lower level of liquidity led to three challenges: Prices moved in an increasingly erratic manner; macroeconomic and political factors overshadowed company-specific developments; and it became more and more difficult to price derivatives because the market lost its trust in historically stable relationships between market variables and market prices. In stock sales, we tried to compensate strongly declining revenue by capturing additional market share. Despite the fact that RCB's market share in Austria increased from 7.67 per cent in 2011 to 8.94 per cent in 2012, we were not able to compensate for the contraction in revenue. Still, this market share makes RCB the second largest player on the Vienna Stock Exchange and the largest domestic market participant by far.

What was especially positive for RCB?
While some banks are scaling back their activities, RCB's strategy is to remain active on the equity markets and to further expand its presence. Growing shares of our core markets and new market-maker mandates like for RDX Futures on the Eurex are positive results of this strategy. RCB set itself apart from many competitors in 2012, especially through its sustainable advisory activities and continued high service intensity, and was thus able to win new market share. A total of 76 company roadshows throughout Europe and the USA provided our customers access to the management of key companies, and 41 roadshows with our analysts actively brought RCB's recommendations to the market. The traditional investor conference in Zürs, which has become one of the most important events of its kind, generated very good customer response. We saw a record level of participation with 68 presenting companies and over 120 investors. More than 1,000 group talks and one-on-ones were held between companies and investors.

What do you expect for 2013? Do you see any trends for the coming year?
A recovery of sales and the crystallizing de-escalation of the sovereign debt crisis should allow us to maintain and improve on our result from trading for last year by concentrating on our core business – market making and the provision and hedging of equity products like stock warrants and bonus certificates. Rising trading volumes should also have a positive effect in the equity sales segment. The considerably improved situation on the secondary market makes us confident that major primary market transactions will again take place in 2013, which will contribute to increased business and draw investor focus back to Austria and Central and Eastern Europe.

_STRUCTURED PRODUCTS

Clarity and transparency for the customer are rule number one

Head of department: Heike Arbter +++ Core business areas: Issue and trading of certificates and structured products

How did business develop in 2012?

RCB is the largest Austrian issuer of certificates, has played a pioneering role in this securities segment in Austria and Central and Eastern Europe for many years, and works tirelessly to communicate the advantages of this investment tool for private and institutional investors. Certificates allow private individuals to invest their money in ways that were only available to institutional investors in the past, for example to protect themselves against volatility or to participate in equity and commodities markets without making a direct investment. This product portfolio ranges from capital guarantees and partial protection mechanisms to certificates with a higher level of risk. The financial year 2012 was very positive for the Structured Products department. The volume of outstanding certificates was increased significantly for all important customer groups, and rose by more than 20 per cent over the course of the year. This growth is even more impressive considering the very challenging conditions on the securities markets, and enabled RCB to again significantly expand its share of the domestic certificate market. The gratifying business development also led to a very good result for the Structured Products department.

What was the greatest challenge during the financial year?

Issues such as liquidity management, stricter regulatory requirements and the general uncertainty among investors posed serious challenges for us as a product provider over the past years. RCB was very successful in showing that certificates are excellent investment instruments that bring demonstrable yields, especially in the current phase of the market cycle. In Eastern Europe, certificates are still a very young product class, and we made significant progress in laying a foundation there.

What was especially positive for RCB?

The sustainability of the certificate business of Raiffeisen Centrobank is unique in Austria and Eastern Europe. We are currently the only complete Austrian provider, both in terms of certificate types and underlyings. In addition to offering a broad product spectrum, our many years of active presence, our extensive investor services – which took first place at the 2012 Certificate Awards Austria in the category of Info & Service – good innovative product ideas and the pioneering role we play in certificates in Eastern Europe set us apart from the competition. This has also been confirmed time and again by independent experts. Raiffeisen Centrobank was crowned the best issuer in Austria for the sixth time in a row at last year's Certificate Awards Austria. And we took the Best in CEE distinction at the Structured Products Europe Awards in London for the third time. During the year, bonus certificates with low barriers like the RCB Bonus & Safety product series were especially noteworthy both in terms of volume sold and product performance. With hedging rates of 60 per cent and higher on renowned indices like the DAX, Euro Stoxx 50 and ATX, investors saw yields of 10 per cent and sometimes more. This proved to be a perfect balance of risk and reward for many of our customers.

What do you expect for 2013? Do you see any trends for the coming year?

Analysts are expecting a positive year for equities and sustained low interest rates in 2013. These conditions will offer very good prospects for certificates. Investors are searching for yields because traditional fixed deposit instruments like savings accounts and bonds are providing very little in the way of returns. So in 2013, we will continue to focus on optimized yields at moderate risk.

Transparency that is actually experienced is the foundation of a genuine relationship with the business environment and the essential stakeholders of RCB

Visibility

RCB's areas of activity are visible and available to everyone who wants to know. Well beyond the statutory information policy, the investment bank has ever been communicating clearly and unambiguously with employees, customers, investors and business partners. In the certificates segment, for example, RCB's commitment to ensure transparency, advisory services and customer information has been honored with numerous rewards, both on national and international level. Financial education is not only taken seriously but is given the highest priority.

RCB has come to stay.
It is not short-term profit
but a sustainable and
conscious way of acting
as to innovation and
expansion which are
the key principles that
RCB follows

Sustainability

Since its foundation back in 1973, RCB has been focusing on providing top quality advisory services tailored to the unique requirements of international and mostly long-term customers. Continuity and innovation will secure that the Austrian investment bank is able to act and operate with sustainability in its core markets in Central and Eastern Europe.

_EQUITY CAPITAL MARKETS

Expertise and quality create a good, trustful basis

Head of department: Siegfried Neumüller +++ Core business areas: Structuring and execution of capital market transactions and the provision of capital-market relevant advisory services

How did business develop in 2012?

For Equity Capital Markets (ECM), the department at RCB that has many years of experience in the structuring and execution of equity transactions and that assists with initial public offerings, capital increases, secondary public offerings, private placements and block trades, 2012 was a very difficult year. The continued economic uncertainty in connection with the European sovereign debt crisis caused noticeable caution among equity market investors and companies in terms of investments. The equity markets were highly volatile up to the beginning of the fourth quarter of 2012, which had a negative impact on the stock issue market. Despite this, we successfully completed a total of nine equity transactions. Our participation in the largest stock issue of the year on the Vienna Stock Exchange, by UNIQA Versicherungen AG, with a volume of € 500 million as joint global coordinator and our participation in the sale of the 10 per cent share of Turkey's Akbank worth over US$ 1.1 billion as co-lead manager were definite highlights.

What was the greatest challenge during the financial year?

The greatest challenge in 2012 was the continued high volatility of the stock markets. This made planning difficult for issuers and the supporting investment banks, and posed risks for the execution of capital market transactions. These conditions made the characteristics of "project business" very apparent. Despite intense preparations, numerous transactions were not completed and had to be postponed because of the poor market situation. A major challenge under such conditions is tackling projects with full concentration and commitment, and seizing the windows of opportunity that present themselves before they close again.

What was especially positive for RCB?

Our expertise and the quality of our services create a good, trustful foundation for working with our customers. We were again able to provide our many customers, some of which we have been serving for many years, with competent advice for capital market transactions in 2012. These measures are also being stepped up outside of our core market of Austria, and form a key pillar of our capital market advisory activities.

What are your expectations for 2013? Do you see any trends for the coming year?

The final months of 2012 brought strong signs of recovery on the equity markets with higher trading volumes and returning investor confidence. We are also seeing increased interest from companies in capital market activities, which leads us to expect an upswing in activity on the issue market in 2013. The Equity Capital Markets team is confident for 2013 because continued positive conditions will make it easier to complete capital market projects that were postponed because of the poor environment, and new advisory projects are certain to be fruitful. Recent talks with customers make us optimistic that we will successfully advise customers and help them implement capital market transactions in Austria and Central and Eastern Europe. Outside of our home market in Austria, we especially expect a substantial increase in activity on the Russian market.

_COMPANY RESEARCH

Coverage expanded again

Head of department: Stefan Maxian +++ Core business areas: Sell-side research on listed companies in Austria and Central and Eastern Europe; assistance with capital market transactions

How did business develop in 2012?
Sentiment fluctuated substantially on the stock markets in 2012, but the year ended on a positive note. Significant price gains at the beginning of the year were followed in the spring by a marked correction that was caused in large part by the European sovereign debt crisis. While sentiment was generally positive up into the second quarter, businesses began taking a considerably more cautious outlook starting in the summer. The central banks then began setting the tone starting in August by announcing the possibility of significant interventions on the secondary market for government bonds. This triggered a price rally on the stock markets.

What was the greatest challenge during the financial year?
A major challenge for equity analysts under the described conditions was keeping a cool head and not following the herd too much. Signals from the companies – good outlook in the first quarter, cautious outlook in the second half of the year – were often not a good indicator for timing marketing decisions. Because the liquidity of many stocks in Austria and CEE continued to fall, some investors also eliminated these equities from their investment universe. However, this trend reversed to a certain extent at the end of the year.

In terms of company valuations, the Company Research team at RCB was confronted with the question at the end of 2012 of what interest rate level to use as a valuation basis over the long term. Some valuation methods (such as the discounted cash flow method) are extremely sensitive to changes in the discount factors. This makes the question of what interest rate the market is prepared to price in over the long term decisive for the "fair" valuation level of the stock market.

What was especially positive for RCB?
While some established research houses reduced their equity market offerings for the CEE region and some less-liquid stocks were stricken from the research universe by firms in Austria during the reporting period, Raiffeisen Centrobank is committed to its offerings and increased the number of stocks that it covers over the course of the year. One hundred and thirty five companies are covered in total. The Company Research team reacted to the growing interest in Russian stocks by significantly expanding its analysis of Russian companies by experts in Vienna as well as local staff at Raiffeisen Bank Moscow.

Our top picks significantly outperformed the equity markets that we cover over the past year. This was reflected in the performance of the RCB Research Certificate, which contains the top recommendations of the RCB analyst team. The certificate gained over 40 per cent in value in 2012, beating the "theoretical" benchmark (45 per cent ATX, 45 per cent CECE Extended, 10 per cent RDX) by 16 per cent. The certificate has achieved an outperformance of 20 per cent since it was launched in 2011.

What do you expect for 2013? Do you see any trends for the coming year?
We expect to see stocks resurge as an asset class, as we see growing risk appetite at present. We do not expect that this will be fuelled primarily by the economic recovery projected for the second half of the year, but instead by the very low potential returns of many alternative investments such as government bonds from core Eurozone countries and corporate bonds.

The reporting season for the fourth quarter has already gotten off to a very positive start around the world; and the majority of companies that have presented their results for 2012 or the fourth quarter have surpassed analyst expectations. Many companies have also adopted a more positive tone with regards to the 2013 financial year.

In its business activities, RCB has ever been focused on meeting customers' needs and the requirements associated with their business activities

Customer Orientation

RCB advises its customers in each phase of the life cycle of a company, in every capital market related transaction, in mergers & acquisitions transactions, equities trading and institutional sales and proves itself to be a reliable partner, particularly in difficult business decisions and challenging times. Over 300 employees who stand out for their long-term experience and honest commitment are at work every day to meet customers' economic interests.

Down-to-earth and not high-flown, profound and not shallow, not the pursuit of profit but finding joy in working for customers, targeted not haphazard

Solidity

Firmly rooted in its core regions not short-term opportunism; integrity and competence instead of rhetoric; sustainable success through responsible customer care; local know-how along with international spirit, parallel not unidirectional, general not only event-driven, continuing to develop traditional values further and not standing still, focusing on and not losing sight of what is essential, making a stand for something instead of just talking about it; 100 per cent not less, manifold not simple, straightforward not ambiguous, steady not temporary, transparence not camouflage, stable and not erratic.

_MERGERS & ACQUISITIONS

Applying country and sector expertise for the benefit of the customer

Head of department: Gerhard Grund +++ Core business areas: Consulting in the areas of M & A, merchant banking, structured transactions and privatization

How did business develop in 2012?
The year 2012 was positive for Raiffeisen Centrobank and its Raiffeisen investment network in the M & A segment. Despite the continued year-on-year decline in M & A activity around the world, our bank performed well and successfully completed a total of 22 transactions (2011: 14 transactions). The volume of these deals came to € 5.4 billion (2011: € 3 billion), and the net commission volume rose considerably. We reached a number of key milestones in our business region despite the difficult economic environment. In December 2012, Russia's Inter RAO UES Group concluded its acquisition of a majority stake in the Turkish Trakya Elektrik, which was purchased from AEI Services, a company of Ashmore Energy International Holding. The Raiffeisen Investment offices in Moscow and Istanbul acted as the sole consultant of the Inter RAO UES Group together with the sector experts from its parent Group Raiffeisen Centrobank in Vienna during the takeover process, again demonstrating their outstanding expertise as M & A advisors in the CEE region and Turkey. Another milestone was the takeover of UC4 Software GmbH (UC4), the world's largest independent IT process automation software manufacturer, by EQT with a total transaction volume of € 220 million. The seller was Carlyle Europe Technology Partners. RCB was financial advisor to EQT together with its partner Lazard & Co.

What was the greatest challenge during the financial year?
In 2012, the operating segments of the former subsidiary Raiffeisen Investment AG were merged into RCB. The goal during the past year was to apply the products of M & A and ECM in combination with our country and sector expertise for the benefit of our customers in this new, leaner structure. The good performance we achieved in 2012 shows that we were already successful in this in the first year after the restructuring, an achievement we are especially proud of.

What was especially positive for RCB?
We used 2012 to further intensify collaboration between RCB, the Raiffeisen Investment subsidiaries and our Group parent Raiffeisen Bank International. The unique combination of local know-how and sector expertise offered by RBI and RCB allowed customer relationships to be used to the benefit of the customer and the Raiffeisen Banking Group in a large number of transactions.

What are your expectations for 2013? Do you see any trends for the coming year?
RCB is the market leader in M & A advisory services in Turkey and expects a large volume of deals in this country, and also in Poland and Russia. An interesting trend that RCB is already benefiting from is an influx of Asian investors into the region. Polish, Russian and Turkish investors are also interested in innovative companies with strong technologies in Austria and Germany. We assume that this will continue in 2013, and that this will enable us to further expand our market share.

_PRIVATE BANKING_CONTROLLING & RISK MANAGEMENT_IT & ORGANIZATION

Success through quality assurance and innovation

Private Banking

Head of department: Norbert Rudigier +++ Core business areas: Investment advisory with a focus on equity-related investment

The Private Banking team was again able to significantly increase its overall portfolio volume in 2012. This gratifying development was made possible by the positive performance achieved despite the continued difficult financial market environment as well as by the inflow of further customer funds into the portfolios under management. Successful collaboration with the local Raiffeisen network banks, especially in Russia, also made a major contribution to the good performance of the Private Banking department. In 2013, our focus will again be on offering trading-oriented customers individualized investment advice following the highest quality standards, calling on the resources of the entire Raiffeisen Banking Group.

Controlling & Risk Management

Head of department: Andreas Rosenbaum +++ Core business areas: Securities controlling, limit management, risk management, (IFRS) reporting

The market conditions were generally positive in 2012, though individual segments developed differently. The sovereign debt crisis, economic slowdown and banking union were again the driving issues. The conditions are expected to be similar in 2013. RCB achieved a positive result again last year, without suffering notable losses from credit risk, market risk or operational risk. The continued flood of new regulations is still consuming a large share of the risk management resources, but the existing tools have been improved and refined. Examples here include the modeling of liquidity (risk) management with the associated operationalization in day-to-day business.

IT & Organization

Head of department: Günter Völker +++ Core business areas: Reliable, high-performance operation of the technical infrastructure; ongoing adaptation of the IT system to support the business strategy

The year 2012 was a very intense period for the IT & Organization department. In addition to the merger of the operating segments of the subsidiary Raiffeisen Investment AG, including the regional offices in the CEE countries and Turkey, key projects during the year included the launch of the new web site www.rcb.at, the introduction of the capital gains tax and the relaunch of our customer relationship management system.
RCB’s flexibility is a particular advantage, especially compared with the competition. Decisions are not dragged out, and technical adaptations that are required to meet new business challenges are always made on time. This puts RCB in a leading position time and again, for example in securities trading, with innovative certificate products, and with the offering of our product spectrum in new markets. A connection to the Prague Stock Exchange and to the Chi-X and BATS trading platforms is planned for 2013. A new mobile web site, mobile.rcb.at, will be launched, and RCB apps will be developed for IOS, Android and Blackberry devices. The issues of cost efficiency and security improvement as well as the challenges associated with the introduction of a financial transaction tax will also be key IT topics in 2013.

Group Management Report of Raiffeisen Centrobank AG as of 31 December 2012 according to the International Financial Reporting Standards (IFRS)

The designation "Raiffeisen Centrobank Group" refers to the Group of companies parented by Raiffeisen Centrobank AG. The company itself as an individual entity (the parent company) is referred to as "Raiffeisen Centrobank". The addition of rounded numbers using automated systems, as was done for this report, may result in minor differences in amounts. The changes indicated in per cent refer to the actual amounts and not the rounded amounts shown in this report. All designations that are used to refer to persons in this report apply equally to both genders unless reference is being made to a specific individual.

Economic Environment

Looking back, 2012 may prove to be the year that the end of the greatest financial market crisis of our time began. However, events during the year have already shown that it will not be a revolutionary process, but an evolutionary process with many uncertainties and setbacks – as during the reporting period – that can be mastered successfully. Especially this year has shown that successful steps can be taken to put the global economy back onto a path of growth even in an environment dominated by the sovereign debt and financial market crisis and the resulting economic weakness. As things stand now, the apparent resolution of the "Euro crisis" through a combination of monetary policy measures by the ECB and the beginning of closer coordination of the Eurozone countries to solve the spending issues behind the debt problems can be seen as a key success. In the second half of the year, this trend was accompanied by increasing hopes that the global economy would begin expanding again in the coming year, in part fueled by positive signals from the USA and recovering China. It is especially worth noting the steady economic solidification in our key region of Central and Eastern Europe (CEE), which has developed better than predicted by many experts from elsewhere in the world.

With risk premiums on liabilities from highly indebted states and the banking sector decreasing substantially, the financial markets saw a volatile but positive period overall. However, this trend did not bring increased business activity and revenue in our primary market of Austria and CEE. In fact, the key statistics for volume and transactions fell further. It must also be noted in this context that the conditions on the capital markets were better than the sentiment during the reporting period, and investors were reluctant as a result.

Financial Markets

Despite the ongoing debt crisis and recession in the Eurozone and slowing economic activity in most parts of the world over the course of the reporting period, 2012 was a rather successful year for the majority of asset classes. This was especially true for the large established stock markets in Germany (DAX plus 29.1 per cent) and the USA (DJ 30 plus 5.9 per cent), as well as for the markets that are relevant for the Bank in Austria (ATX plus 26.9 per cent) and Central and Eastern Europe (CECE plus 26.6 per cent). This performance was not linear and was not seen in all markets. Instead, the global stock markets went through multiple phases during 2012. Significant price gains at the beginning of the year were followed in the spring by a marked correction that was caused in large part by the European sovereign debt crisis. Concerted action by the ECB to ease the debt crisis then brought many of the most important equity indices back to record highs for the year starting in the late summer and running through to September/October. This was followed by a minor setback until the middle of November stemming from uncertainty regarding the upcoming presidential elections in the USA and the approaching fiscal cliff. The exchanges then shot up again at the end of the year, bringing the previously mentioned good result for the year overall.

Top-rated government bonds had another good year, and yields on the German and American ten-year benchmark bonds fell by around 50 basis points to 1.8 and 1.3 per cent, respectively. The euro/US dollar exchange rate fluctuated in a historically low range of 15 cents between EUR/USD 1.20 and EUR/USD 1.35. It closed the year at EUR/USD 1.32. As in the past years, exchange rates were driven by the euro debt crisis and the policies of the ECB and Federal Reserve Bank. In contrast, the Swiss franc moved little, being held by the Swiss National Bank at just above 1.20, while the Japanese yen depreciated drastically in the fourth quarter in anticipation of a radical easing of Japanese monetary policy. The long climb of gold weakened considerably in 2012, with the metal closing the year at US$ 1,674 – significantly below the previous year's peak. The oil price closed the year down by roughly seven per cent.

Commodity Markets

After rising considerably at the beginning of the year and then remaining stable for a time, rubber prices began to fall substantially in May. The price bottomed out in the middle of August, and then climbed again through to the end of December. The price for natural rubber (TSR20) on the Singapore Exchange, an important indicator of the development of the price of the physical product, was at around US$ 3,300 per metric ton at the start of the year, and peaked at US$ 3,850 per metric ton in the first half of February. While the lowest price was recorded at US$ 2,400 per metric ton in August, the commodity climbed again and was back at US$ 3,000 per metric ton at the end of the year. Demand was somewhat decreased because of the prevailing economic conditions, but remained stable at a low level. There is still an adequate supply in the exporting countries. It is difficult to predict where the market will go in 2013 because there is no clear trend, and the overall economic environment is still uncertain.

The olefins that are traded by Centrotrade Chemicals correlate with the oil price, which rose in February and traded at a high level in March (Dated Brent: around US$ 125/bbl), but then came under pressure due to the market uncertainty and fell below US$ 100/bbl at the beginning of June. The price rose again noticeably at the start of the third quarter, and then remained within a consistent range until the end of the year.

Development of Business and Earnings in 2012

Despite the signs of recovery on the financial markets in 2012, the drivers of Raiffeisen Centrobank's revenue – exchange trading volume, IPO transactions and M & A activity in Austria and CEE – were on the decline or stagnant at low levels. Under these persistently difficult conditions, Raiffeisen Centrobank Group generated a group net profit of € 11.759 million, missing the profit for 2011 by around 15 per cent or € 2.128 million.

In terms of contribution to this profit, the Group was again dominated by Raiffeisen Centrobank, which reported a profit after tax for the year not including dividend income from fully consolidated subsidiaries of € 12.470 million as an individual company (including the operations of Raiffeisen Investment AG that were retroactively carved out of Raiffeisen Investment AG as of January 1, 2012, and integrated into Raiffeisen Centrobank AG). The profit contribution of the group of commodity trading subsidiaries (Centrotrade Holding AG and its subsidiaries as well as Centrotrade Chemicals AG) and the group of foreign companies that are active in the M & A segment were slightly negative after taxes for the financial year 2012. The M & A group improved its performance in annual comparison, while the commodities group was unable to match its very good result from the prior year. The decline in the profit contribution from commodity trading is attributed to Centrotrade Malaysia Sdn. Bhd., which generated a loss for the year of € 1.578 million.

The pre-tax result can above all be attributed to the significant € 4.452 million decline in the other operating result, which includes as significant elements the sales and expenses of the commodity trading subsidiaries as well as write-downs in the M & A segment. The reasons were the negative result of the newly acquired Centrotrade Commodities Malaysia Snd. Bhd., a slightly negative result for Centrotrade Singapore Pte Ltd. (which was also considerably lower than in the previous year), and a decline in the result for Centrotrade Minerals & Metals Inc.

The decrease in the profit compared with 2011 can also be attributed to a contraction in net fee and commission income. The lower net fee and commission income, which fell by € 3.169 million compared with 2011 to reach €14.295 million (2011: € 17.464 million) was caused by decreased business volume in consulting for capital market measures (capital market business) due to the market conditions and by higher fee and commission expenses and lower fee and commission income in private banking. The income from M & A advisory services that is also included in the net fee and commission income rose by € 2,554 million compared with 2011.

The trading profit, which consists almost entirely of contributions from Raiffeisen Centrobank, rose considerably and amounted to € 49.300 million, € 4.836 million more than in the previous year (2011: € 44.464 million). While sales business declined because of the further trading volume decreases, the profit contribution from trading improved, in part due to income from interest-related transactions in connection with structured guarantee products.

The € 1.494 million rise in net interest income to € 5.497 million (2011: € 4.003 million) is primarily the result of dividend income from a non-consolidated subsidiary in the amount of € 1.250 million (2011: € 0 million).

After a loss of € 0.428 million in 2011, the net income from financial investments in 2012 was a profit of € 0.038 million despite the negative valuation result in equity participations.

Total earnings, made up of net interest income after provisioning, net fee and commission income, the trading profit and the net income from financial investments and derivative financial instruments, rose by € 3.772 million or roughly six per cent in annual comparison to € 69.289 million (2011: € 65.517 million).

Despite cost savings in some areas, general administrative expenses rose by € 2.722 million or roughly four per cent compared with 2011 to € 63.174 million. This is primarily the result of the strategic expansion of Raiffeisen Investment Moscow (roughly € 1.9 million) and the acquisition of Centrotrade Commodities Malaysia Sdn. Bhd. (roughly € 0.5 million). Cost increases also stemmed from higher FMA dues and the establishment of a sales office in New York. While staff expenses rose by a slight one per cent or € 0.411 million in annual comparison to € 42.209 million (2011: € 41.798 million), other administrative expenses rose by around 15 per cent or € 2.437 million to € 19.005 million (2011: € 16.568 million).

The Group's profit before tax for the year came to € 13.969 million, roughly 20 per cent or € 3.402 million lower than in 2011 (€ 17.371 million). After income taxes, which came to € 2.456 million (2011: € 3.492 million), and taking the share of profit due to non-controlling interests in the amount of € 0.246 million (2011: € 0.008 million) into account, the group net profit for 2012 totaled € 11.759 million, down from the € 13.877 million achieved in 2011.

The balance sheet as of December 31, 2012, showed a year-on-year increase in total assets of 19 per cent or € 417.307 million to € 2,616.728 million. On the assets side, the greatest change was seen in "Trading assets" (roughly 83 per cent of the balance sheet total on December 31, 2012, and roughly 79 per cent on December 31, 2011), which grew by € 433.794 million to € 2,176.974 million.

The rise can be attributed to an increase in the volume of the tradable money market deposits in the trading book, the vast majority of which were awarded to Raiffeisen Bank International AG and that are primarily used as hedges for the guarantee products issued by Raiffeisen Centrobank. These replace the previously used zero bonds, and the bonds, notes and other fixed-interest securities fell compared with December 2011 as a result. The stocks, options and futures that are also reported under "Trading assets" serve as hedges for the issued certificates, options and short sales together with the bonds, or are part of the Bank's market maker activities.

The item "Loans and advances to customers" also rose by € 29.487 million to € 87.516 million and made up roughly three per cent of the balance sheet total on December 31, 2012, and December 31, 2011. This was caused primarily by increased lending to corporate customers.

The item "Loans and advances to credit institutions" declined by € 34.681 million to € 231.695 million due to liquidity changes and made up roughly nine per cent of the balance sheet total on December 31, 2012, and 12 per cent on December 31, 2011.

The decrease in "Other assets" (roughly three per cent of the balance sheet total on December 31, 2012, and roughly four per cent on December 31, 2011) by € 9.056 million to € 81.541 million was primarily due to the lower level of loans and advances and inventories held by the commodity trading subsidiaries.

The decrease in "Securities and financial investments" (roughly one per cent of the balance sheet total on December 31, 2012, and December 31, 2011) by € 2.433 million to € 22.199 million was caused mostly by the planned redemption of a fixed–interest bond.

On the equity and liabilities side of the balance sheet, the most significant increase was seen in "Trading liabilities" (roughly 82 per cent of the balance sheet total on December 31, 2012, and roughly 83 per cent on December 31, 2011), which grew by € 317.920 million in annual comparison to € 2,138.548 million.

"Trading liabilities" consist primarily of the structured guarantee products issued by Raiffeisen Centrobank, including the well known blue chip certificates, warrants and other certificates such as the turbo certificates on indices and individual stocks. The item also includes liabilities from short sales in connection with the Bank's market making activities. The growth compared with the end of the previous year is predominantly due to the increase of the negative market values of derivative financial instruments, especially certificates with warrant characteristics (such as bonus certificates). The volume of stock short selling also rose. Please also see the comments on the development of the item "Trading assets", and the hedging relationships between these items.

The € 136.376 million increase in "Liabilities to credit institutions" to € 163.100 million (roughly six per cent of the balance sheet total on December 31, 2012, and roughly one per cent on December 31, 2011) was caused by increased refinancing needs.

"Other liabilities" (roughly one per cent of the balance sheet total on December 31, 2012, and two per cent on December 31, 2011) declined by € 24,644 million to € 24.972 million as result of a remarkable decrease in "Liabilities arising from non-banking activities" (primarily goods and services related to olefin trading) of the commodity trading subsidiaries.

Including the group net profit for 2012 of € 11.759 million and the dividend payment for the 2011 financial year in the amount of € 20.305 million, equity decreased by € 8.830 million from € 117.692 million at the end of 2011 to € 108.862 million. Included in the equity as of December 31, 2012, are non-controlling interests in the amount of € 0.846 million (December 31, 2011: € 0.760 million).

Segment Reporting

Segments of Raiffeisen Centrobank AG

Securities Trading & Sales and Treasury

Despite the difficult market conditions with further sales declines on the exchanges, a lack of primary market transactions and general investor caution, the result of the Securities Trading and Sales department was in line with the high expectations overall, but was below target in some areas because of the poor environment, especially the general development of revenue. Trading volume on the Vienna Stock Exchange fell by another 40 per cent in annual comparison, and is now 80 per cent below its peak in 2007. Conditions were similar on other exchanges in Central and Eastern Europe: Warsaw (WSE) minus 25 per cent, Budapest minus 35 per cent, and Prague minus 35 per cent. Trading with German stocks on the Xetra also declined by nearly 20 per cent. All of this had a negative impact on gross income in customer business with stocks, as well as on market making and proprietary trading in general.

Despite this, the Securities Trading and Sales department achieved a satisfactory result of roughly € 27.2 million, coming close to its target and surpassing its performance from the previous year by six per cent. Business development was relatively homogeneous throughout the year, except for a somewhat weaker fourth quarter.
A breakdown of profit by units, products and regions shows that institutional brokerage remained weak during the reporting period. In contrast, sales in CEE grew nicely, with this region's share of total trading with structured products increasing from 24 per cent in 2011 to 40 per cent in 2012, and the share of stock trading with institutional investors rising from 17 per cent to 28 per cent.

As far as the development of the result with regard to risk parameters is concerned, there were again no negative effects from market risk overall during the reporting period, and no extraordinary costs from credit and operational risk.

The share of total equities traded by the Bank on the Vienna Stock Exchange grew from 7.7 per cent in 2011 to 8.9 per cent in 2012. This puts Raiffeisen Centrobank in second place in terms of turnover on the exchange and makes it the largest domestic exchange participant. This improvement was of course mitigated to a certain extent by the decreased trading volumes on the European exchanges that are relevant for us.

Business with exchange-traded Austrian derivatives developed similarly, with the number of traded contracts falling again by around 20 per cent in annual comparison. RCB was able to stabilize its market share, and is one of the leading Austrian banks on the forward market with a share of over 25 per cent. Together with trading in warrants and structured products with over 4,400 listed instruments at present RCB maintained its market leadership in the segment for equities derivatives in Austria.

The volume of placed RCB certificates was around 25 per cent higher in annual comparison at € 2.6 billion. However, annual revenue (€ 940 million) was roughly 13 per cent lower than in the previous year. Nearly 85 per cent of all revenue came from bonus, index and guarantee certificates. Underlyings were primarily Austrian assets, Eurostoxx and commodities. In addition to being admitted on the exchange in Vienna, all structured and derivative products issued by RCB are also admitted for trading on the leading European derivatives exchange in Stuttgart and Frankfurt, the main marketplace for these instruments, which provides the Bank with access to the important German market. In addition numerous certificates are also listed at the stock exchanges in Warsaw, Prague, Bucharest and Budapest.

Raiffeisen Centrobank was again at the head of the pack in trading Eastern European derivatives on the ÖTOB with a market share of roughly 40 per cent.

During this year's allocation of the specialist mandates on the Vienna Stock Exchange, RCB attained market leadership together with Erste Bank Group with a share of 42.5 per cent of the awarded mandates.

In equity sales, the continued adverse conditions on the stock markets and the further declines in customer business volume were actively countered with secondary market roadshow and presentation activities on the basis of sector reports and the presentation of individual companies. In addition, ongoing customer service was intensified further, especially by increasing the focus on new customer acquisition on the English-speaking markets. The Raiffeisen Centrobank sales team completed a number of activities in collaboration with Company Research to increase secondary stock trading: 52 company roadshows with 31 companies at 15 locations with a total of 240 institutional investors; 39 research roadshows with 11 reports at 16 locations with a total of 180 institutional investors; five reverse roadshows for four international investors – 22 companies were visited; and the Zürs conference with 68 companies that presented themselves to 120 institutional investors during 1,000 one-on-ones and group meetings.

Certificate issuance remained high, with the number of listed ISINs coming to 4,409 at the end of January 2012. A total of 46 new products were issued for subscription in 2012. Financial year 2012 was very positive for the Structured Products department. Highlights included a new subscription volume record in all important customer groups and an all-time high for the outstanding RCB certificate volume in the Austrian Raiffeisen sector (€ 700 million). All in all, Raiffeisen Centrobank's outstanding certificate volume rose by 25 per cent over the course of the year. This growth is even more impressive considering the very challenging conditions on the securities markets – total certificate sales came to just over € 940 million, 13 per cent lower than in 2011 – and enabled Raiffeisen Centrobank to again significantly expand its share of the domestic certificate market by 24 per cent (which corresponds to nine percentage points). Record revenue was generated in terms of subscription volume and private placements. The leading position of Raiffeisen Centrobank in the Austrian and international certificate business was underscored by the distinctions of "Certificate House of the Year" in Austria and "Best in CEE" conferred to it at the "Structured Products Europe Awards" in London. Additional highlights included new retail sales channels (premium and private banking) in the Czech Republic, Hungary and Poland combined with a 36 per cent increase in revenue in the region as a whole, the expansion of the product spectrum on all CEE exchanges, and a record listing of 200 new certificates on the Warsaw Stock Exchange as part of the largest marketing initiative ever in cooperation with the WSE.

As in past years, RCB generated the greatest sales of any market maker and specialist by far on the Vienna Stock Exchange. In 2012, roughly 50 per cent of all market maker trades were completed through RCB. On the Warsaw Stock Exchange, RCB is not only a market maker in equities; index options; warrants; index, turbo, discount and bonus certificates; and one of the most active market makers in trading with equity derivatives, but also landed one of the five super-market-maker mandates.

Equity Capital Markets (ECM)
Even though 2012 was a better year on the financial markets than 2011, especially in the final quarter but also overall, the noticeable reluctance of equity investors and companies to make investments prevented a resurgence of equity measures in Austria. As the Austrian financial market is influenced to a significant extent by the financial markets in neighboring countries, the cancellation of a number of important IPOs and the postponement of other key transactions, such as capital increases and block trades in Germany, had a negative impact on sentiment. There were only 13 IPOs in all of Europe, of which the largest was relatively small with a volume of only US$ 1.8 billion.

Despite a lack of IPO transactions in Austria, Raiffeisen Centrobank's Equity Capital Markets department demonstrated its market leadership and concluded a total of nine equity transactions on its relevant markets.

Highlights here were involvement in the € 500 million capital increase completed by UNIQA Versicherungen AG the largest stock issue of the year on the Vienna Stock Exchange as joint global coordinator and participation in the sale of a 10 per cent stake in Turkey's Akbank worth over US$ 1.1 billion as co-lead manager and the only Austrian bank involved in the transaction.

Due to the difficult market conditions and the lack of IPOs, the department's focus shifted from IPOs and capital increases to other ECM products. Successful projects during the reporting period included a so-called block trade as part of an accelerated book building procedure (the sale of a stake in a listed company by an existing investor to other investors in just a few hours) and the issue of a convertible bond (an equity-linked product from conwert Immobilien Invest SE that runs until 2018, that pays a coupon over its term and that entitles the holders to convert their bonds into stock at the end of the term). Raiffeisen Centrobank was also commissioned for a public takeover (a legally required purchase offer to existing investors when a certain percentage of the overall shares in the company is exceeded) of Unternehmens Invest AG and to assist with a capital increase against a contribution in kind in connection with a corporate restructuring project. The renewed mandate from KTM AG to assist with its transactions – a capital increase against a contribution in kind, a re-listing of KTM (the inclusion of the company's stock in the third market of the Vienna Stock Exchange) and further cash capital increases – is proof of the high level of trust that long-term customers place in the Bank.

During difficult financial market phases like in the reporting period, a key service is informing customers of current developments, trends and future possibilities and advising them as part of an open dialog. Raiffeisen Centrobank engaged in extensive consultations outside of its core market of Austria, as well, in 2012 and marketed its expertise to several international groups through open and direct communication.

Because of its close ties with Western Europe, the CEE region was unable to escape the prevailing trends and saw no significant recovery – neither as a financial market nor in terms of equity capital measures. The course of the transaction for a Romanian privatization project was symptomatic of the market volatility and persistent investor uncertainty. After the mandate for the transaction was awarded and support was provided for extensive preparations, the transaction was postponed indefinitely shortly before the start of the marketing phase.

As a special market within CEE and one of the core markets of Raiffeisen Centrobank, Russia saw a higher level of issue preparations and better deal pipeline growth in 2012. Despite extensive preparations and planning and the organization and holding of investor education meetings (where research analysts meet with investors for initial discussions about companies that are planning capital market transactions) with a large number of Russian companies, none of the transactions could be completed.

Overall, the active management of the customer relationships that Raiffeisen Centrobank has built on a solid foundation of trust puts the Bank in a good position to master the challenges of the coming months, continue effectively serving companies in Austria, Western Europe and CEE, and fill the capital market transaction pipeline for 2013, especially in Russia.

The department's results, which were unfortunately negative because of the adverse market conditions, are included in the report for the Equity Capital Markets business segment.

Mergers & Acquisitions (M & A)
Together with its Raiffeisen Investment network, Raiffeisen Centrobank is one of the leading investment advisors for mergers and acquisitions in Austria, Central and Eastern Europe and Turkey. Its clients include international companies and organizations as well as governments, all of which are advised in connection with mergers, acquisitions and privatization projects from the perspective of the buyer and the seller.

In 2012, the operations of the former RCB subsidiary Raiffeisen Investment AG were integrated into Raiffeisen Centrobank with the goal of applying the products of M & A and ECM in combination with the Bank's country and sector expertise for the benefit of its customers in a new, leaner structure. In order to be able to use the customer potential of the local Raiffeisen banks in the key countries of Russia and Poland, the advisory activities in these countries were integrated into joint ventures held with the local network banks of Raiffeisen Bank International AG.

The year 2012 was positive for Raiffeisen Centrobank and its Raiffeisen investment network in the M & A segment. Despite the continued year-on-year decline in M & A activity around the world, RCB performed well and successfully completed a total of 22 transactions. The volume of these deals came to € 5.4 billion, and the net commission volume rose considerably. A number of key milestones were reached in the business region despite the difficult economic environment. At the end of 2012, Russia's Inter RAO UES Group concluded its acquisition of a majority stake in the Turkish Trakya Elektrik. Raiffeisen Investment acted as the sole consultant of the Inter RAO UES Group together with the sector experts from its Group parent Raiffeisen Centrobank in Vienna during the takeover process, again demonstrating its outstanding expertise as an M & A advisor in the CEE region and Turkey.

Another milestone was the takeover of UC4 Software GmbH (UC4), the world's largest independent IT process automation software manufacturer, by EQT with a total transaction volume of € 220 million. The seller was Carlyle Europe Technology Partners. RCB was financial advisor to EQT together with its partner Lazard & Co.

Company Research

The Company Research department published 335 company updates in 2012. Of these, 210 were about companies that are listed on CEE exchanges. The department began covering Getin Noble Bank, NG2, S Immo, Atrium, Rostelecom, E.On Russia, Enel OGK-5, AmRest, Federal Grid Company, DIXY Group, Novatek, PZU and Petropavlovsk; coverage of AMAG, Zumtobel, OMV, OMV Petrom, Gedeon Richter, Egis, MOL, PKN and Lotos was resumed after an analyst change.

In February, the CEE Telecommunication Sector Report was published and contained analyses of Telekom Austria, Telefonica CR, TPSA, Magyar Telekom, Hrvatski Telekom, MTS, VimpelCom and Rostelecom; the focus here was issues such as market consolidation, data traffic and dividend sustainability. A roadshow with dates in Vienna, Stockholm, Geneva, Linz, Luxembourg, Tallinn, Helsinki and Paris was held in conjunction with this. At the beginning of March, the sector analysts from the research team released several reports on conjunction. One was the Polish Construction Report (Polimex-Mostostal, Mostostal-Warszawa, Budimex, PBG) and another was the Russian Steel Sector Report, which focused on the worsening demand situation in the emerging countries and the effects of this on the Russian raw materials industry (NLMK, Severstal, Evraz, MMK). The CEE Real Estate Report that was also released at this time included new coverage of S Immo and Atrium (Atrium, Conwert, Immofinanz, Polnord, CA Immo, Echo, GTC, S Immo, Warimpex). In addition to the presentation for Viennese investors, the subsequent roadshow brought the analysts to meetings with customers in Paris, Brussels, Geneva, London and Warsaw. A sector update about Polish banks was published at the beginning of April and focused on the increased investor risk appetite for banks with foreign currency loans (Getin Noble Bank, BRE Bank, Bank Millennium). In June, the comprehensive CEE Banking Sector Report was released and included our entire bank coverage universe (Erste Group, OTP, PKO BP, Bank Pekao, Komercni Banka, Bank Millennium, BRD-GSG, BRE Bank, BZ WBK, Getin Noble Bank, Banca Transilvania, Aik Banka, NKBM, Komercijalna). Analyst roadshow dates were already held in Poland in May. At the end of July, the Russian Food Retail Report (Magnit, X5, O'Key, Dixy Group) was published, and a reporting season review for Polish banks was released in the middle of August in the form of company updates on all covered banks (PKO BP, Bank Pekao SA, Bank Millennium, BRE Bank, BZ WBK, Getin Noble Bank). Roadshow dates for the Polish Consumer Sector Report were held in Warsaw, Vienna, Prague, Helsinki and Tallinn in November. Roadshow reports on Austrian industrial companies were presented in Warsaw in March and in Brussels and Geneva in July; on real estate stocks in Luxembourg and Brussels in June; and on IT companies in New York in July.

The Equity Navigator Poland January 2012 roadshow presentation was created and marketed in Vienna at the beginning of the year. Another roadshow was held in May for the Equity Navigator Poland May 2012, this time in Tallinn, Brussels, Geneva and Prague. The Equity Navigator Poland September 2012 was presented to investors in Vienna in September. The CEE Equity Navigator was distributed in March, June and December and covered current investment topics in the Bank's universe, top recommendations and an overview of all covered sectors.

Together with Raiffeisen Research, the Company Research department prepared the quarterly Strategy Austria & CEE.

At the annual flagship conference in Zürs, the Company Research department created separate company updates for all participating companies and fact sheets for companies that are not covered. The analysts were also booked for intense one-on-one meetings with investors.

The Company Research department participated in investor lunches for the companies Telekom Austria, Verbund, AMAG, New World Ressources, Wolford, Lenzing, Raiffeisen Bank International, STRABAG, Österreichische Post, Zumtobel, Kapsch TrafficCom, Semperit, Agrana and AT&S in 2012.

Analysts from Company Research conducted credit research on AGRANA, conwert, Immofinanz, RHI, STRABAG and Palfinger for the Debt Capital Markets department of Raiffeisen Bank International Credit.

Stefan Maxian was appointed as the new department head at the end of February after his predecessor, Birgit Kuras, was appointed to the management board of the Vienna Stock Exchange.

The costs of the Company Research department are included in the reporting for the segments "Securities Trading & Sales and Treasury", "Equity Capital Markets" and "Other Departments and Commodity Trading".

Commodity Trading

The subsidiaries of the Centrotrade Group operating under Centrotrade Holding AG, Vienna, are active in rubber trade and trading with olefins.

The fully consolidated trading companies achieved a profit after tax of € 0.7 million in 2012 (2011: € 3.5 million, both figures after adjustment for the intercompany fair value measurement of FX contracts for hedging purposes as part of the consolidation process). This result was considerably poorer than in 2011, with the decline being attributable to the negative result of Centrotrade Malaysia. Aside from the difficult olefin trading environment, the other companies in the Group were largely on target.

To streamline the shareholder structure, the operating company Centrotrade Chemicals AG was merged with the former holding company Centrotrade Investment AG as of October 1, 2012.

The results of the commodity trading companies are included in the report for the "Other Departments and Commodity Trading" segment.

Performance Indicators

Financial performance indicators

	2012	2011
Return on equity before tax (in per cent)	14.1	17.1
Cost-income ratio (in per cent)	82.1	77.3
Earnings per share in euros	17.95	21.20

The lower profit before tax in annual comparison combined with slightly decreased average equity caused the return on equity before tax to fall from 17.1 per cent to 14.1 per cent. Because the operating income (net interest income before provisioning, net fee and commission income, the trading profit and the other operating result) fell marginally overall compared with the previous period due to the strong decline suffered by the trading subsidiaries while the general administrative expenses increased, the cost-income ratio rose from 77.3 per cent in 2011 to 82.1 per cent in 2012.
With an unchanged 655,000 shares in free float, the earnings per share decreased by roughly 15 per cent to € 17.95.

Non-financial performance indicators

	2012	2011
Average number of employees	334	340
Stock exchange memberships	10	10
Number of newly issued warrants and certificates	3,207	2,371

An average of 334 employees worked for Raiffeisen Centrobank Group during the reporting period, a decrease of six people or about two per cent compared with the previous year. Without the 11 employees added to the Group through the first-time consolidation of Centrotrade Commodities Malaysia Snd. Bhd., the number of employees in the Group fell by 17 or five per cent compared with the previous year. The average number of employees in Austria fell by a substantial 21 persons or eight per cent due to the merger of the operations of Raiffeisen Investment AG into Raiffeisen Centrobank.

Risk Management

Because of its specialization in trading equities and equity derivatives, it is particularly important for Raiffeisen Centrobank to maintain a modern, professional and active risk management system that enables it to comprehensively identify, measure, constrain and manage risk.

The Risk Management department is responsible for assessing the current risk situation in accordance with the Bank's risk-bearing capacity and the corresponding risk limits, and thereby assists the Executive Board with the management of the Bank's overall risk.

In its interdepartmental and intercompany role, Risk Management is also responsible for the refinement and ongoing calibration of the risk measurement methods, for the refinement of the control instruments, and for maintaining and updating the regulatory frameworks.

The sovereign debt crisis, economic slowdown and banking union were again the driving issues in 2012. The conditions are expected to be similar in 2013. RCB again achieved a positive result for the year, without suffering notable losses from credit risk, market risk or operational risk. The continued flood of new regulations is still consuming a large share of the risk management resources, but the existing tools have been improved and refined. Examples here include the modeling of liquidity (risk) management with the associated operationalization in day-to-day business.

In its operations, the department focused on the refinement and further development of the existing models for the valuation of structured and complex products and on the extensive automation of daily routines.

Please also see the detailed risk report in the Notes.

Internal Control System as Relevant for the Consolidated Accounting Process

Raiffeisen Centrobank and its governing bodies are committed to ensuring balanced and complete financial reporting. A fundamental requirement in this is compliance with all relevant legal regulations. In connection with the accounting process, the Executive Board is responsible for designing and installing an internal control and risk management system that meets the requirements of the Company. The object of this internal control system is to support the management by making certain that effective internal controls are applied to the accounting process and that these controls are enhanced whenever appropriate. The control system is designed to assure compliance with guidelines and regulations, as well as to create optimal conditions for specific control measures.

For many years, Raiffeisen Centrobank has employed an internal control system with a framework of directives and working instructions for strategically important issues. As part of RZB Group, Raiffeisen Centrobank Group is also subject to its parent Group's instructions and regulations. Audits are conducted at an individual company level and a Group level to ensure compliance with these rules.

The consolidated financial statements are prepared on the basis of the pertinent Austrian laws, above all the Austrian Banking Act (BWG) in connection with the Uniform Commercial Code (UGB), which governs the preparation of consolidated annual financial statements for credit institutions. The accounting standards applied for the consolidated financial statements are the International Financial Reporting Standards (IFRS) as adopted by the EU.

Because Raiffeisen Centrobank is a member of RZB Group, the technical (quantitative) preparation of its consolidated financial statements has been delegated to Raiffeisen Bank International AG and is handled by this company's Group Financial Reporting department. The qualitative elements are prepared internally by the Controlling and Reporting department.

The consolidated financial statements are prepared using standardized forms for all companies in the Group. The recognition and measurement standards are defined in the Group Accounts Manual of RZB Group, and are binding for the compilation of the consolidated financial data. Changes in the instructions and standards are communicated to the affected units in specially convened Internet conferences.

The preparation of the individual financial statements in accordance with the Group requirements is handled separately by each of the Group units. The staff and managers who are tasked with preparing the accounts within the individual Group units are responsible for ensuring the complete depiction and correct measurement of all transactions. The local management is responsible in each case for ensuring that the required internal control measures, such as the separation of certain functions and the dual-control principle, are implemented correctly. The financial data for the reporting period are submitted to the Group Financial Reporting department at Raiffeisen Bank International AG by way of direct entry into the Cognos Controller consolidation system. This system is protected by restrictive user permissions.

The financial data submitted by the Group units of Raiffeisen Centrobank are then checked by Raiffeisen Centrobank's Controlling Subsidiaries department and by the Group Financial Reporting department for plausibility. Following this, the further consolidation steps – including capital consolidation, expense and income consolidation and debt consolidation – are completed in the Cognos Controller consolidation system. Then, any profits, which generally only arise from transactions between the commodity trading affiliates, are eliminated through intra-Group postings. The final consolidation step is the preparation of the Notes according to the IFRS, BWG and UGB requirements, and is completed by the Controlling and Reporting General department at Raiffeisen Centrobank. A consolidated management report containing a verbal account of the course of business during the period in accordance with the legal requirements is also prepared.

The Executive Board evaluates and monitors material risks in connection with the consolidated accounting process. In this, the focus is placed on the risks that are typically found to be material. The annual evaluation of the internal control measures applied by each of the responsible units is based on a risk-oriented approach. The risk of faulty financial reporting is assessed on the basis of a number of different criteria. For example, complex recognition principles can increase the risk of errors. Different principles for the measurement of assets and complex or changing business conditions can also cause substantial errors in the financial reporting.

Estimates must regularly be made during the preparation of the financial statements. In all of these cases, there is an inherent risk that the actual developments may deviate from these estimates. This especially applies to the parameters in valuation models that are used to determine the fair values of financial instruments for which there is no current price quotation as well as to social capital, the outcome of legal disputes, the collectibility of loans and advances, and the impairment of equity participations and inventories.

In some cases, external experts are involved or publicly available information sources used to minimize the risk of incorrect estimates.

In addition to the Executive Board, the general control framework also includes middle management (the department heads). All control measures are applied to the daily business processes to ensure that potential errors or deviations in the financial reporting are prevented or discovered and corrected. The control measures that are applied at regular intervals range from the review of the periodic results by the management to the specific reconciliation and coordination of accounts and the analysis and further optimization of accounting processes. The Internal Audit department is also involved in the monitoring process. Its activities are based on the Austrian Financial Market Authority's minimum standards for internal auditing and international best practices. The Internal Audit department reports directly to the Executive Board. RZB Group's accounting department also independently verifies compliance with the internal regulations on a regular basis.

The consolidated financial statements including the management report are reviewed and discussed by the Audit Committee of the Supervisory Board and then submitted to the Supervisory Board for approval. The consolidated financial statements are published on the Company's web site as part of the annual report as well as in Amtsblatt zur Wiener Zeitung and are submitted to the commercial court with which the Company is registered. During the financial year, interim consolidated reports are prepared on the basis of IAS 34 in accordance with the Stock Exchange Act. Consolidated financial statements that are to be published are subjected to a final review by managerial staff and the Executive Board before they are submitted to the Supervisory Board. Analyses are also prepared for the management in connection with the consolidated financial statement.

Human Resources

Raiffeisen Centrobank Group had 344 employees on December 31, 2012 (December 31, 2011: 342 employees). Without the 11 employees added to the Group through the first-time consolidation of Centrotrade Commodities Malaysia Snd. Bhd., the number of employees in the Group fell from 342 on December 31, 2011, to 333 on December 31, 2012, a decrease of three per cent. Due to the integration of the operations of Raiffeisen Investment AG, Vienna, into Raiffeisen Centrobank, the number of employees in Austria fell substantially from 256 on December 31, 2011, to 244 on December 31, 2012. This reduction was the result of the restructuring of the M & A unit and a general adjustment to the current business conditions and cost structure. A slight headcount increase of 3 FTEs in total took place at some commodity trading subsidiaries.

A strategic focus on the CEE markets is a key element of the Group's personnel policy. A focused approach to personnel recruiting and selection has contributed to expanding and deepening market and customer expertise in the CEE growth markets. This cultural diversity is also reflected in the large number of different nationalities (19) and native languages (17) of our employees. A wide range of internal language courses also aims to the Bank's facilitate effective external and internal communication.

Flexibility and mobility are also key personnel factors in a volatile environment with rapidly changing requirements. To this end, several different initiatives have been completed to promote the flexibility and mobility of all employees. One example is the career and training model that was developed for advisory staff, which explicitly includes international project experience and experience abroad. A talent pool was also set up for junior M & A staff to increase the efficiency and flexibility of resource use in the various industry sector teams and especially to offer junior employees a wide range of on-the-job learning and development opportunities. Cooperation with local RBI network banks in CEE was also intensified through personnel transfers. For example, two RCB employees from Equity Sales and Company Research in Vienna transferred to the brokerage house office of Raiffeisen Bank Poland. An employee of Raiffeisen Bank Czech Republic transferred to the RCB Structured Products Team in Vienna.

Another key project in 2012 was the introduction and implementation of the Raiffeisen Centrobank remuneration guidelines according to CRD III. Especially the introduction of the performance management process allows a structured approach to objective agreement and assessment meetings, and puts employee development at the focus of the dialog with supervisors. The performance of an individual employee is seen as the output of results, actions and competences, measured according to qualitative and quantitative criteria and assessed as part of the performance management process.

Outlook for 2013

The year 2013 will again be dominated by the European economic and sovereign debt crisis, though the outlook is more positive than it was one year ago. GDP is expected to contract slightly by 0.1 per cent in the Eurozone and to grow by a moderate 0.5 per cent in Austria, but the projections for the peripheral European countries are consistently positive. The structural reforms are gradually having an effect, and the economies in these countries are expected to start growing in the second half of 2013. Italy with its surprising election results is a source of uncertainty. Inflation is also easing, and is expected to fall in two major steps, at the beginning of the year and in the third quarter, in Europe as well as in the USA.

As a result, net exports (boosted by falling inflation) and private consumption may start contributing to economic growth again. The Eurozone's GDP should expand gradually, by 0.1 per cent (per quarter) in the first quarter, and then by 0.4 per cent (per quarter) starting in the third quarter. GDP growth is expected to increase from 0.2 per cent (in the first quarter) to 0.5 per cent (in the third quarter).

GDP projections for the countries of Central and Eastern Europe are declining, however. Even though the Eurozone debt crisis only affected Southeastern Europe at first, the downturn is now spreading rapidly throughout Central Eastern Europe through the decline in net exports.

Russia is feeling the effects of the downswing the least because a private lending boom is supporting domestic consumption. GDP growth of at least three per cent is projected for Russia in 2013.

The outlook for the stock markets that are most relevant for the direct business activities of Raiffeisen Centrobank is positive. The stock price climb that began in 2012 is expected to continue in 2013. This also includes the Russian MICEX, which will continue to attract investors with low valuations and rising dividend payments, the Polish WIG 20, the Austrian ATX (index target of 2,650 points for the end of 2013) and the Czech PX. This trend should also restore investor confidence in the region and not only boost stock turnover, but also allow the Equity Sales and Equity Capital Markets departments of RCB to improve their operating figures in 2013 after the substantial declines suffered over the past years. The expected signals from the equity markets should fuel takeover speculations and also have a positive effect on the Mergers & Acquisitions department. It is expected that RCB will be able to further improve its positive result in the segment in 2013. Business for the Equity Capital Markets department is expected to develop similarly as the number of capital market transactions increases gradually. Rising prices and in comparison to yields on corporate bonds attractive dividend yields should convince investors that stocks are again becoming an attractive investment instrument. This will allow the Securities Trading and Sales department to develop well and to grow further in 2013. Further growth is also expected in RCB's equity- and commodity-based certificate business, which performed very well in 2012.

Even though the market conditions are likely to remain highly challenging because of the difficult macroeconomic conditions, as discussed above, the good position that the Group occupies within RBI Group and in the core markets of Austria and Central and Eastern Europe should allow the Bank to achieve sustainable success in its central business areas of securities trading, capital market transactions and mergers and acquisitions in 2013.

A major point of focus will again be the constantly changing regulatory framework so that any necessary adjustments can be made in good time. Ensuring an adequate supply of high-quality own funds and a stable liquidity foundation will also be key goals.

The cost basis in 2013 will be essentially the same as in 2012. Efforts will be made to further increase RCB's efficiency as part of programs being completed by the Group parent.

The Bank is aiming to surpass the consolidated result for 2012. The Securities Trading & Sales and Treasury segment will again make the greatest contribution to this. The Credit department, other departments and Commodity Trading are also expected to make stable contributions. The Equity Capital Market business segment is expected to see better business than in 2012 and to make a positive profit contribution.

Significant Events after the Balance Sheet Date

No material events occurred after the reporting date.

Research and Development

Because their business focuses on investment banking and mergers and acquisitions, Raiffeisen Centrobank and its Raiffeisen Investment Group do not engage in research and development. The commodity trading subsidiaries of the Group are engaged solely in the trading of rubber and olefins, and also conduct no such activities.

Statement of Legal Representatives pursuant to § 82 Stock Exchange Act

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.

Vienna, April 5, 2013
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

Report of the Supervisory Board

The annual financial statements for 2012 that were audited and issued with an unqualified opinion by the appointed financial auditor – KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, A-1090 Vienna – were presented to the 40th ordinary Annual General Meeting on April 17, 2013, and acknowledged.

KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft audited the consolidated annual financial statements for the 2012 financial year in April 2013 and awarded its unqualified audit opinion.
The Supervisory Board thoroughly reviewed and approved the consolidated annual financial statements for the 2012 financial year that were audited by KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

Vienna, April 2013

Herbert Stepic
Chairman of the Supervisory Board

Consolidated Financial Statements of Raiffeisen Centrobank AG as at 31 December 2012 in accordance with International Financial Reporting Standards (IFRS)

Throughout this report, Raiffeisen Centrobank Group is used to refer to the Raiffeisen Centrobank Group. Raiffeisen Centrobank is used whenever statements refer solely to Raiffeisen Centrobank AG, the parent company. In the summing-up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences. Information on percentage changes refers to the actual and not to the rounded-off figures.

Income statement

Income statement in € thousand	Notes	1/1/-31/12/2012	1/1-31/12/2011	Change
Interest income		8,186	7,287	12.3%
Interest expenses		(2,689)	(3,284)	(18.1%)
Net interest income	**(2)**	**5,497**	**4,003**	**37.3%**
Net allocation to provisioning for impairment losses	(3)	158	15	>100.0%
Net interest income after provisioning		**5,655**	**4,018**	**40.7%**
Fee and commission income		31,873	31,129	2.4%
Fee and commission expenses		(17,578)	(13,666)	28.6%
Net fee and commission income	**(4)**	**14,295**	**17,464**	**(18.1%)**
Trading profit	(5)	49,300	44,464	10.9%
Valuation result from derivative financial instruments	(6)	0	0	-
Net income from financial investments	(7)	38	(428)	-
General administrative expenses	(8)	(63,174)	(60,452)	4.5%
Other operating result	(9)	7,854	12,306	(36.2%)
Profit before tax		**13,969**	**17,371**	**(19.6%)**
Income taxes	(10)	(2,456)	(3,492)	(29.7%)
Profit after tax		11,513	13,879	(17.0%)
Share of profit due to non-controlling interests		246	8	>100.0 %
Group net profit		**11,759**	**13,887**	**(15.3%)**

Transition to comprehensive income in € thousand	Total 1/1-31/12/2012	 1/1-31/12/2011	Group equity 1/1-31/12/2012	 1/1-31/12/2011	Non-controlling interests 1/1-31/12/2012	 1/1-31/12/2011
Profit after tax	11,513	13,879	11,759	13,887	(246)	(8)
Exchange differences	(266)	500	(292)	513	26	(13)
Comprehensive income	**11,247**	**14,379**	**11,467**	**14,400**	**(220)**	**(21)**

The development of the items recorded under retained earnings resulted solely from exchange differences and is shown in the following table:

Retained earnings in € thousand	Exchange differences
Balance as at 1/1/2011	(3,101)
Net change during the reporting year	500
Balance as at 31/12/2011	(2,601)
Net change during the reporting year	(266)
Balance as at 31/12/2012	**(2,867)**

Earnings per share	Notes	1/1-31/12/2012	1/1-31/12/2011	Change
in €	**[11]**	**17.95**	**21.20**	**(3.25)**

There were no conversion or option rights outstanding; accordingly, there was no dilution of earnings per share.

Balance sheet

Assets in € thousand	Notes	31/12/2012	31/12/2011	Change
Cash reserve	[13,32]	5,541	4,148	33.6%
Loans and advances to credit institutions	[14,32,33]	231,695	266,376	(13.0%)
Loans and advances to customers	[15,32,33]	87,516	58,029	50.8%
Impairment losses on loans and advances	[16,32]	(110)	(267)	(58.8%)
Trading assets	[17,32]	2,176,973	1,743,180	24.9%
Derivative financial instruments	[18,32]	19	654	(97.1%)
Securities and financial investments	[19,32]	22,199	24,632	(9.9%)
Intangible fixed assets	[20,22]	440	339	29.8%
Tangible fixed assets	[21,22]	10,912	11,734	(7.0%)
Other assets	[23]	81,541	90,597	(10.0%)
Total assets		**2,616,728**	**2,199,421**	**19.0%**

Equity and liabilities in € thousand	Notes	31/12/2012	31/12/2011	Change
Liabilities to credit institutions	[24,32,33]	163,100	26,724	>100.0 %
Liabilities to customers	[25,32,33]	136,936	139,251	(1.7%)
Provisions	[26,33]	23,026	24,477	(5.9%)
Trading liabilities	[27,33]	2,138,548	1,820,628	17.5%
Derivative financial instruments	[28]	769	553	39.1%
Other liabilities	[29,33]	24,972	49,616	(49.7%)
Subordinated capital	[30,33]	20,516	20,481	0.2%
Equity	[31]	108,862	117,692	(7.5%)
Consolidated equity		96,257	103,044	(6.6%)
Group net profit		11,759	13,887	(15.3%)
Non-controlling interests		846	760	11.3%
Total equity and liabilities		**2,616,728**	**2,199,421**	**19.0%**

Statement of changes in equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Group net profit for the period	Non-controlling interests	Total
Equity as at 1/1/2011	**47,599**	**6,651**	**45,670**	**27,630**	**0**	**127,550**
Capital paid-in	0	0	0	0	572	572
Transferred to retained earnings	0	0	2,740	(2,740)	0	0
Dividend payments	0	0	0	(24,890)	0	(24,890)
Comprehensive income	0	0	513	13,887	(21)	14,379
Other changes	0	0	(128)	0	209	80
Equity as at 1/1/2012	**47,599**	**6,651**	**48,794**	**13,887**	**760**	**117,692**
Capital paid-in	0	0	0	0	0	0
Transferred to retained earnings	0	0	(6,418)	6,418	0	0
Dividend payments	0	0	0	(20,305)	0	(20,305)
Comprehensive income	0	0	(292)	11,759	(220)	11,247
Other changes	0	0	(78)	0	306	228
Equity as at 31/12/2012	**47,599**	**6,651**	**42,006**	**11,759**	**846**	**108,862**

Other changes in equity are the result of exchange differences between the income statement and the balance sheet, and are attributable to changes in the shareholding in Group units. Details on other changes are provided in the Notes under item (31) “Equity”.

Cash flow statement

in € thousand	2012	2011
Group net profit	**11,513**	**13,879**
Non-cash positions in profit and transition to net cash from operating activities:		
Write-downs, write-ups of tangible fixed assets and financial investments	2,336	2,303
Net provisions for liabilities and charges and impairment losses	13,098	8,272
Gains/losses from disposals of tangible fixed assets and financial investments	0	28
Other adjustments (net)	21,118	(177,287)
Subtotal	**48,064**	**(152,805)**
Change in assets and liabilities arising from operating activities after corrections for non-cash items:		
Loans and advances to credit institutions and customers	7,979	47,136
Trading assets/trading liabilities (net)	(172,959)	101,291
Other assets/other liabilities (net)	2,564	34,516
Liabilities to credit institutions and customers	137,018	(3,466)
Cash flow from operating activities	**22,667**	**26,672**
Proceeds from the sale of:		
Tangible and intangible fixed assets	0	133
Payments for the acquisition of:		
Financial investments and equity participations	(54)	(547)
Tangible and intangible fixed assets	(1,094)	(1,631)
Disposal of group assets of non-controlling interests	180	0
Cash flow from investing activities	**(968)**	**(2,045)**
Capital paid-in	0	572
Dividends paid	(20,305)	(24,890)
Cash flow from financing activities	**(20,305)**	**(24,318)**

in € thousand	2012	2011
Cash and cash equivalents at the end of the previous period	**4,148**	**3,839**
Net cash from operating activities	22,667	26,672
Net cash from investing activities	(968)	(2,045)
Net cash from financing activities	(20,305)	(24,318)
Cash and cash equivalents at the end of the period	**5,541**	**4,148**

Cash flows for taxes, interest and dividends	**2012**	**2011**
Interest received	8,117	7,139
Dividends received	1,250	0
Interest paid	(2,533)	(2,854)
Income taxes paid	(625)	(338)

The cash flow statement shows the structure and changes in cash and cash equivalents during the financial year and is broken down into three sections: operating activities, investing activities and financing activities.

Net cash from operating activities comprises the cash flows arising from loans and advances to credit institutions and customers as well as the cash flows arising from liabilities to credit institutions. This item also includes inflows and outflows of trading assets and trading liabilities, derivative financial instruments, other assets and other liabilities. The interest, dividend and tax payments from operating activities are shown separately.

Net cash from investing activities shows the inflows and outflows from financial investments as well as tangible and intangible fixed assets.

Net cash flow from financing activities comprises the inflows to and outflows of equity and subordinated capital, which are related above all to inflows from capital increases and dividend payments.

Cash and cash equivalents comprise the cash reserve recognized in the balance sheet which consists of cash in hand as well as deposits with central banks that are payable on demand. Loans and advances to credit institutions that are payable on demand are not included under this section, but under cash flow from operating activities.

Segment reporting

The identification of the individual segments is based on the management approach, i.e. reporting follows the same segmentation used by management to make decisions. The internal management income statement pursuant to Austrian Banking Act and Austrian Commercial Code used by the Executive Board and the Supervisory Board of Raiffeisen Centrobank to assess performance and allocate resources is based on the company's functional organization. It is structured as a multi-stage contribution margin statement, with income and expenses allocated according to the causation principle. Income items include net interest income, net fee and commission income, trading profit and other operating result. General administrative expenses comprise both direct and indirect costs. Direct costs (staff and other administrative expenses) are incurred by the business segments, while indirect costs are allocated to the cash-generating units according to agreed ratios. The same applies to the employees in the support and central administration departments as well as the management administrative departments. The results of the operating segments are presented down to profit before tax.

Provisioning for impairment losses in the Credit Department include the allocation and release of impairment losses for credit risks and direct write-downs as well as income received from written-down claims. These costs are carried by the bank as a whole and are not material; accordingly, they are not allocated to the individual operating segments, but shown in the transition column. The transition column also includes the elimination of interim profits and consolidation entries between the individual segments as well as transition from Austrian Commercial Code/Austrian Banking Act to IFRS standards.

Raiffeisen Centrobank has defined the following operating segments (Cash Generating Units):

» Securities Trading & Sales and Treasury
» Equity Capital Markets
» Credit Department
» Other Departments and Commodity Trading

The segment "Securities Trading & Sales and Treasury" comprises the issue of securities (certificates, structured products and warrants) as well as securities trading by customers (brokerage transactions). It also includes market making, proprietary securities trading, asset and liability management (matching of maturities), liquidity management, money market and interest rate transactions with on-balance sheet (e.g. money market deposits) and off-balance sheet products (e.g. futures and options). In accordance with the related settlement costs, 50 per cent of the income recorded by Raiffeisen Centrobank from initial and secondary public offerings (IPO/SPO) is also allocated to this segment. The remaining 50 per cent are allocated to the segment "Equity Capital Markets". No such transactions were finalized in 2012.

The segment "Equity Capital Markets" comprises consulting services provided by the company before, during and after capital market transactions (IPO/SPO, stock buyback programs, delistings, relistings and other similar measures) as well as advising for the buyer(s) or seller(s) in connection with takeovers and mergers (M & A transactions) and privatizations. Furthermore, 50 per cent of the income recorded by Raiffeisen Centrobank from initial and secondary public offerings (IPO/SPO) is allocated to the "Securities Trading & Sales and Treasury" segment in accordance with the costs incurred with the individual mandates (also see the previous paragraph).

The "Credit Department" segment covers the loan and loan guarantee business, with a focus on trade financing.

The segment "Other Departments and Commodity Trading" includes the "Private Banking" and "Countertrade" departments of Raiffeisen Centrobank as well as business transactions by Raiffeisen Centrobank that cannot be allocated to one of the other segments. It also contains the results of rubber and olefin transactions by the fully-consolidated trading subsidiaries of the Raiffeisen Centrobank Group.

Assessment of segment results

The presentation of segment performance is based on two steering benchmarks:

The **return on equity before tax** is the ratio that states the profit before tax to average equity employed and expresses the return on capital employed.

The **cost/income ratio** represents the cost efficiency of the individual operating segments. This indicator is calculated as the quotient of general administrative expenses and total of net interest income, net fee and commission income, trading profit and other operating result (excluding results from the valuation of hedge accounting and other derivative financial instruments).

1/1–31/12/2012 in € thousand	**Securities Trading & Sales and Treasury**	**Equity Capital Markets**	**Credit Department**	**Other Departments and Commodity Trading**	**Transition**	**Total**
Net interest income	4,037	(4)	1,833	(75)	(293)	5,497
Provisioning for impairment losses	0	0	0	0	158	158
Net interest income after provisioning	4,037	(4)	1,833	(75)	(135)	5,655
Net fee and commission income	(1,327)	14,249	253	827	293	14,295
Trading profit	49,935	(104)	0	(531)	0	49,300
Valuation result from derivative financial instruments	(14)	0	14	0	0	0
Net income from financial investments	(55)	(93)	0	0	186	38
General administrative expenses	(31,436)	(20,371)	(1,685)	(10,348)	666	(63,174)
Other operating result	0	(1,811)	0	10,207	(543)	7,854
Profit/loss before tax	**21,140**	**(8,134)**	**415**	**80**	**468**	**13,969**
Basis of assessment (credit and market risk)	496,563	4,025	90,018	39,020	0	629,625
Average assets	2,368,650	12,070	76,482	144,456	(114,689)	2,486,968
Average liabilities	2,274,429	5,018	593	209,866	(101,707)	2,388,199
Average number of staff	141	109	9	75	0	334
Cost/income ratio	59.7%	165.2%	80.7%	99.2%	-	82.1%
Average equity	71,459	4,395	12,954	22,943	(12,982)	98,769
Return on equity (ROE) before tax	**29.6%**	**-**	**3.1%**	**0.3%**	**-**	**14.1%**

Net interest income in the segment "Other Departments and Commodity Trading" includes a dividend payment relating to a company not included into consolidation in the amount of € 1.250 million.

1/1–31/12/2011 in € thousand	**Securities Trading & Sales and Treasury**	**Equity Capital Markets**	**Credit Department**	**Other Departments and Commodity Trading**	**Transition**	**Total**
Net interest income	3,372	22	2,278	(1,410)	(259)	4,003
Provisioning for impairment losses	0	0	0	0	15	15
Net interest income after provisioning	3,372	22	2,278	(1,410)	(244)	4,018
Net fee and commission income	114	15,260	482	1,349	259	17,464
Trading profit	44,727	(90)	0	(173)	0	44,464
Valuation result from derivative financial instruments	(48)	0	48	0	0	0
Net income from financial investments	(211)	(283)	0	0	66	(428)
General administrative expenses	(31,682)	(17,721)	(1,575)	(10,201)	727	(60,452)
Other operating result	0	(1,213)	0	14,070	(551)	12,306
Profit/loss before tax	**16,272**	**(4,025)**	**1,233**	**3,635**	**256**	**17,371**
Basis of assessment (credit and market risk)	404,913	0	76,988	37,937	0	519,839
Average assets	2,028,915	16,723	102,916	162,668	(126,450)	2,184,772
Average liabilities	1,968,094	9,152	1,244	221,627	(116,927)	2,083,190
Average number of staff	153	115	9	63	0	340
Cost/income ratio	65.7%	126.8%	57.1%	73.7%	-	77.3%
Average equity	71,201	8,388	13,538	18,546	(10,091)	101,582
Return on equity (ROE) before tax	**22.9%**	**-**	**9.1%**	**19.6%**	**-**	**17.1%**

Notes

The company

Raiffeisen Centrobank AG, Vienna, has been registered in the company register at the Vienna Commercial Court under the number 117507 f since 29 March 1974. The registered offices of the company are located in Tegetthoffstrasse 1, 1010 Vienna, Austria.

Raiffeisen Centrobank is a subsidiary of Raiffeisen Bank International AG (RBI), which holds 654,999 of the 655,000 zero par value shares of share capital through RBI KI-Beteiligungs GmbH and its subsidiary RBI IB Beteiligungs GmbH, Vienna. The remaining zero par value share is held by Lexxus Services Holding GmbH, Vienna.

Raiffeisen Centrobank, Vienna, is in a Group relationship with Raiffeisen-Landesbanken-Holding GmbH, Vienna (the parent company of the Group), and belongs to the latter's range of fully-consolidated companies. This financial holding company, through Raiffeisen Zentralbank Österreich Aktiengesellschaft, holds a majority stake in Raiffeisen Bank International AG. The Raiffeisen Centrobank Group is included in the consolidated financial statements of Raiffeisen Zentralbank Österreich Aktiengesellschaft and of Raiffeisen Bank International AG.

Raiffeisen Centrobank is a leading Austrian investment bank, which provides the entire spectrum of services and products focusing on shares, derivatives, and equity capital market transactions including and excluding the stock exchange, as well as in relation to the mergers and acquisitions (M & A) business. The M & A business is also conducted through own subsidiaries, most of which are included in the financial statements through full consolidation. The other companies comprising the Raiffeisen Centrobank Group are active in the fields of international commodity trading, focusing on rubber and chemicals (olefins).

The consolidated financial statements were approved by the Executive Board on April 5, 2013, and subsequently submitted to the Supervisory Board for examination and approval.

Basis of preparation

Principles

The consolidated financial statements for the 2012 financial year and the comparative amounts for the 2011 financial year were prepared in accordance with § 245a of the Austrian Commercial Code in connection with § 59a of the Austrian Banking Act and in agreement with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002, including the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). All standards published by the IASB to be applied to the financial statements 2012 and adopted by the EU have been applied, IAS 11, 20, 23, 29, 31, 34, 40 and 41 as well as IFRS 2, 4, 5 and 6 were not applied because there were no relevant business transactions in the Group.

The consolidated financial statements are based on the reporting packages submitted by all fully consolidated companies, which are prepared according to IFRS rules and uniform Group standards. The closing date for the financial statements of all fully-consolidated companies is 31 December. The amounts in these consolidated financial statements are presented in € thousand and may contain rounding-off differences.

The consolidated financial statements were prepared on the basis of the going-concern principle. An asset is recognized when it is probable that the future economic benefits will flow to the company, and when its acquisition or production cost or another value can be reliably measured. A liability is recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of the obligation and the amount at which the settlement will take place can be measured reliably.

If estimates or assessments are necessary for accounting or 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. The underlying assumptions are subject to regular review. Changes in the estimates are solely considered for the period to which the changes apply. In case changes should affect the current or subsequent reporting periods they are considered in the current or subsequent reporting period. Basically, this applies to impairment losses on loans and advances, fair value (in particular, the individual parameters used in calculations), impairment of financial instruments and the provisions for retirement benefits and severance compensation. The actual figures may deviate from the estimated values.

Deferred taxes are not shown separately in the income statement and balance sheet. Details are provided in the Notes.

Application of new and revised standards

IFRS 7 (Financial instruments: transfers of financial assets; entered into force on July 1st, 2011)

For the first time in the current reporting period the amendments to IFRS 7 are applied which increase the disclosure requirements for transactions involving transfers of financial assets. The amendments provide greater transparency of the risk exposures of such transactions. No cases of application apply to this report.

IAS 12 (Income taxes: recovery of underlying assets; entered into force on January 1st, 2012

It is assumed for the purpose of recognizing deferred taxes that the economic benefits from investment properties, which in accordance with the option in IAS 40, are measured at fair value, will be realized through sale. For this treatment not to apply the assumption must be rebutted. The amendments do not have an impact on the consolidated financial statements of 2012.

IFRS 1 (First-time adoption of IFRS; entered into force on July 1st, 2011)

The amendments relate to an exemption from severe hyperinflation and the elimination of fixed dates of transition. The amendments have no impact on the consolidated financial statements of 2012.

New and revised standards not yet applicable (already endorsed by the EU)

No early adoption of the following new and amended standards and interpretations that have been adopted, but whose use is not mandatory, was made.

IAS 1 (Presentation of items of other comprehensive income; entered into force on July 1st, 2012)

The amendments to IAS 1 require presentation, by using subtotals, as to whether the items of other comprehensive income are re-classifiable to profit or loss or not. Moreover, if other comprehensive income items are presented before tax then the tax related to each of the two categories has to be presented separately. Application of these amendments will have an impact on presentation of the statement of comprehensive income.

IAS 19 (Employee benefits; entered into force on January 1st, 2013)

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. The amendments to IAS 19 require retrospective application. RCB assumes that the initial application of the amendments for the financial year 2013 will not have a significant impact on the consolidated financial statements.

IAS 27 (Separate financial statements; entry into force on January 1st, 2014)

The revised version will have no impact on the consolidated financial statements.

IAS 28 (Investments in associates and joint ventures; entry into force on January 1st, 2014)

Joint ventures are added to the scope of the revised IAS 28, due to the fact that under IFRS 11 the equity method is the only way of including joint ventures in the consolidated financial statements. It is expected that the revised version of IAS 28 will have no impact on the consolidated financial statements.

IAS 32 (Offsetting financial assets and liabilities; entry into force on January 1st, 2014)

The amendments clarify existing application issues relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set off" and "simultaneous realization and settlement". It is expected that the revised version of IAS 32 will have no material impact on the consolidated financial statements.

IFRS 1 (Government loans; entered into force on January 1st, 2013)

The amendment to IFRS 1 clarifies that these loans are excluded from the basically retrospective application on transition to IFRS. This amendment will have no impact on the consolidated financial statements.

IFRS 7 (Disclosures: offsetting financial assets and liabilities; entry into force on January 1st, 2014)

The amendments to IFRS 7 require entities to disclose information about rights to offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. It is expected that the revised version of IFRS 7 will have no material impact on the consolidated financial statements.

IFRS 10 (Consolidated financial statements; entry into force on January 1st, 2014)

IFRS 10 replaces the parts of IAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. SIC-12 "Consolidation – Special Purpose Entities" will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in standard to deal with complex scenarios. RCB assumes that the future application of IFRS 10 will not have a significant impact on the consolidated Group.

IFRS 11 (Joint arrangements; entry into force on January 1st, 2014)

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Ventures". IFRS 11 deals with how a joint arrangement should be classified. Joint arrangements are classified as a contractual agreement in which two or more parties practice joint management. Joint management can extend to a joint venture or a joint operation. In contrast to IAS 31, in IFRS 11 the accounting for jointly controlled assets is not addressed separately anymore; here the rules for joint ventures are applied. The classification of a joint arrangement as joint operations or joint ventures depends on the rights and obligations of the parties to the agreement. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportional consolidation. The future application of IFRS 11 will have no impact on the consolidated financial statements of RCB.

IFRS 12 (Disclosures of interests in other entities; entry into force on January 1st, 2014)

IFRS 12 is a disclosure standard regarding statements in the Notes and is applicable to entities that have interests in subsidiaries, joint arrangements (joint ventures or joint operations), associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards. RCB assumes that the amendments which are effective on 1 January 2014 will influence the Notes in the consolidated financial statements with regard to the additional disclosures in accordance with IFRS 12.

IFRS 13 (Fair value measurement; entered into force on January 1st, 2013)

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only, under IFRS 7, will be extended by IFRS 13 to cover all assets and liabilities within its scope. RCB assumes that the application of IFRS 13 could have an influence on the presentation of financial assets and financial liabilities of the Group.

IFRIC 20 (Stripping costs in the production phase of a surface mine; entered into force on January 1st, 2013)

IFRIC 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognized as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with IAS 2 "Inventories." The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part. These amendments will have no impact on the consolidated financial statements.

New and revised IFRSs not yet applicable (not yet endorsed by the EU)

Annual Improvements to IFRSs 2009-2011 Cycle (entered into force on January 1st, 2013)

The Annual Improvements include a variety of amendments to different IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. These amendments will have no impact on the consolidated financial statements.

IFRS 9 (Financial instruments; entry into force on January 1st, 2015)

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of IFRS 9 are:

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

In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income recognized in profit or loss. With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of the entity, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. It is anticipated that the application of IFRS 9 in the future will have no significant impact on the consolidated financial statements due Raiffeisen Centrobank Group's business activities.

Mandatory effective date of IFRS 9 and transition disclosures (Amendments to IFRS 9 and IFRS 7; entry into force on January 1st, 2015)

These amendments move the mandatory effective date of IFRS 9 to reporting periods beginning on or after 1 January 2015. In addition, exceptions are granted with respect of the adjustment of prior periods and the corresponding IFRS 7 disclosures.

Amendments to IFRS 10, IFRS 11 and IAS 27 – Investment entities (entry into force on January 1st, 2014)

These amendments provide an exception to the consolidation requirements of subsidiaries in IFRS 10 "Consolidated Financial Statements." This applies if the parent company meets the definition of an "Investment company" (for example certain mutual funds). These entities measure their investments in particular subsidiaries at fair value through profit or loss in accordance with IFRS 9 "Financial Instruments" or IAS 39 "Financial Instruments: Recognition and Measurement".

Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition guidance (entry into force on January 1st, 2014)

With these amendments the transition guidance in IFRS 10, IFRS 11 and IFRS 12 are clarified and provide additional relief in all three standards. Adapted comparative information is only required for the previous comparable period. In addition, in connection with the information in the Notes to non-consolidated companies structured there is no obligation to provide comparative information for periods that precede the application of IFRS 12.

Consolidation methods

The consolidated financial statements include all major subsidiaries in which Raiffeisen Centrobank directly or indirectly holds more than 50 per cent of the shares or is able to exercise a controlling influence over financial and operating policies. Generally, these subsidiaries are included in the scope of the consolidated financial statements from the date on which the Group attains de facto control of the company and are excluded from the scope of the consolidated financial statements when the Group no longer has control of the company. Non-controlling interests are reported under equity in the balance sheet, but shown separately from the equity attributable to the shareholders of Raiffeisen Centrobank. The share of Group profit attributable to non-controlling interests is also shown separately in the income statement.

When Raiffeisen Centrobank purchases additional shares in companies under its control or sells shares without the loss of control, the relevant transactions are recognized directly under equity in subsequent consolidations. For transactions under common control predecessor accounting is applied.

Material interests in associated companies are included in the consolidated financial statements at equity. However, no companies were consolidated at equity because of the immateriality of these companies on the consolidated financial statements.

Shareholdings in subsidiaries not included in the consolidated financial statements because of their immaterial significance and shareholdings in companies which have not been valued at equity are shown under "Securities and financial investments". Shareholdings in other interests not listed on a stock exchange are carried at cost because a market value is unavailable or cannot be reliably determined.

Business combinations

In the course of capital consolidation, all identifiable assets, liabilities and contingent liabilities of the subsidiary are recognized at their fair values on the acquisition date according to IFRS 3. The acquisition costs are offset against the proportional net assets. The resulting positive differences are capitalized as goodwill, which is tested annually for impairment. If there are indicators of impairment, goodwill is also tested during the course of the year. Negative differences arising with initial consolidation will be recognized immediately through profit and loss.

Consolidation entries

Intragroup loans and advances and liabilities are eliminated in the consolidated financial statements. Remaining temporary differences are recorded under "Other assets" or "Other liabilities".

Income and expenses arising from transactions between Group companies are offset against one another. Temporary offsetting differences arising from banking business are included in "Net interest income". Other differences are recognized in "Other operating result".

Intercompany profits are eliminated if they have a material influence on income statement items. Banking business and other transactions among Group members are usually executed at arm's length.

Consolidation range

The number of companies included in the financial statements through full consolidation is as follows:

Units	31/12/2012	31/12/2011
As at the beginning of the period	13	12
First included in the reporting period	1	1
Merged in the reporting period	(1)	0
As at the end of the period	**13**	**13**

The number of companies included into consolidation came up to 13 and remained unchanged to the previous year. 11 companies were not included in the consolidated financial statements in 2012 (2011:12) because they are immaterial for the presentation of the financial position and financial performance of the Raiffeisen Centrobank Group. These companies are carried at cost and reported as shares in affiliated companies under "Securities and financial investments".

First-time consolidation

The subsequent company was first included into the consolidated financial statements:

Name	Share	As at	Reason
Centrotrade Commodities Malaysia SDN. BHD., Kuala Lumpur (MY)	100.0%	1/1	Materiality

The inclusion of the company into the consolidation range resulted in a difference between acquisition cost and net assets in the amount of € 96 thousand, shown in intangible fixed assets.

The subsequent table shows the assets and liabilities of the company as at January 1, 2012:

in € thousand	
Assets	12,993
Liabilities	(12,574)
Net assets	419

The company recorded the following revenues and net profit for the reporting year 2012:

in € thousand	
Revenues	96,060
Net profit for the year	(1,578)

Merger

Pursuant to the merger contract dated December 3, 2012 the assets and liabilities of Centrotrade Investment AG, Zug (CH) were transferred to Centrotrade Chemicals AG, Zug (CH) as at September 30, 2012.

An overview of the fully-consolidated companies and other interests is provided on page 114.

Foreign currency translation

Financial statements of fully-consolidated companies prepared in foreign currencies were translated into Euros employing the modified current rate method in accordance with IAS 2. Equity was translated at its relevant historical exchange rate, while all other assets, equity and liabilities and the Notes to the financial statements were translated at the prevailing foreign exchange rates as of the balance sheet date. Differences arising from the translation of equity (historical exchange rates) were offset against retained earnings.

Income statement items were translated at the average exchange rate for the year, which was determined as the average of the exchange rates at the end of each month. Differences arising between the exchange rate as of the balance sheet date and the average exchange rate applied in the income statement were offset against equity and not recognized in the income statement.

Due to the economic nature of the underlying business transactions, the US dollar represents the functional currency of Centrotrade Chemicals AG, Centrotrade Minerals & Metals Inc. and Centrotrade Singapore Pte Ltd.

The following exchange rates were used for foreign currency translation:

Exchange rate in local currency per €	2012 Balance sheet date	2012 Average for the year	2011 Balance sheet date	2011 Average for the year
US dollar (USD)	1.319	1.293	1.2944	1.395
Romanian Leu (RON)	4.445	4.447	4.323	4.242
Russian Rouble (RUB)	40.330	40.235	41.765	41.022
Polish Zloty (PLN)	4.074	4.190	4.458	4.125
Turkish Lira (TRY)	2.355	2.325	2.443	2.333
Malaysian Ringgit (MYR)	4.035	3.989	-	-

Accounting policies

Financial instruments: recognition and measurement (IAS 39)

IAS 39 requires all assets and liabilities, including derivative financial instruments, to be recorded in the balance sheet. A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The measurement of financial instruments is governed by their allocation to the following specific measurement categories:

- Financial assets or financial liabilities at fair value through profit and loss
  - a. Trading assets and trading liabilities
  - b. Designated financial instruments at fair value
- Financial assets held-to-maturity
- Loans and advances
- Available-for-sale financial assets (AfS)
- Financial liabilities

Financial assets and financial liabilities at fair value through profit and loss

1.a. Trading assets and trading liabilities

Trading assets and trading 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 purposes are recognized at their fair values. If products are listed, the fair value is based on the relevant stock exchange prices. Where such prices are not available, internal prices based on present value calculations for primary financial products and futures or option pricing models for options are applied. Present value calculations are based on the interest rate curve which is made up of money market, futures and swap rates and does not contain any rating mark ups. Appropriate models are used as option price formula, depending on the type of option. For plain vanilla options (American and European style) the Black-Scholes model and the binomial pricing model according to Cox, Ross und Rubinstein are applied. The Curran approximation is applied to Asian options whereas barrier options use Heinen-Kat and spread options rely on the Kirk model.

Derivatives held for trading purposes are shown under "Trading assets" and "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 the income statement under "Trading profit". Derivatives not held for trading purposes are shown under "Derivative financial instruments". Trading liabilities also include any obligations resulting from the short-selling of securities.

1.b. Designated financial instruments at fair value

This category comprises mainly all those financial assets which are irrevocably designated as financial instrument at fair value (so-called fair value option) upon initial recognition in the balance sheet, independent of the intention to trade. The fair value option designation may only be used if such designation results in more relevant information for the reader. This is the case for all financial assets that are part of a portfolio for which the management and evaluation of asset performance are carried out on a fair value basis.

These financial instruments – in this case exclusively bonds – are measured at fair value in line with IAS 39. They are recognized in the balance sheet under "Securities and financial investments". Current income is presented in "Net interest income", while net valuations and net proceeds from sales are recorded under "Net income from financial investments".

2. Financial assets held-to-maturity

Raiffeisen Centrobank did not hold any financial assets held-to-maturity.

3. Loans and advances

Non-derivative financial assets with fixed or determinable payment for which there is no active market are allocated to this category. They are measured at amortized cost. If impairment occurs it is taken account of when determining the amortized cost. Accrued interest is only recognized if there is a high probability that it would be received.

4. Available-for-sale financial assets (AfS)

This category contains those financial instruments (primarily equity participations, for which there is no active market) that did not qualify to be included in any of the other three categories. They are stated at fair value, if a fair value can be reliably determined. Valuation differences are shown directly in other comprehensive income, and are only recognized in "Net income from financial investments" if there is an objective indication of impairment. For equity instruments, the objective indications of impairment include fair value that is significantly below cost or fair value that is less than cost for a longer period of time.

It is not permitted to include the appreciation in value in the income statement for equity instruments classified as available for sale, but rather this should be recognized in other comprehensive income under the item fair value reserve. 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 less impairment losses, it is not possible to show an appreciation in value.

This type of financial instrument is reported under "Securities and financial investments".

5. Financial liabilities
Liabilities are recognized at amortized cost. Discounted debt securities and similar obligations are measured at their present value.

Reclassification
In accordance with IAS 39.50, non-derivative financial instruments classified as trading assets or available-for-sale assets can be reclassified to financial assets held-to-maturity. The company neither utilized this option in 2012 nor in 2011.

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

a) Quoted prices in an active market (level I)
Fair value is best expressed as a market value if a published price quotation is available on an active market. This applies particularly to equity instruments and derivatives traded on stock exchanges as well as debt instruments traded in the interbank market.

b) Measurement method using observable parameters (level II)
In cases in which no published price quotations are available for financial instruments, the market prices of comparable financial instruments are used to determine fair value or are calculated using measurement methods based on observable prices or parameters (particularly present value techniques or option pricing models). These procedures relate to most OTC derivatives and unlisted debt instruments.

c) Measurement methods based on non-observable parameters (level III)
If no observable published quotations or prices are available, fair value is calculated using measurement models appropriate to the respective financial instrument. The use of these models necessitates assumptions and estimates by management, the scope of which is determined by the price transparency of the relevant financial instrument, by the market and by the complexity of the instrument.

Classes of financial instruments as defined by IFRS 7
Because the nature of financial instruments is already expressed appropriately through the classification of the balance sheet items, classification addresses those items in the balance sheet which constitute financial instruments. Classes of financial instruments on the asset side of the balance sheet are, first and foremost, cash reserves, loans and advances to credit institutions, loans and advances to customers, trading assets, derivative financial instruments, derivatives from hedging transactions and securities and financial investments (separately including financial assets not traded on an active market, which are measured at cost). Classes of financial instruments on the equity and liabilities side of the balance sheet are, in particular, trading liabilities, derivative financial instruments, derivatives from hedging transactions, liabilities to credit institutions, liabilities to customers and subordinated liabilities.

Classification	Primary measurement criterion Fair Value	Amortized Cost	Other	IAS 39 category
Asset classes				
Cash reserve			Nominal value	n/a
Trading assets	X			Trading assets
Derivative financial instruments	X			Trading assets
Loans and advances to credit institutions		X		Loans and advances
Loans and advances to customers		X		Loans and advances
Securities and financial investments	X			Financial assets at fair value through profit and loss
Securities and financial investments	X			Available-for-sale financial assets
thereof financial assets not traded on an active market			At Cost	Available-for-sale financial assets
Positive fair values of derivatives for hedge accounting (IAS 39)	X			n/a
Liability classes				
Trading liabilities	X			Trading liabilities
Derivative financial instruments	X			Trading liabilities
Liabilities to credit institutions		X		Financial liabilities
Liabilities to customers		X		Financial liabilities
Subordinated liabilities		X		Financial liabilities
Negative fair values of derivatives for hedge accounting (IAS 39)	X			n/a

Derivative financial instruments

The derivative financial instruments employed in the Group include swaps, standardized forward contracts, forward transactions, options and similar contracts. In the ordinary course of business, different transactions are effected with derivative financial instruments for trading and hedging purposes. Derivatives are initially recognized at the time of the transaction at fair value and subsequently re-valued to fair value. The resulting valuation gain or loss is recognized immediately under valuation result from derivative financial instruments or under trading profit, unless the derivative is designated as a hedging instrument for hedge accounting purposes and the hedge is effective. Here, the timing of the recognition will depend on the type of the hedge.

Derivative financial instruments that are not held for trading but were acquired for hedging purposes are subdivided into the following categories, reflecting different models of recognition on the IFRS-compliant balance sheet:

a) Fair value hedge

Hedge accounting according to IAS 39 applies for those derivatives which are used to hedge the fair values of financial assets and liabilities. In particular, the credit business is subject to such fair value risks with regard to fixed-interest loans. Interest rate swaps that satisfy the prerequisites for hedge accounting are contracted to hedge against the interest rate risks arising from loans. Hedges are formally documented, continuously assessed and rated to be highly effective. In other words, throughout the term of a hedge, one can assume that changes in the fair value of the hedged item will be nearly completely offset by a change in the fair value of the hedging instrument and that the actual outcome will lie within a range of 80 to 125 per cent.

Derivative instruments held to hedge the fair values of individual balance sheet items (except trading assets/liabilities) are recognized at their fair values (dirty prices) under “Derivative financial instruments” (positive dirty prices under assets, and negative dirty prices under liabilities). Changes in the carrying amounts of hedged items (assets or liabilities) are allocated directly to the corresponding balance sheet items and reported separately in the Notes.

Both the effect of changes in the carrying amounts of positions requiring hedging and the effects of changes in the clean prices of the derivative financial instruments are recorded under "Valuation result from derivative financial instruments".

b) Other derivative instruments

Derivative instruments which are purchased for the purpose of hedging market risks and do not fulfill the requirement of IAS 39 hedge accounting are recognized as follows: positive dirty prices are recognized under "Derivative financial instruments" (positive fair values under assets, negative fair values under liabilities). The change in value of these derivatives on a clean-price basis is recognized under "Valuation result from derivative financial instruments", whereas interest is recorded under "Net interest income".

Offsetting

In cases where the debtor and creditor are identical, loans and advances and liabilities are offset if the terms and currency are the same, when there is an enforceable right to offset these items, and when the offset reflects the expected development of the transaction.

Cash reserve

The cash reserve includes cash in hand and balances with Oesterreichische Nationalbank (the Austrian National Bank) that are payable on demand. They are shown at their nominal value.

Impairment losses on loans and advances

Credit risks are accounted for by making individual impairment provisions and portfolio-based impairment provisions. Individual and portfolio-based impairment provisions are not netted against corresponding receivables, but are stated separately in the balance sheet. Portfolio-based provisions were not formed due to immateriality.

For credit risk related to loans and advances to credit institutions and customers, provisions are made in the amount of expected loss according to unified Group-wide standards. Objective indications of a value adjustment are deemed to exist if the discounted projected repayment amounts and interest payments are below the carrying amount of the loans, taking the existing collateral into account.

The entire amount of the provision for impairment losses arising from on-balance-sheet loans (individual loans loss provisions only) is shown as a separate item on the asset side of the balance sheet. The provision for impairment losses arising from off-balance sheet transactions is recorded as provisions.

Derecognition of financial assets and liabilities

Derecognition of a financial asset is considered when the contractually agreed claims to cash flow from the financial asset expire, or if the Group has transferred such claims or, given certain criteria, has assumed the obligation to pass this cash flow on to one or several recipients. A transferred asset is derecognized if all material risks and opportunities associated with the ownership of the asset are transferred.

The Group derecognizes a financial liability if it has been paid, revoked or has expired.

Equity participations

Shareholding in subsidiaries not included in the consolidated financial statements because of their immaterial significance, and shareholdings in associated companies that are not valued at equity are shown under "Securities and financial investments". They are measured at amortized cost if no share prices are available.

Intangible fixed assets

Purchased software and goodwill are reported under this item. Acquired intangible fixed assets with particular useful lives (software) are capitalized at acquisition cost and amortized over their estimated useful lives. The useful life for software amounts to between three and seven years. As at the balance sheet date and impairment test for goodwill is carried out. In case of trigger events such impairment test is carried out in the course of the year. In case there is an indication of impairment of an asset, such impairment is to be recognized pursuant to IAS 36.

Tangible fixed assets

Tangible fixed assets are carried at cost less depreciation and impairment losses. Depreciation is calculated on a straight line basis with the following useful lives applied uniformly in the company:

Useful life	Years
Buildings	10–40
Office furniture and equipment	3–10
Hardware	3–5

Land is not subject to scheduled depreciation.

Expected useful lives, residual values and depreciation methods are reviewed annually; all future change of estimates is taken into account. If a permanent impairment is to be expected, extraordinary write-downs are carried out. In the event that the reason for the write-down no longer applies, a write-up will take place up to the amount of the amortized cost of the asset.

The resulting gain or loss from the sale of a tangible fixed asset is determined as the difference between the proceeds on sale and the carrying amount of the asset, and is recognized in "Other operating result". If a tangible fixed asset is retired, the remaining carrying amount is also recognized under this item.

Operating lease

An operating lease exists if the lessor bears all risks and enjoys the rewards of ownership. The leased assets are reported by the lessor under "Tangible fixed assets" and depreciated in accordance with the principles applicable to the type of fixed assets involved. The lease installments paid by the Raiffeisen Centrobank Group for the use of leased objects are recognized in the income statement as "Other administrative expenses".

Inventories

Inventories are measured at the lower of cost or net realizable value. Write-downs are carried out if the acquisition cost is above the net realizable value as of the balance sheet date or limited usage or longer periods or storage have impaired the value of the inventory.

Provisions for pensions and similar obligations

All provisions related to so-called social capital (provisions for retirement benefits and severance payments) are measured using the Projected Unit Credit Method in accordance with IAS 19 – Employee Benefits.

Pension commitments exist towards certain employees. There are no pension commitments to people who are already retired. The actuarial calculation of the company's provisions for retirement benefits is based on the following assumptions:

in per cent	2012	2011
Discount rate	3.50	4.50
Expected increase in retirement benefits	2.0	2.0
Expected return on defined benefit pension plans	-	4.50

Calculations are based on a theoretical retirement age of 65 years.

The actuarial gains or losses relating to pension obligations are recognized immediately in profit or loss. The option provided by IAS 19.92 (corridor method) is not applied.

The actuarial calculation of severance payment obligations is based on the following assumptions:

in per cent	2012	2011
Discount rate	3.50	4.50
Average increase in salary	3.0	3.0

The biometrical basis for the calculation of all provisions for social capital is provided by AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung (Computational Framework for Pension Insurance) - Pagler & Pagler, using the variant for salaried employees taking into account a longevity factor.

Defined contribution pension schemes

Under defined contribution plans, the company pays fixed contributions into a pension fund. These payments are recorded under "Staff expenses" in the income statement.

Other provisions

Provisions are created when the Raiffeisen Centrobank Group has a current obligation arising from a past event and it is probable that the Group will be required to settle this obligation; and when the amount of the obligation can be measured with sufficient reliability. The amount of the provision represents the best possible estimate of the resources required to meet the obligation as of the balance sheet date, taking into account the related risks and uncertainties. These provisions were not discounted because the resulting interest effect would have been immaterial.

Subordinated capital

The balance sheet item shows subordinated liabilities pursuant to § 23 (8) of the Austrian Banking Act. Securitized and un-securitized investments are considered subordinated if, in the event of liquidation or bankruptcy proceedings, debts may only be satisfied after the debts of other non-subordinated creditors.

Net interest income

Interest and interest-like income is comprised primarily of interest income on loans and advances to credit institutions and customers as well as interest on fixed-interest securities. Interest and similar expenses mainly includes interest paid on liabilities to credit institutions and customers as well as interest on subordinated capital. Interest income and expenses are accrued in the reporting period. Moreover, current interest income from shares and other variable-yield securities (dividends) – if not allocable to trading profit – as well as income from equity participations and expenses similar to interest are reported as net interest income.

Net fee and commission income

Net fee and commission income mainly includes income and expenses arising from payment transfers, securities transactions not classified as trading profit including income from providing services in connection with capital market transactions (IPOs and SPOs), currency and credit transactions as well as consulting income from M &A advisory services. Commission income and expenses are accrued in the reporting period.

Trading profit
Trading profit comprises the trader margins resulting from foreign currency transactions and the results of foreign exchange translation, and all realized and unrealized gains and losses on financial assets and financial 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 for tangible and intangible fixed assets.

Income taxes
Provisions for income taxes are calculated on the basis of taxable income for the year. Taxable income differs from the group net profit in the statement of comprehensive income due to income and expenses which will become taxable or tax deductible in later years or at no point in time as the case may be. Provisions for income taxes of the Group are calculated on the basis of prevailing or, with regard to the balance sheet date, shortly becoming applicable tax rates.

Deferred taxes are recognized and calculated in accordance with IAS 12 applying the liability method. Deferred taxes are based on all temporary differences that result from comparing the carrying amount of assets and liabilities in the IFRS accounts with the tax bases of assets and liabilities which will be reversed in the future. The calculations are based on the tax rate applicable to the specific country. A deferred tax asset should also be recognized on tax loss carry-forwards if it is probable that sufficient taxable profit will be available against which the tax loss carry-forwards can be utilized within the same entity. The carrying amount of deferred tax assets is audited each year at the balance sheet date and impaired if it is no longer probable that sufficient taxable income is available in order to realize the assets in full or in part. Deferred tax assets and deferred tax liabilities within the same entity are netted.

Raiffeisen Centrobank AG, Vienna, and Raiffeisen Investment Aktiengesellschaft, Vienna, have been members of the corporate group of Raiffeisen Zentralbank Österreich Aktiengesellschaft pursuant to § 9 of the Austrian Corporate Income Tax Act since 2008. In addition, since 2006 Raiffeisen Centrobank AG has also been a member of an equity group pursuant to § 9 Austrian Corporate Income Tax Act, in regard to a company in which it has a minority shareholding. Loans and advances and liabilities arising from a positive or negative tax contribution are reported respectively under “Other assets” or “Other liabilities”.

Tax assets and tax liabilities of other Group companies are comprised in item “Other assets” or “Provisions” (taxes), respectively.

Other comprehensive income
Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS standards. In particular, this includes differences resulting from the translation of equity held in foreign currency and – where applicable – changes resulting from the valuation of available-for-sale financial assets (Afs) and the related deferred taxes.

Fiduciary business
Transactions arising from the holding and placement of assets on behalf of third parties are not shown on the balance sheet. Commission fees arising from these transactions are reported under “Net fee and commission income”.

Contingent liabilities and other off-balance sheet obligations
This item mainly includes contingent liabilities arising from sureties, guarantee credits and letters of credit as well as loan commitments at their nominal value. Sureties represent circumstances under which the reporting company acts as a guarantor to the creditor of a third party and, in this function, is responsible for the fulfillment of an obligation of this third party. Irrevocable loan commitments represent obligations that can lead to a credit risk. These commitments include obligations to grant loans, to purchase securities or to provide guarantees and bills of acceptance.

Disclosures regarding the cash flow statement
The cash flow statement reports the change in cash and cash equivalents for the Group resulting from the inflows and outflows of payments from operating, investing and financing activities. Cash flow from activities is comprised above all of proceeds from the sale of and payments for the acquisition of financial investments and tangible fixed assets. Financing activities comprise all cash flows from equity capital or subordinated capital. All other cash flows are assigned to cash flows from operating activites according to international practices for financial institutions.

Disclosures on segment reporting
Information on the operating segments of Raiffeisen Centrobank is provided under Segment Reporting on page 60ff.

Disclosures regarding the nature and scope of risks
In addition to the information pertaining to risks arising from financial instruments disclosures in the Notes, the Risk Report in particular provides detailed explanations on the topics of market risks, credit risks, operational risks, equity participation risks, structural liquidity risks and other risks.

Capital management
Disclosures on capital management, own funds and risk-weighted assets are presented in the Notes under section 47 “Capital management and own funds pursuant to the Austrian Banking Act”.

Notes to the Income Statement

(1) Income statement according to measurement category

The following table presents the income statement according to measurement categories pursuant to the definitions contained in IAS 39:

in € thousand	2012	2011
Net gains (losses) on financial assets and liabilities held for trading	**47,467**	**43,528**
Financial assets and liabilities at fair value through profit and loss	**711**	**394**
Net interest income	296	605
Gains (losses) on financial assets and liabilities at fair value through profit and loss	414	(211)
Available-for-sale financial assets	**874**	**(217)**
Net interest income	1,250	0
Impairment losses on available-for-sale financial assets	(376)	(217)
Loans and advances	**6,797**	**6,696**
Net interest income	6,639	6,681
Impairment losses on financial assets not measured at fair value through profit and loss	0	(13)
Gains on financial assets not measured at fair value through profit and loss	158	28
Financial liabilities at amortized cost	**(2,540)**	**(3,122)**
Interest expenses	(2,540)	(3,122)
Derivatives (hedging)	**(149)**	**(161)**
Net interest income	(149)	(161)
Net revaluations from exchange differences	**1,833**	**935**
Other operating income/expenses	**(41,024)**	**(30,683)**
Profit before tax from continuing operations	13,969	17,371

(2) Net interest income

Net interest income includes interest income and expenses from items of the banking business, dividend income, and commissions similar to interest.

in € thousand	2012	2011
Total interest and interest-like income	**8,186**	**7,287**
Interest income	**6,908**	**7,200**
from deposits with central banks	16	46
from loans and advances to credit institutions	4,816	3,983
from loans and advances to customers	1,780	2,566
from securities	296	605
Current interest-like income	**1,278**	**87**
from shares in affiliated companies	1,250	0
from others	28	87
Total interest and interest-like expenses	**(2,689)**	**(3,284)**
Interest expenses	**(2,679)**	**(3,267)**
for liabilities to credit institutions	(1,615)	(1,790)
for liabilities to customers	(356)	(796)
for subordinated capital	(559)	(519)
for derivative financial instruments (non-trading) net	(149)	(162)
Interest-like expenses	**(10)**	**(17)**
Net interest income	**5,497**	**4,003**

The interest margin in relation to the respective averages of the stated base developed as follows:

in per cent	2012	2011
Interest margin (total assets)	0.23	0.19
Interest margin (risk assets for credit risk pursuant to §22 of the Austrian Banking Act)	3.03	2.15

(3) Provisioning for impairment losses

The provisions for impairment losses to on-balance sheet and off-balance sheet items are as follows:

in € thousand	2012	2011
Individual loan loss provisions	**158**	**15**
Allocation to provisions for impairment losses	0	(13)
Release of provisions for impairment losses	158	28
Total	**158**	**15**

Detailed information on provisions is presented in note 16 "Impairment losses on loans and advances".

(4) Net fee and commission income

in € thousand	2012	2011
Payment transfers	(206)	(91)
Loan administration and guarantee business	27	29
Securities business	31	5,271
Income from M&A advisory services	14,468	11,914
Other banking services	(25)	341
Total	**14,295**	**17,464**

Fee and commission income totaled € 31,873 thousand for the reporting year (2011: € 31,129 thousand), while fee and commission expenses amounted to € 15,578 thousand (2011: € 13,666 thousand). The decline in net fee and commission income in the securities business is mainly attributable to market-related lower income from capital market transactions (2012: € 705 thousand; 2011: € 4,103 thousand).

(5) Trading profit

in € thousand	2012	2011
Interest-based transactions	(13,755)	(4,059)
Currency-based transactions	137	116
Equity/index- based transactions	62,919	48,407
Total	**49,300**	**44,464**

In addition to realized and unrealized gains from the trading portfolio, trading profit also refers to interest income from debt instruments, dividend income from equity instruments of the trading portfolio and refinancing costs for trading assets.

(6) Valuation result from derivative financial instruments

in € thousand	2012	2011
Valuation result from derivative hedging instruments (IAS 39, fair value hedge)	**0**	**0**
Changes in the present value of derivative financial instruments	14	48
Changes in the present value of the underlying transaction	(14)	(48)
Total	**0**	**0**

(7) Net income from financial investments

Net income from financial investments includes valuation results and net proceeds from the sale of securities at fair value through profit and loss and from equity participations. This includes shares in affiliated companies and other interests.

in € thousand	2012	2011
Net income from equity participations	**(376)**	**(217)**
Net valuations of equity participations	(376)	(217)
Net income from securities at fair value through profit and loss	**414**	**(211)**
Net valuations of securities at fair value through profit and loss	414	(75)
Net proceeds from the sale of securities at fair value through profit and loss	0	(136)
Total	**38**	**(428)**

Net valuations of equity participations relates, both in 2012 and in 2011, to the write-down of shares in affiliated companies of Raiffeisen Investment Aktiengesellschaft not included in consolidation.

(8) General administrative expenses

General administrative expenses include staff expenses, other administrative expenses, as well as depreciation on tangible and intangible fixed assets as follows:

in € thousand	2012	2011
Staff expenses	**(42,209)**	**(41,798)**
Wages and salaries	(32,549)	(33,064)
Social security costs and staff-related taxes	(5,896)	(5,740)
Voluntary social expenses	(917)	(957)
Expenses on severance payments and retirement benefits	(2,847)	(2,038)
Other administrative expenses	**(19,005)**	**(16,568)**
Office space expenses	(2,605)	(2,312)
IT costs	(2,167)	(2,190)
Communication expenses	(3,879)	(3,405)
Legal, advisory and consulting expenses	(1,566)	(1,839)
Advertising, PR and promotional expenses	(1,333)	(1,673)
Office supplies	(428)	(343)
Car expenses	(481)	(506)
Security expenses	(31)	(32)
Travelling expenses	(1,160)	(1,171)
Training expenses for staff	(136)	(250)
Sundry administrative expenses	(5,218)	(2,847)
Depreciation on tangible and intangible fixed assets	**(1,960)**	**(2,086)**
Tangible fixed assets	(1,727)	(1,886)
Intangible fixed assets	(233)	(199)
Total	**(63,174)**	**(60,452)**

Legal, advisory and consulting expenses include audit fees for Raiffeisen Centrobank and its Group companies. Of this total, the fee for the audit of the consolidated financial statements totaled € 275 thousand (2011: € 259 thousand) and the fee for other consulting services amounted to € 29 thousand (2011: € 24 thousand).

The increase in "Sundry administrative expenses" in 2012 is primarily attributable to expenses for Executive Board members charged by Raiffeisen Bank International AG in the amount of € 1,096 thousand.

(9) Other operating result

Other operating result includes sales revenues and expenses of Raiffeisen Centrobank's commodity trading subsidiaries and from other non-banking activities as well as income and expenses from the disposal of tangible and intangible fixed assets.

in € thousand	2012	2011
Net result	11,251	12,847
Sales revenues from non-banking activities	410,518	367,297
Expenses from non-banking activities	(399,267)	(354,450)
Net proceeds from the disposal of tangible and intangible fixed assets	0	(28)
Other taxes	(1,172)	(914)
thereof special bank levy	(1,077)	(862)
Net result from the allocation and release of other provisions	4	1,218
Other operating income	1,263	1,072
Other operating expenses	(3,492)	(1,889)
Total	**7,854**	**12,306**

The increase in "Other operating expenses" is mainly due to provisions and write-downs relating to the M & A business.

(10) Income taxes

Income taxes are comprised of the following:

in € thousand	2012	2011
Current income taxes	(2,380)	(3,593)
Austria	(1,501)	(2,147)
Other countries	(879)	(1,446)
Deferred taxes	(76)	101
Total	**(2,456)**	**(3,492)**

The following table describes the relation between group net profit and taxes:

in € thousand	2012	2011
Profit before tax	**13,969**	**17,371**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	(3,492)	(4,343)
Effect of divergent foreign tax rates	(38)	212
Tax deductions due to tax-exempt income from equity participations and other income	257	250
Tax increases due to non-deductible expenses	(305)	(503)
Other	1,121	892
Effective tax burden	**(2,456)**	**(3,492)**
Tax rate in per cent	**17.58%**	**20.10%**

The item "Other" also includes tax savings from the Group taxation scheme in Austria in the amount of € 791 thousand (2011: € 1,282 thousand).

(11) Earnings per share

in € thousand	2012	2011
Group net profit	11,759	13,887
Average number of ordinary shares outstanding in thousand	655,000	655,000
Earnings per share in €	**17.95**	**21.20**

No option or conversion rights were issued; for this reason there is no dilution of earnings per share.

Notes to the Balance Sheet

(12) Balance sheet according to measurement category

The following table shows the carrying amount of the measurement categories as defined in IAS 39:

Assets by measurement category in € thousand	2012	2011
Cash reserve	**5,541**	**4,148**
Trading assets	**2,176,993**	**1,743,834**
Positive fair values of derivative financial instruments	157,946	141,226
Structured products	282,801	300,898
Shares	205,265	119,796
Bonds, notes and other fixed-interest securities	827,276	1,168,222
Call/time placements for trading purposes	703,705	13,691
Financial assets measured at fair value through profit and loss	**16,689**	**18,296**
Shares and other variable-yield securities	3,782	3,448
Bonds, notes and other fixed-interest securities	12,907	14,847
Available-for-sale financial assets (financial investments)	**5,510**	**6,336**
Shares in other affiliated companies	356	1,182
Other interests	5,154	5,154
Loans and advances	**400,643**	**414,734**[1]
Loans and advances to credit institutions	231,695	266,376 [1]
Loans and advances to customers	87,516	58,029
Other non-derivative financial assets	81,541	90,596
Impairment losses on loans and advances	(110)	(267)
Other assets	**11,352**	**12,073**
Intangible and tangible fixed assets	11,352	12,073
Total assets	**2,616,728**	**2,199,421**

[1] Previous year figures have been adjusted due to a change in the presentation

Equity and liabilities by measurement category in € thousand	2012	2011
Trading liabilities	**2,138,920**	**1,820,797**
Negative fair values of derivative financial instruments	869,748	596,650
Short-selling of trading assets	524,193	480,779
Issued certificates	744,980	743,369
Financial liabilities	**345,523**	**236,072**
Liabilities to credit institutions	163,100	26,724
Liabilities to customers	136,936	139,251
Subordinated capital	20,516	20,481
Other non-derivative financial liabilities	24,972	49,616
Derivatives (hedging)	**397**	**383**
Negative fair values of derivatives in fair value hedge (IAS 39)	397	383
Provisions	**23,026**	**24,477**
Equity	**108,862**	**117,691**
Total equity and liabilities	**2,616,728**	**2,199,421**

(13) Cash reserve

in € thousand	2012	2011
Cash in hand	278	303
Deposits with central banks	5,263	3,845
Total	**5,541**	**4,148**

(14) Loans and advances to credit institutions

in € thousand	2012	2011
Giro and clearing business	137,591	126,130
Money market business	94,104	140,247
Total	**231,695**	**266,376**

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

in € thousand	2012	2011
Austria	147,681	197,912
Other countries	84,014	68,464
Total	**231,695**	**266,376**

(15) Loans and advances to customers

in € thousand	2012	2011
Corporate customers – large	66,017	48,098
Retail customers – private individuals	21,500	9,931
Total	**87,516**	**58,029**

Retail (private) customers refer exclusively to wealthy private individuals and self-employed people (high net worth individuals).

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

in € thousand	2012	2011
Austria	35,747	15,269
Other countries	51,770	42,760
Total	**87,516**	**58,029**

(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 on page 96ff. Impairment losses on loans and advances are allocated to the following asset classes according to the Basel II definition:

in € thousand	2012	2011
Corporate customers – large	0	141
Retail customers – private individuals	110	126
Total	**110**	**267**

(17) Trading assets

Trading assets comprise the following securities and derivative financial instruments:

in € thousand	2012	2011
Bonds, notes and other fixed-interest securities	**827,276**	**1,168,222**
Bonds and notes issued by credit institutions	786,758	1,164,780
Bonds and notes of public bodies	35,983	0
Bonds and notes of non-bank issuers	4,536	3,442
Shares and other variable-yield securities	**205,265**	**119,796**
Shares and comparable securities	198,047	92,086
Mutual funds	7,218	27,710
Structured products	**282,801**	**300,898**
Positive fair values from derivative financial instruments	**157,927**	**140,572**
Interest-based transactions	3,300	5,156
Currency-based transactions	116	930
Equity/index-based transactions	154,511	134,485
Call/time placements for trading purposes	**703,705**	**13,691**
Total	**2,176,974**	**1,743,180**

The share portfolios stemming from market making activities along with other securities, options (derivatives) and purchased structured products represent hedging items for certificates and warrants issued by Raiffeisen Centrobank. Pursuant to IAS 39.11 structured products include embedded derivatives.

“Bonds, notes and other fixed-interest securities” records a decrease compared to December 2011. This is due to the fact that call/time placements for trading purposes are used to hedge guarantee products issued by Raiffeisen Centrobank, thereby replacing the zero bonds. “Bonds and notes of public issuers” relates to a fixed-interest bond issued by the Federal Republic of Germany.

(18) Derivative financial instruments

in € thousand	2012	2011
Positive fair values of other derivative financial instruments in the banking book	**19**	**654**
Currency-based transactions	19	654
Total	**19**	**654**

This item shows the positive fair values of derivative financial instruments not held for trading purposes.

(19) Securities and financial investments

This item comprises financial assets recognized at fair value through profit and loss (securities and shares), and strategic equity participations held on a long-term basis.

in € thousand	2012	2011
Bonds, notes and other fixed-interest securities	**12,907**	**14,847**
Bonds and notes of public bodies eligible for refinancing	9,075	6,194
Other bonds and notes of public bodies	3,833	8,653
Shares	**3,782**	**3,448**
Equity participations	**5,510**	**6,336**
Shares in affiliated companies	356	1,182
Other interests	5,154	5,154
Total	**22,199**	**24,632**

The item "Other bonds and notes of public bodies" relates to a fixed-interest bond issued by the Republic of Poland. The item "Shares" relates to unlisted shares in a foreign holding company, which holds a majority interest in a mining project in South Africa. "Shares in affiliated companies" decreased as a result of the first-time inclusion of a Malaysia-based company which is active in latex and rubber trading.

Disclosures relating to associated companies pursuant to IAS 28: In its annual financial statements for the year ended 31 December 2012 Syrena Immobilien Holding AG reports a balance sheet total of € 31,984 thousand (31/12/2011: € 31,872 thousand), equity of € 29,475 thousand (31/12/2011: € 29,335 thousand) and net profit for the year of € 133 thousand (2011: € 94 thousand).

(20) Intangible fixed assets

in € thousand	2012	2011
Goodwill	96	0
Software	345	339
Total	**440**	**339**

The goodwill coming up to € 96 thousand results from the first-time inclusion of Centrotrade Commodities Malaysia SDN. BHD., Kuala Lumpur, Malaysia.

(21) Tangible fixed assets

in € thousand	2012	2011
Land and buildings used by the Group for own purposes	6,929	7,153
Office furniture and equipment as well as other tangible fixed assets	3,983	4,581
Total	**10,912**	**11,734**

(22) Development of fixed assets

The following table shows the development of intangible fixed assets and tangible fixed assets during 2012:

Cost of acquisition or production in € thousand	Balance as at 1/1/2012	Change in consolidation range	Exchange differences	Additions	Disposals	Transfers	Balance as at 31/12/2012
Intangible fixed assets	**3,890**	**96**	**(3)**	**237**	**(68)**	**15**	**4,168**
Goodwill	43	96	0	0	0	0	139
Software and miscellaneous	3,848	0	(3)	237	(68)	15	4,029
Tangible fixed assets	**33,382**	**187**	**4**	**842**	**(5,565)**	**(16)**	**28,834**
Land and buildings used by the Group for own purposes	9,137	0	0	0	0	0	9,137
thereof value of developed land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	24,245	187	4	842	(5,565)	(16)	19,697
Total	**37,272**	**283**	**1**	**1,079**	**(5,633)**	**(1)**	**33,002**

Write-ups, amortization, depreciation and impairment in € thousand	Cumulative	Revaluations	Depr./amort.	Carrying amount as at 31/12/2012
Intangible fixed assets	**(3,727)**	**2**	**(233)**	**440**
Goodwill	(43)	0	0	96
Software and miscellaneous	(3,684)	2	(233)	345
Tangible fixed assets	**(17,922)**	**0**	**(1,727)**	**10,912**
Land and buildings used by the Group for own purposes	(2,208)	0	(156)	6,929
thereof value of developed land	0	0	0	2,006
Other tangible fixed assets	(15,714)	0	(1,571)	3,983
Total	**(21,649)**	**2**	**(1,960)**	**11,352**

Additions to intangible fixed assets and tangible fixed assets do not include any relevant individual investments.

The following table shows the development of intangible fixed assets and tangible fixed assets during 2011:

Cost of acquisition or production in € thousand	**Balance as at 1/1/2011**	**Change in consolidation range**	**Exchange differences**	**Additions**	**Disposals**	**Transfers**	**Balance as at 31/12/2011**
Intangible fixed assets	**3,533**	**0**	**4**	**351**	**(29)**	**31**	**3,890**
Goodwill	43	0	0	0	0	0	43
Software and miscellaneous	3,491	0	4	351	(29)	31	3,848
Tangible fixed assets	**33,120**	**0**	**4**	**1,280**	**(991)**	**(31)**	**33,382**
Land and buildings used by the Group for own purposes	9,183	0	0	0	(46)	0	9,137
thereof value of developed land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	23,937	0	4	1,280	(945)	(31)	24,245
Total	**36,653**	**0**	**8**	**1,631**	**(1,020)**	**0**	**37,272**

Write-ups, amortization, depreciation and impairment in € thousand	**Cumulative**	**Revaluations**	**Depr./amort.**	**Carrying amount as at 31/12/2011**
Intangible fixed assets	**(3,552)**	**0**	**(199)**	**339**
Goodwill	(43)	0	0	0
Software and miscellaneous	(3,509)	0	(199)	339
Tangible fixed assets	**(21,648)**	**0**	**(1,886)**	**11,734**
Land and buildings used by the Group for own purposes	(1,984)	0	(234)	7,153
thereof value of developed land	0	0	0	2,006
Other tangible fixed assets	(19,664)	0	(1,652)	4,581
Total	**(25,200)**	**0**	**(2,086)**	**12,073**

(23) Other assets

in € thousand	2012	2011
Tax assets	2,888	2,552
Current tax assets	897	432
Deferred tax assets	1,991	2,120
Loans and advances arising from non-banking activities	39,459	36,811
Prepayments and other deferrals	1,649	4,592
Clearing claims from securities and payment transfer business	3,236	18
Inventories	32,170	41,191
Any other business	2,139	5,433
Total	**81,541**	**90,597**

The increase in "Loans and advances arising from non-banking activities" is mainly due to a rise in the M & A business (2012: € 7,403 thousand; 2011: € 3,798 thousand). In addition, the item includes loans and advances from the rubber trading commodity subsidiaries, which, similar to item "Inventories", records a decline which relates to a decreasing demand in the wake of the general economic situation.

Deferred taxes break down as follows:

in € thousand	2012	2011
Deferred tax assets	1,991	2,120
Provisions for deferred taxes	32	98
Total (net)	**1,958**	**2,022**

Net deferred taxes result from the following items:

in € thousand	2012	2011
Tangible and intangible fixed assets	1,131	1,165
Equity participations	37	75
Other assets	196	115
Provisions	437	743
Tax loss carryforwards	270	78
Other balance sheet items	159	19
Deferred tax assets	**2,229**	**2,195**
Other assets	164	42
Loans and advances to customers	99	96
Trading assets	4	17
Other balance sheet items	4	17
Deferred tax liabilities	**271**	**172**
Net deferred taxes	**1,958**	**2,022**

(24) Liabilities to credit institutions

in € thousand	2012	2011
Giro and clearing business	12,655	19,969
Money market business	150,445	6,755
Total	**163,100**	**26,724**

Liabilities to credit institutions are classified regionally (counterparty's seat) as follows:

in € thousand	2012	2011
Austria	132,675	13,046
Other countries	30,424	13,678
Total	**163,100**	**26,724**

(25) Liabilities to customers

in € thousand	2012	2011
Sight deposits	110,201	87,548
Time deposits	26,735	51,703
Total	**136,936**	**139,251**

Liabilities to customers pursuant to the definition contained in Basel II are comprised of the following:

in € thousand	2012	2011
Corporate customers – large	78,659	71,981
Retail customers – private individuals	58,277	67,271
Total	**136,936**	**139,251**

Retail (private) customers refer exclusively to wealthy private individuals and self-employed persons (high net worth individuals).

Liabilities to customers are classified regionally (counterparty's seat) as follows:

in € thousand	2012	2011
Austria	58,388	51,020
Other countries	78,548	88,231
Total	**136,936**	**139,251**

(26) Provisions

in € thousand	Balance as at 1/1/2012	Change in consolidation range	Additions	Reversals	Use	Transfers, exchange differences	Balance as at 31/1/2012
Severance payments	6,045	0	1,632	0	(2,633)	0	5,044
Retirement benefits	2,390	(2,239)	298	0	0	0	449
Taxes	877	(5)	896	(306)	(444)	8	1,027
Current	779	(5)	864	(208)	(444)	8	995
Deferred	98	0	32	(98)	0	0	32
Pending legal issues	3,247	0	0	0	0	0	3,247
Overdue vacation	2,139	53	472	(966)	(28)	1	1,671
Other	9,779	0	11,871	(641)	(9,425)	4	11,587
Total	**24,477**	**(2,191)**	**15,169**	**(1,913)**	**(12,530)**	**14**	**23,026**

in € thousand	Balance as at 1/1/2011	Change in consolidation range	Additions	Reversals	Use	Transfers, exchange differences	Balance as at 31/12/2011
Severance payments	5,987	0	770	(16)	(696)	0	6,045
Retirement benefits	2,106	0	284	0	0	0	2,390
Taxes	667	0	608	(51)	(334)	(13)	877
Current	614	0	516	(1)	(334)	(18)	779
Deferred	53	0	92	(51)	0	4	98
Pending legal issues	3,247	0	0	0	0	0	3,247
Overdue vacation	2,093	0	59	(13)	0	(1)	2,139
Other	15,957	0	8,114	(1,468)	(12,701)	(123)	9,779
Total	**30,057**	**0**	**9,835**	**(1,548)**	**(13,731)**	**(137)**	**24,477**

Other provisions are comprised primarily of provisions for employee bonuses in the amount of € 7,046 thousand (2011: € 8,048 thousand). In addition, the item includes provisions for potential losses and outstanding invoices in the M & A business in the amount of € 1,555 thousand in 2012 (2011: € 0).

(27) Trading liabilities

in € thousand	2012	2011
Negative fair values of derivative financial instruments	**869,376**	**596,480**
from trading in certificates with option character	709,603	446,499
from OTC options	77,292	101,048
from trading in warrants	2,760	2,454
from trading in OeTOB products	63,011	23,675
from trading in DAX options	10,993	14,809
from trading in other options	5,717	7,996
Issued certificates (guarantee bonds)	**744,980**	**743,369**
Short-selling of trading assets	**524,193**	**480,779**
Total	**2,138,548**	**1,820,628**

Trading liabilities include structured guarantee products issued by Raiffeisen Centrobank such as the well-known Winner and Blue Chip certificates. This item also includes warrants and other certificates, such as turbo certificates on indexes and shares.

The item also includes the short-selling of stocks, which are related to the market making activities of Raiffeisen Centrobank and primarily represent counter-positions to stock and index futures as well as cash (bank) positions recorded under assets.

(28) Derivative financial instruments

in € thousand	2012	2011
Negative fair value of derivatives in fair value hedges (IAS 39)	**397**	**383**
Interest-based transactions	397	383
Negative fair values of other derivative financial instruments	**372**	**170**
Currency-based transactions	372	170
Total	**769**	**553**

This item includes the negative fair values of other derivative financial instruments which are not held for trading purposes. Insofar as the conditions for hedge accounting according to IAS 39 are fulfilled, derivative financial instruments are measured at fair values (dirty prices) in their function as hedging instruments. The hedged items in connection with the fair value hedges are loans and advances to customers and liabilities to credit institutions. The hedged risks are interest rate risks. In addition, the item includes negative fair values of derivative financial instruments which are neither held for trading purposes nor serve as fair value hedge pursuant to IAS 39.

(29) Other liabilities

in € thousand	2012	2011
Liabilities arising from non-banking activities	16,086	40,392
Accruals and deferred items	293	451
Clearing claims from securities and payment transfer business	1,801	0
Any other business	6,792	8,773
Total	**24,972**	**49,616**

The decrease in "Liabilities arising from non-banking activities" relates mainly to a decrease in liabilities from deliveries of goods and services of the commodity trading companies.

(30) Subordinated capital

in € thousand	2012	2011
Subordinated capital	20,516	20,481
Total	**20,516**	**20,481**

"Subordinated capital" refers to a subordinated bond issued in January 2008 to add to the equity of Raiffeisen Centrobank required to meet capital adequacy requirements. The amount of € 20,000 thousand nominal value, which is recognized under this item, also includes interest accrued up to the balance sheet total of € 20,516 thousand. The bond has an indefinite time to maturity, granting a right to termination of five years. The interest rate amounts to EURIBOR plus 100 bp.

Expenses for subordinated capital totaled € 559 thousand in 2011 (2011: € 519 thousand).

(31) Equity

in € thousand	2012	2011
Consolidated equity	96,257	103,044
Subscribed capital	47,599	47,599
Capital reserves	6,651	6,651
Retained earnings	42,006	48,794
Group net profit	11,759	13,887
Non-controlling interests	846	760
Total	**108,862**	**117,692**

The subscribed capital of Raiffeisen Centrobank AG continues to be divided into 655,000 zero par value shares. In accordance with the Articles of Association, the total nominal value equals € 47,598,850. Statement of changes in equity is available on page 58.

"Non-controlling interests" relates to shares of third parties in OOO Raiffeisen Investment, Moscow (Russia) and Raiffeisen Investment Polska sp.z.o.o., Warsaw (Poland).

The Executive Board will propose to the Annual General Meeting that a dividend of € 21.00 per ordinary share be distributed from the balance sheet profit in the individual financial statements of Raiffeisen Centrobank AG as at 31 December 2012, amounting to € 26,670 thousand. This represents a total dividend payment of € 13,755 thousand. The remaining amount of € 12,915 will be carried forward to the new balance sheet.

(32) Breakdown of the remaining terms to maturity

31/12/2012 in € thousand	**Payable on demand or with indefinite maturity dates**	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**
Cash reserve	5,541	0	0	0	0
Loans and advances to credit institutions	137,973	23,722	68,767	1,233	0
Loans and advances to customers	46,529	6,527	2,728	23,978	7,644
Trading assets	205,284	266,108	635,984	961,264	108,353
Securities and financial investments	9,292	0	12,907	0	0
Other assets	16,868	61,002	15,014	28	0
Total assets	**421,469**	**357,358**	**735,400**	**986,504**	**115,997**
Liabilities to credit institutions	15,687	147,413	0	0	0
Liabilities to customers	110,200	15,374	11,362	0	0
Trading liabilities	524,192	243,172	267,932	935,287	167,965
Subordinated capital	0	516	0	0	20,000
Other liabilities	23,481	24,794	95	397	0
Subtotal	**673,560**	**431,269**	**279,389**	**935,683**	**187,965**
Equity	108,862	0	0	0	0
Total equity and liabilities	**782,422**	**431,269**	**279,389**	**935,683**	**187,965**

31/12/2011 in € thousand	Payable on demand or with indefinite maturity dates	Up to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Cash reserve	4,148	0	0	0	0
Loans and advances to credit institutions	126,161	102,068	36,991	1,157	0
Loans and advances to customers	31,726	9,236	2,561	12,957	1,282
Trading assets	119,796	258,977	331,862	887,557	144,988
Securities and financial investments	9,784	0	14,847	0	0
Other assets	18,110	57,970	27,216	27	0
Total assets	**309,725**	**428,250**	**413,476**	**901,698**	**146,270**
Liabilities to credit institutions	25,892	583	250	0	0
Liabilities to customers	87,548	28,734	22,969	0	0
Trading liabilities	480,779	148,092	90,103	852,330	249,324
Subordinated capital	0	481	0	0	20,000
Other liabilities	24,320	47,638	94	2,593	0
Subtotal	**618,539**	**225,527**	**113,416**	**854,923**	**269,324**
Equity	117,692	0	0	0	0
Total equity and liabilities	**736,230**	**225,527**	**113,416**	**854,923**	**269,324**

(33) Related parties

Companies can carry out business with related parties that may affect the entity's asset, financial and earnings position. The related parties of the Raiffeisen Centrobank Group are divided into the following categories:

- The parent companies are Raiffeisen Zentralbank Österreich Aktiengesellschaft, Raiffeisen Bank International AG, RBI KI Beteiligungs GmbH and Lexxus Services Holding GmbH.
- Affiliated companies encompass those affiliated companies of Raiffeisen Zentralbank Österreich Aktiengesellschaft which are not included in the consolidated financial statements of Raiffeisen Centrobank AG.
- Companies valued at equity are companies which are classified by Raiffeisen Zentralbank Österreich Aktiengesellschaft as companied valued at equity.
- Other interests.

Information on the business ties of the Raiffeisen Centrobank Group with the key management (Executive Board) is provided in section (50).

As at 31 December 2012 transactions with related parties were as follows:

in € thousand	Parent company	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to credit institutions	101,498	5,756	4,250	0
Loans and advances to customers	0	965	514	0
Trading assets	1,563,112	107,732	3	0
Securities and financial investments	0	356	5,135	19
Other assets (incl. derivatives)	393	87	10	0
Liabilities to credit institutions	61,757	5,224	4,254	0
Liabilities to customers	0	2,392	20	0
Provisions	2,273	100	0	0
Trading liabilities	31,522	308	0	68
Other liabilities (incl. derivatives)	3,193	558	61	0
Subordinated capital	0	20,516	0	0
Guarantees received	15,000	0	0	0

As at 31 December 2011 transactions with related parties were as follows:

in € thousand	Parent company	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to credit institutions	166,406	4,746	91	0
Loans and advances to customers	0	0	514	0
Trading assets	1,348,658	16,746	1,770	0
Securities and equity participations	0	1,182	5,135	19
Other assets (incl. derivatives)	1,680	246	17	0
Liabilities to credit institutions	371	9,478	3,501	0
Liabilities to customers	0	34,894	37	0
Provisions	176	0	0	0
Trading liabilities	22,429	332	37,355	2,178
Other liabilities (incl. derivatives)	4,474	141	34	0
Subordinated capital	0	20,481	0	0
Guarantees received	14,000	0	0	0

(34) Foreign currency volumes

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

in € thousand	2012	2011
Assets	473,775	310,440
Liabilities	362,025	166,775

(35) Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria are as follows:

in € thousand	2012	2011
Assets	659,772	448,455
Liabilities	275,670	314,546

(36) Subordinated assets

The company had no subordinated assets, neither in 2012 nor in 2011.

(37) Assets pledged as collateral

The following liabilities are secured by assets shown in the balance sheet:

in € thousand	2012	2011
Other liabilities	179,273	154,092
Total	**179,273**	**154,092**

The following assets are provided as collateral for the above-mentioned liabilities:

in € thousand	2012	2011
Loans and advances to credit institutions	122,269	99,602
Trading assets	102,053	114,803
Securities and financial investments	12,775	13,745
Total	**237,097**	**228,150**

(38) Operating lease

Future rental and lease payments are as follows:

in € thousand	2012	2011[1]
Up to 1 year	1,488	1,474
1 to 5 years	4,713	4,324
Total	**6,201**	**5,798**

[1] Adjustment of previous year data

Risk report

(39) Risks arising from financial instruments

Risk management principles

For Raiffeisen Centrobank active risk management means the identification, measurement, monitoring and management of economic risks. This process is designed to achieve profits by taking risks in a targeted, controlled manner. As a subsidiary of Raiffeisen Bank International, Raiffeisen Centrobank is integrated into the risk management processes of the RZB Credit Institution Group. The various risk management units operating at different management levels ensure that all major risks are monitored and limited and that business transactions are concluded under a risk/return perspective.

The risk management principles followed by Raiffeisen Centrobank are focused, above all, on the company's individual risk profile, which originates with the company's orientation toward the equity and equity derivatives business. All transactions are evaluated with respect to their risk content and earnings potential based on the type, scope and complexity of the transaction as well as the relevant regulatory requirements.

The management activities of the Executive Board are supported by the risk management concept, which provides a coordinated process for the handling of market risk, credit risk, operational risk, equity participation risk and other risks. The basic principles and methods underlying risk management are defined by the bank's organizational guidelines and manuals. Within the framework of its decision-taking authority the Executive Board determines the bank's risk management policies, authorizing the principles of risk management, the specification of limits for all relevant risks as well as the precise processes to monitor risks. The risk policy is an integral part of the risk management scheme of the bank as a whole, which systematically links the profit management and risk management of all business segments.

An independent risk management department, incorporated within the controlling department, supports the Executive Board in effectively fulfilling its duties. The department reports regularly to the Executive Board and evaluates the current risk situation by taking account of the risk capacity and risk limits. It supports the Executive Board in allocating a risk management budget and in managing risks. As a cross-divisional and enterprise-wide body, the department is responsible for the ongoing further development and implementation of methods to measure risks, to refine risk management instruments as well as to maintain and update the regulatory framework. The Risk Committee, which meets weekly, addresses all issues and regulations in the area of risk management, develops recommendations for the Executive Board as a whole, or prepares resolutions. Members of the Risk Committee, along with the Executive Board are the heads of the Risk Management, Securities Trading & Sales and Treasury departments. The evaluation of interest rate changes and the balance sheet risks as well as liquidity risks takes place within the framework of the Asset Liability Committee.

Raiffeisen Centrobank employs common methods and schemes in its risk management activities. Risk management is based on a risk strategy that focuses on risk appetite and risk capacity. On this basis, a unified bank-wide limit system is used that distributes the desired risk exposure at various levels. The quantification of operational risk using a VaR- consistent parameter continues to be important. This enables Raiffeisen Centrobank to quantify this risk as well and appropriately take account of the operational risks in the bank's overall risk management along with the main risks to which the bank is subject, namely market risk and credit risk.

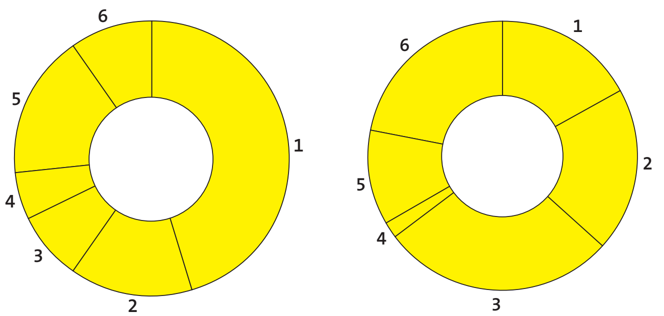
Risk capacity and risk management

Risk capacity denotes the capability of a bank to cover the risks arising from its transactions by furnishing equity capital and similar items. As banks cannot as a general rule completely preclude the incurring of risks, the losses arising from the realization of these risks are to be defrayed by these funds, which are referred to as the risk coverage sum. The amount of this sum determines which risk-bearing activities -and the maximum exposure associated with them- are suitable for a bank. The ability to bear risk thus significantly impacts on a bank's assumption of further risk. This, in turn, determines the focus and scope of the bank's transactions.

The risk capacity analysis of the RZB Credit Institution Group is supplemented by scenarios adapted to the business model of Raiffeisen Centrobank which are used to verify whether or not potential losses (the risk potential) exceed the amount of the aggregate risk cover available at the time. Taking the going concern perspective (calculated using a confidence interval of 95 per cent and a retention period of three months), the scenarios' thrust is the assuring that the potential losses ("risk potential") arising from transactions do not exceed the associated risk coverage sums. Also factored in are the liquidation perspective (bearing with it a confidence level augmented to 99.9 per cent) and the stress tests employed in the assessment of the effects of significant and negative alterations in the risk-causing factors which may possibly not be adequately depicted in the VaR models.

Securing capital adequacy is one of the primary goals of risk management at Raiffeisen Centrobank. The adequacy of capital is assessed every quarter on the basis of risk calculated according to internal modes. Capital requirements both from a regulatory perspective (going-concern perspective) and from an economic point of view (liquidation perspective) are taken into account, In both perspectives, all material risks are determined using a VaR model, Market risk constitutes the most significant risk from both perspectives. This accounts for roughly 46 per cent of total risk as at 31 December 2012 (2011: roughly 38 per cent).

Going-concern perspective 2012 // Liquidation perspective 2012



Going-concern perspective	31/12/2012	31/12/2011
1. Market risk	45.6%	37.5%
2. Credit risk	14.3%	12.7%
3. Operational risk	8.2%	9.0%
4. Business risk	5.4%	4.4%
5. Equity participation risk	16.9%	26.9%
6. Other risks	9.7%	9.5%

Liquidation perspective	31/12/2012	31/12/2011
1. Market risk	17.0%	16.6%
2. Credit risk	19.4%	14.3%
3. Operational risk	28.7%	29.7%
4. Business risk	2.0%	2.0%
5. Equity participation risk	11.3%	17.1%
6. Other risks	21.5%	20.4%

Market risk

The top priority of Raiffeisen Centrobank is to counteract market risk. Raiffeisen Centrobank defines market risk as incurring potential losses due to market changes, resulting from fluctuating or changing market prices (e.g. share, currency and securities prices) and parameters which affect prices (e.g. interest rates, volatilities). Comprehensive, real-time evaluations of market risk are developed, enabling the bank to combine this information with data on other risk factors to prepare an overall risk assessment. Market risks primarily consist of share and warrant prices as well as interest rate fluctuation and exchange rate risks and are managed by the bank's Securities Trading & Sales and Treasury segment.

The main focus of the business activities of Raiffeisen Centrobank is in securities trading and the issue of equity-index oriented derivatives and structured products (certificates and guarantee bonds). Risk positions primarily result from the dynamic hedging of the warrants and certificates issued by Raiffeisen Centrobank. The market risk arising from the securities trading book of Raiffeisen Centrobank mainly refers to price risks resulting from trading book positions held in shares and derivatives.

Market risk also represents the most important overall risk for Raiffeisen Centrobank. In addition to volume and sensitivity limits, VaR plays a key role in the management of market risk. The use of a Monte Carlo simulation adapted to reflect the Raiffeisen Centrobank business model ensures that decision-making also includes all market-relevant, non-linear risks resulting from the use of warrants.

Raiffeisen Centrobank measures, monitors and manages all market risks by setting a variety of limits which are defined by taking account of the risk capacity of the bank. Depending on the type of transaction, these limits can include volume, position and sensitivity limits (delta, gamma, vega and basis point value) as well as stop-loss limits that are embedded in a VaR system that covers the entire company. Compliance and use of limits are monitored and reported to the Executive Board on a daily basis by Controlling Securities, within the context of a comprehensive reporting system.

VaR plays an important role. It furnishes forecasts on potential greater losses under normal market conditions and is contrasted against a particular limit. On the basis of the variance-covariance model which is calculated daily the VaR for interest rate risk, currency risk and price risk is calculated with a confidence interval of 99 per cent and a retention period of one day. The market data for calculation of volatility and correlations are based on a one-year history.

The following table shows the one day VaR (in accordance with the variance-covariance model) for the market risk arising from the trading books, depending on the type of risk.

in € thousand	31/12/2012	30/09/2012	30/06/2012	31/03/2012	31/12/2011
Interest rate risk	152	177	103	138	182
Foreign exchange risk	100	84	116	81	97
Price risk	1,774	1,181	1,442	1,429	1,980
Total	**2,026**	**1,442**	**1,661**	**1,648**	**2,259**

Comparative figures as at 31 December 2011:

in € thousand	31/12/2011	30/09/2011	30/06/2011	31/03/2011	31/12/2010
Interest rate risk	182	199	376	570	421
Foreign exchange risk	97	112	42	64	49
Price risk	1,980	1,638	1,457	1,523	995
Total	**2,259**	**1,949**	**1,875**	**2,157**	**1,465**

The substantial reduction in price risk is attributable to a decrease in volatilities. In the course of monitoring the overall banking risk (ICAAP) the VaR is calculated using the statistically more precise Monte Carlo simulation. This practice permits the taking into account those non-linear risks resulting from the employment of options, and impacting upon market-related risks. The Monte Carlo simulation is based upon a full-scale valuation of the portfolio. The future development of this figure is the simulated by subjecting the portfolio to an array of randomly generated movements on exchanges. Whether or not random variables (risk factors) are realized is determined by applying a stochastic process (distributions and random walks) and parameters (for instance volatility correlations) incorporating historic data or predefined scenarios. This represents a significant increase in the flexibility of the risk measurement method, which is now able to incorporate new methods of valuation, non-normal distribution assumptions and such non-linear correlation models as copulas. Included in Raiffeisen Centrobank's portfolio are exotic options and path-dependent instruments. It is for that reason that the Monte Carlo simulation represents the most effective way of measuring risk borne by Raiffeisen Centrobank's portfolio. In a further benefit, the incorporation of stress tests enables the taking into account of extreme market variations, of catastrophic events, and of risks specific to individual countries and arising from concentration of operations.

The subsequent table shows the 3 months VaR (according to the Monte Carlo model) for market risk in the going concern and liquidation perspective:

in € thousand	31/12/2012	30/09/2012	30/06/2012	31/03/2012	31/12/2011
Going-Concern (95% confidence interval)	6,893	3,199	2,088	4,492	4,884
Liquidation (99.9% confidence interval)	8,993	5,582	3,529	6,628	7,408

Comparative figures as at 31 December 2011:

in € thousand	31/12/2011	30/09/2011	30/06/2011	31/03/2011	31/12/2010
Going-Concern (95% confidence interval)	4,884	5,096	4,721	5,529	7,121
Liquidation (99.9% confidence interval)	7,408	7,221	6,420	9,537	10,914

In addition to VaR, Raiffeisen Centrobank uses stress tests – primarily to evaluate market risk and credit risk, but also for operational and liquidity risk. The performance and analysis of stress tests represent a valuable addition to the VaR model because of their focus on extreme events. The VaR model cannot depict the full coverage of risk because it is based solely on historic data and only determines risks at a specific confidence interval (99 per cent). In contrast to the VaR model, stress tests simulate the performance of the portfolio under abnormal market situations and atypical price movements. These stress tests are used to identify possible weaknesses in the portfolio that have a significant potential to produce losses, and thereby allow for the planning of appropriate measures. Stress tests involve artificial changes to various risk factors in the Raiffeisen Centrobank portfolio in order to simulate the effects of unusual market situations.

The stress tests used by Raiffeisen Centrobank are based on historic data as well as criteria defined by management. Historic stress tests are based on significant past events on the relevant markets. The assumption is that the same or similar events will occur in the future, and are therefore pertinent to the risk situation of the company (e.g. Lehman default scenario). Management-defined stress tests are designed to evaluate the effects of hypothetical events on the portfolio. The relevant scenarios are developed jointly by an expert team and the management. In this way, shifts in key risk factors – such as stock prices, CDS spreads and interest rate curves – can be calculated. These stress tests enable the company to identify the occurrence of risks at an early point in time. Current results show a satisfactory picture.

Backtesting

Raiffeisen Centrobank uses a backtesting procedure for its trading portfolio to evaluate the accuracy of the VaR calculations. This procedure involves the comparison of hypothetical daily profits and losses under the buy-and-hold assumptions with the amounts forecasted by the VaR model. Risk Management discusses the results of backtesting on a regular basis, analyzes the resulting VaR movements and evaluates the quality of the forecasts produced by the VaR model. The current results of backtesting confirm the validity of the model used by the company.

Required capital coverage for the securities trading book as defined in § 22 o of the Austrian Banking Act

The required trading book capital is calculated in accordance with § 22 o of the Austrian Banking Act. As at 31 December 2012, the required securities trading book capital amounted to € 34.70 million (31/12/2011: € 28.30 million).

Interest rate risk

The interest rate risk associated with the banking book is of secondary importance, and is calculated using the methods of analysis classically applied to capital and interest rate commitments. Interest rate risk is reported to supervisory authorities on a quarterly basis within the framework of interest rate statistics.de.

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2012 was as follows:

in € thousand	> 6m - 1y	> 1 - 2y	> 2 - 5y	> 5y
EUR	55,327	0	1	0
USD	(814)	0	0	0
Other	0	0	0	0

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2011 was as follows:

in € thousand	> 6m - 1y	> 1 - 2y	> 2 - 5y	> 5y
EUR	2,839	0	1	0
USD	3,098	0	0	0
Other	0	0	0	0

A positive interest maturity gap represents an asset surplus, while a negative interest maturity gap represents a liability surplus.

Credit risk

The credit risk represents default risk that arises from the inability of a customer to fulfill contractually agreed financial obligations, when services have been rendered (e.g. liquidity, securities, advisory services) or when unrealized profits from pending business transactions can no longer be recovered.

The traditional credit and loan business is of immaterial significance for Raiffeisen Centrobank due to the limited business volume and the company's strategic orientation. Additional credit risks primarily relate to acquired debt instruments and structured products which serve to hedge debt instruments and structured products issued by the company.

The limitation and measurement of risks is primarily carried out by setting nominal limits as well as by the VaR figures for credit risk made available by RZB Credit Institution Group. The internal system for controlling credit risk encompasses all forms of monitoring that are directly or indirectly integrated into the work processes that require monitoring. Against the backdrop of the capital adequacy framework for banks (Basel II) the ongoing management, controlling and monitoring of credit risk at the RZB Credit Institution Group are assured. The Group-wide rating and default database registers and evaluates customers and documents default processes.

To measure risk internally, Raiffeisen Centrobank uses a modified version of the Basel II IRB approach, which enables the determination of a VaR consistent risk value and, unlike the original IRB formula, includes the expected loss. The credit risk of Raiffeisen Centrobank is monitored and analyzed on a loan-by-loan (employing a comprehensive and well-founded analysis of potential debtor's creditworthiness and collateral) and portfolio-wide basis. The methods of calculation employed yield a comprehensive depiction of the company's credit-incurred risks and reveal their relative (when compared to market-related risks) lack of importance.

As at 31 December 2012, Raiffeisen Centrobank, in its individual financial statements, had interest-bearing assets subject to credit risk as well as off-balance sheet volume amounting to € 1,899,001 thousand (2011: € 1,541,958 thousand) before deductions made for value adjustments.

Asset volume in € thousand	**31/12/2012**		**31/12/2011**	
Bonds and notes of public bodies	35,983		0	
Loans and advances to credit institutions	1,238,164		910,552	
Loans and advances to customers	135,940		111,334	
Bonds	488,088		515,422	
	1,898,175		**1,537,308**	
Product-weighted off-balance sheet transactions	826		4,650	
	1,899,001	**100.0%**	**1,541,958**	**100.0%**
Irrecoverable	110	0.0%	267	0.0%
Default potential	0	0.0%	0	0.0%
Requiring attention	0	0.0%	0	0.0%

The following table shows the development of individual loan loss provisions according to balance sheet items:

in € thousand	Balance as at 1/1/2012	Allocation	Release	Use	Transfer. exchange differences	Balance as 31/12/2012
Individual loan loss provisions	**267**	**0**	**0**	**(157)**	**0**	**110**
Loans and advances to customers	267	0	0	(157)	0	110
thereof Austria	267	0	0	(157)	0	110
Total	**267**	**0**	**0**	**(157)**	**0**	**110**

in € thousand	Balance as at 1/1/2011	Allocation	Release	Use	Transfer. exchange differences	Balance as 31/12/2011
Individual loan loss provisions	**352**	**13**	**(70)**	**(28)**	**0**	**267**
Loans and advances to customers	352	13	(70)	(28)	0	267
thereof Austria	352	13	(70)	(28)	0	267
Total	**352**	**13**	**(70)**	**(28)**	**0**	**267**

Loans and advances as well as loan loss provisions based on the structure according to Basel II asset classes are shown in the following table:

31/12/2012 in € thousand	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair value
Credit institutions	231,695	0	231,695	0	231,695
Corporate customers– large	66,017	0	66,017	0	66,124
Retail customers – private individuals	21,500	110	21,390	110	21,390
Total	**319,212**	**110**	**319,102**	**110**	**319,209**

31/12/2011 in € thousand	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair value
Credit institutions	266,376	0	266,376	0	266,376
Corporate customers – large	48,098	141	47,957	141	48,108
Retail customers – private individuals	9,931	126	9,805	126	9,805
Total	**324,405**	**267**	**324,138**	**267**	**324,289**

The parent company of Raiffeisen Centrobank, Raiffeisen Bank International AG uses the IRB approach based on internal ratings to assess credit risk. Raiffeisen Centrobank applies the standard approach, for which the "permanent partial use" parameter has been approved.

Overdue financial instruments

The definition of default and the assessment of the expected recovery value are heavily influenced by the number of days payments are late. As at 31 December 2012, and as at 31 December 2011, Raiffeisen Centrobank had no overdue loans and advances that had not been reduced through individual loan loss provisions. Loans and advances not previously adjusted totaled € 319,102 thousand as at 31 December 2012 (31/12/2011: € 324,138 thousand).

Impaired financial instruments

The following table shows the carrying amount of loans and advances reduced through individual loan loss provisions as well as the related individual loan loss provisions and the corresponding net value of available collateral:

Impairments and Collaterals 31/12/2012 in € thousand	**Individually impaired assets**	**Individual loan loss provisions**	**Individually impaired assets after deduction of individual loan loss provisions**	**Collaterals for individually impaired assets**	**Interest on individually impaired assets**
Corporate customers– large	0	0	0	0	0
Retail customers – private individuals	110	110	0	0	0
Total	**110**	**110**	**0**	**0**	**0**

Impairments and Collaterals 31/12/2011 in € thousand	**Individually impaired assets**	**Individual loan loss provisions**	**Individually impaired assets after deduction of individual loan loss provisions**	**Collaterals for individually impaired assets**	**Interest on individually impaired assets**
Corporate customers – large	141	141	0	0	6
Retail customers – private individuals	126	126	0	0	0
Total	**267**	**267**	**0**	**0**	**6**

The following table shows the maximum credit risk exposure (including revocable and irrevocable credit commitments) and the fair value of collaterals without default of debtor:

31/12/2012		Maximum credit exposure	Fair value of collaterals
in € thousand	Net exposure	Commitments/ guarantees issued	Reselling/ repledging allowed
Credit institutions	231,695	496	314
Corporate customers – large	66,017	3,662	38,367
Retail customers – private individuals	21,390	3,168	15,669
Total	**319,102**	**7,326**	**54,351**

31/12/2011		Maximum credit exposure	Fair value of collaterals
in € thousand	Net exposure	Commitments/ guarantees issued	Reselling/ repledging allowed
Credit institutions	266,376	471	471
Corporate customers– large	47,957	13,839	30,901
Retail customers – private individuals	9,805	1,061	6,754
Total	**324,138**	**15,371**	**38,126**

Operational risk

In line with Basel II, 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. As is the case with other types of risk, the principle of ensuring a strict division of responsibilities between risk management and risk controlling is also applied to operational risk. Operational risk is analyzed and managed on the basis of the Group's own regular self-risk assessments, the results of evaluating risk scenarios and the Group's historic loss data. The standardized approach, which is based on segment operating income, is used to determine the necessary capital coverage for operational risk as defined in Basel II. Provisions are made in order to meet pending legal risks in accordance with appraisals carried out of the potential economic losses resulting from court decisions. The calculation of VaR consistent risk values is going to be carried out using the operating amounts determined by using the standard approach stipulated by Basel II for standard business lines. The method of quantification employed is derived from a large-scale empirical study on the advanced measurement approaches used in analyzing databases chronicling operating losses as they relate to Basel II's standard approach. The data presented in the study forms the basis for the employment of empirical values and a reversed engineering approach in the deriving of the parameters. The calculation of VaR consistent risk values enables immediate and fully-intermeshing taking into account of the operational risks and of an assessment of its role within the bank's overall exposure to risk and the limits placed upon it. This VaR consistent risk value (95 per cent confidence interval, 3-month retention period) amounted to € 1.23 million as at 31 December 2012 (31/12/2011: € 1.17 million).

Equity participation risk

Part of the banking book also encompasses risks derived from equity participations (all of which involve unlisted companies). As at 31 December 2012 the carrying amount of the equity participations of Raiffeisen Centrobank totaled € 14.07 million (31/12/2011: € 15.50 million). The resulting share of these equity participations in the capital requirements of Raiffeisen Centrobank is thus 1.84 per cent (previous year: 2.43 per cent). The focal point of the bank's efforts to mitigate and control equity participation risks is the limits set for the trading subsidiaries of Raiffeisen Centrobank. Financial and trading limits are approved by the internal credit committee or, when specified limits are to be exceeded, by the Supervisory Board of Raiffeisen Centrobank. On this basis a standardized and comprehensive spectrum of reports are put together, sometimes on a daily basis but on a monthly basis at a minimum, including risk reports for performance risk, financial risk and position risk. The limits are monitored at various levels: by the subsidiaries themselves, by the controlling subsidiaries department of Raiffeisen Centrobank and by the economic controls imposed by the company's credit department within the context of the supervision of capital loans to subsidiaries. The information provided by all companies in which Raiffeisen Centrobank has an equity stake are merged into one single report each month and conveyed to the Executive Board of Raiffeisen Centrobank and also on a quarterly basis to the Supervisory Board.

Risk assessment operations distinguish between participatory items per se and all other exposures associated with these items ("participatory-similar items"). The items' quantification is undertaken, as a general rule, using, in line with the procedure applied to loan-related risk, a modification of the IRB approach. Direct equity participations are quantified using a procedure similar to the PD/LGD approach (§§ 72. 77 (4) of the Austrian Solvability Regulation ("Solvabilitätsverordnung"). Participatory-similar items are categorized on an item-by-item basis as either participations or loans.

Liquidity risk

Liquidity management – i.e. ensuring that the company meets its obligations at all times, is performed both by Raiffeisen Centrobank and by Raiffeisen Bank International AG. Raiffeisen Bank International AG serves as the central liquidity settlement center for the Group in Austria and for the various local network banks in Central and Eastern Europe.

The major part of refinancing takes place through Raiffeisen Bank International AG, and the (structural) liquidity risk of Raiffeisen Centrobank is therefore lower. The following table shows a breakdown of cash flows according to the contractual maturity of financial liabilities:

31/12/2012 in € thousand	Carrying amount	Contractual cash flows	< 3 months	3-12 months	1-5 years	> 5 years
Non-derivative liabilities	**1,614,696**	**1,626,619**	**945,352**	**130,507**	**522,567**	**28,194**
Liabilities to credit institutions	163,100	163,220	163,220	0	0	0
Liabilities to customers	136,936	136,963	125,578	11,386	0	0
Other liabilities	1,294,144	1,303,623	655,991	119,121	522,567	5,944
Subordinated capital	20,516	22,813	563	0	0	22,250
Derivative liabilities	**870,145**	**870,145**	**146,189**	**148,817**	**413,117**	**162,021**
Derivatives in the trading book	869,376	869,376	145,818	148,817	412,720	162,021
Hedging derivatives	397	397	0	0	397	0
Other derivatives	372	371	371	0	0	0
Credit risks	**4,225**	**4,225**	**0**	**4,225**	**0**	**0**
Irrevocable credit commitments/ standby facilities	4,225	4,225	0	4,225	0	0

31/12/2011 in € thousand	Carrying amount	Contractual cash flows	< 3 months	3-12 months	1-5 years	> 5 years
Non-derivative liabilities	**1,460,219**	**1,484,590**	**688,631**	**52,278**	**637,411**	**106,271**
Liabilities to credit institutions	26,724	26,727	26,476	252	0	0
Liabilities to customers	139,251	139,667	116,471	23,196	0	0
Other liabilities	1,273,763	1,295,571	545,159	28,830	637,411	84,171
Subordinated capital	20,481	22,625	525	0	0	22,100
Derivative liabilities	**597,033**	**597,033**	**130,247**	**58,065**	**238,324**	**170,398**
Derivatives in the trading book	596,480	596,480	130,077	58,065	237,941	170,398
Hedging derivatives	383	383	0	0	383	0
Other derivatives	170	170	170	0	0	0
Credit risks	**4,775**	**4,775**	**0**	**4,775**	**0**	**0**
Irrevocable credit commitments/ standby facilities	4,775	4,775	0	4,775	0	0

Other risks

Other subordinate types of risk (e.g. business, FX and reputation risk) will be encompassed in the risk capacity analysis in the future by means of risk buffers and risk surcharges.

(40) Derivative financial instruments

The total volume of the unsettled derivative financial instruments, including structured products, as at 31 December 2012 comprises the following:

	Nominal amount by maturity				Fair values	
in € thousand	< 1 year	1 to 5 years	> 5 years	Total	Positive	Negative
Total	**1,714,760**	**1,282,794**	**763,186**	**3,760,740**	**157,945**	**(870,144)**
Interest rate contracts	**58,648**	**38,973**	**0**	**97,621**	**3,300**	**(1,090)**
OTC products						
Interest rate swaps	3,048	38,473	0	41,521	3,300	(397)
Options on interest-rate instruments	0	500	0	500	0	0
Products traded on stock exchange						
Interest rate futures	55,600	0	0	55,600	0	(693)
Foreign exchange and gold contracts	**56,375**	**17,604**	**24,727**	**98,706**	**135**	**(31,369)**
OTC products						
Forward exchange contracts	23,938	0	0	23,938	19	(345)
Other currency contracts	2,243	17,604	24,727	44,574	116	(29,343)
Products traded on stock exchange						
Currency futures	30,194	0	0	30,194	0	(1,682)
Equity/index contracts	**1,450,897**	**1,118,692**	**707,122**	**3,276,711**	**154,510**	**(837,685)**
OTC products						
Equity-/index-based options – purchased	207,152	234,065	219,228	660,446	69,592	0
Equity-/index-based options – sold	81,603	480,128	352,350	914,081	0	(181,770)
Other equity/index contracts	120,447	333,352	135,544	589,343	1,603	(557,077)
Products traded on stock exchange						
Equity/index futures	809,889	760	0	810,648	73,375	(89,278)
Equity/index options	231,806	70,388	0	302,194	9,941	(9,561)
Commodities transactions	**105,494**	**71,663**	**14,364**	**191,521**	**0**	**0**
Precious metals transactions	**43,346**	**35,862**	**16,973**	**96,181**	**0**	**0**

For hedging purposes, the net settlement amount of negative fair values for other equity and index contracts is offset against acquired shares listed under trading assets, which are not encompassed in the chart above.

The total volume of the unsettled derivative financial instruments, including structured products, as at 31 December 2011 comprises the following:

	Nominal amount by maturity				Fair values	
in € thousand	< 1 year	1 to 5 years	> 5 years	Total	Positive	Negative
Total	**1,454,091**	**1,148,047**	**815,610**	**3,417,751**	**141,226**	**(597,032)**
Interest rate contracts	**30,548**	**40,634**	**0**	**71,182**	**5,157**	**(476)**
OTC products						
Interest rate swaps	3,048	40,134	0	43,182	4,826	(383)
Options on interest-rate instruments	0	500	0	500	0	0
Products traded on stock exchange						
Interest rate futures	27,500	0	0	27,500	331	(93)
Foreign exchange and gold contracts	**137,850**	**6,783**	**23,547**	**168,180**	**1,569**	**(28,097)**
OTC products						
Forward exchange contracts	103,943	0	0	103,943	639	(170)
Other currency contracts	8,305	6,783	23,547	38,635	930	(25,154)
Products traded on stock exchange						
Currency futures	25,602	0	0	25,602	0	(2,773)
Equity/index contracts	**1,207,160**	**1,017,011**	**753,828**	**2,978,001**	**124,311**	**(500,549)**
OTC products						
Equity-/index-based options – purchased	81,802	344,239	257,827	683,869	75,608	0
Equity-/index-based options – sold	82,641	318,531	374,036	775,208	0	(84,720)
Other equity/index contracts	181,165	280,878	121,965	584,008	4,887	(367,660)
Products traded on stock exchange						
Equity/index futures	596,579	458	0	597,038	26,881	(31,604)
Equity/index options	264,973	72,905	0	337,878	16,935	(16,565)
Commodities transactions	**64,103**	**62,706**	**24,645**	**151,454**	**10,189**	**(40,893)**
Precious metals transactions	**14,430**	**20,913**	**13,590**	**48,934**	**0**	**(27,017)**

(41) Fair value of financial instruments not reported at fair value

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing and completely independent business partners. As far as market prices are available (mainly securities and derivatives quoted on stock exchange or active markets), this quotation represents the fair value.

All other financial instruments are valued using internally accepted models, especially discounted cash flow analysis and option pricing models. Fair values different from the carrying amount are calculated for fixed-interest loans and advances to credit institutions and customers and liabilities to credit institutions and customers, if the remaining maturity is more than one year. Variable-interest loans and advances and liabilities are taken into account if they have an interest rollover period of more than one year. The effect of discounting by using a computational interest rate that reflects the market rates is only material in those cases.

	2012			2011		
in € thousand	**Fair value**	**Carrying amount**	**Difference**	**Fair value**	**Carrying amount**	**Difference**
Assets						
Cash reserve	5,541	5,541	0	4,148	4,148	0
Loans and advances to credit institutions	231,695	231,695	0	266,376	266,376	0
Loans and advances to customers	87,516	87,408	106	57,922	57,763	159
Equity participations	5,510	5,510	0	6,336	6,336	0
Intangible and tangible fixed assets	11,352	11,352	0	12,073	12,073	0
Other assets	81,541	81,541	0	90,596	90,596	0
Liabilities						
Liabilities to credit institutions	163,100	163,100	0	26,724	26,724	0
Liabilities to customers	136,936	136,936	0	139,251	139,251	0
Subordinated capital	20,516	20,516	0	20,481	20,481	0
Other liabilities	24,972	24,972	0	49,616	49,616	0

(42) Fair value of financial instruments reported at fair value

in € thousand			2012			2011
	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)
Trading assets	**380,538**	**1,796,452**	**0**	**365,823**	**1,378,011**	**0**
Positive fair values of derivative financial instruments[1]	100,124	57,822	0	75,962	65,263	0
Structured products	13,004	269,796	0	20,630	280,269	0
Shares and other variable-yield securities	204,350	914	0	117,548	2,249	0
Bond, notes and other fixed-interest securities	63,060	764,215	0	137,992	1,030,230	0
Call/time placements for trading purposes	0	703,705	0	13,691	0	0
Financial assets at fair value through profit and loss	**12,907**	**0**	**3,782**	**14,847**	**0**	**3,448**
Shares and other variable-yield securities	0	0	3,782	0	0	3,448
Bonds, notes and other fixed-interest securities	12,907	0	0	14,847	0	0
Derivatives (hedging)	**0**	**0**	**0**	**0**	**0**	**0**
Positive fair values of derivatives in fair value hedges (IAS 39)	0	0	0	0	0	0

1) Including other derivatives

in € thousand			2012			2011
	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)
Trading liabilities	**688,546**	**1,416,741**	**33,634**	**585,730**	**1,116,985**	**118,082**
Negative fair values of other derivative financial instruments[1]	164,405	679,031	26,311	105,093	428,600	62,957
Short selling of trading assets	524,141	52		480,637	142	0
Issued certificates (guarantee bonds)	0	737,658	7,322	0	688,244	55,125
Derivatives (hedging)	**397**	**0**	**0**	**383**	**0**	**0**
Negative fair values of derivatives in fair value hedges (IAS 39)	397	0	0	383	0	0

Movement in Level III fair value of financial instruments reported at fair value

The subsequent chart describes the fair value of financial instruments. The valuation methods of which are based on non-observable parameters.

in € thousand	As at 1/1/2012	Changes in consolidation range	Exchange differences	Purchases	Sales redemptions	Income statement	Other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2012
Financial assets at fair value through profit and loss	3,448	0	0	0	0	334	0	0	0	3,782

in € thousand	As at 1/1/2012	Changes in consolidation range	Exchange differences	Purchases	Sales redemptions	Income statement	Other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2012
Trading liabilities	118,082	0	0	437	(87,092)	2,208	0	0	0	33,634

Other Disclosures

(43) Contingent liabilities and other off-balance sheet obligations

in € thousand	2012	2011
Contingent liabilities	**732**	**595**
Other guarantees	732	595
Letters of credit	0	0
Credit risks	**4,225**	**4,775**
Irrevocable credit lines/standby facilities	4,225	4,775
Up to 1 year	4,225	4,775

The subsequent table describes revocable credit lines not associated with a credit risk:

in € thousand	2012	2011
Revocable credit lines/standby facilities	**2,369**	**10,000**
Up to 1 year	2,369	10,000

(44) Fiduciary business

Fiduciary business not recognized in the balance sheet was concluded with the following volumes as at the balance sheet date:

in € thousand	2012	2011
Securities and financial investments	7,091	7,091
Other fiduciary assets	2,000	2,000
Fiduciary assets	**9,091**	**9,091**
Other fiduciary liabilities	9,091	9,091
Fiduciary liabilities	**9,091**	**9,091**

Disclosures based on Austrian regulations

(45) Securities admitted for trading on a stock exchange pursuant to § 64 of the Austrian Banking Act

in € thousand	2012 Listed	2012 Unlisted	2011 Listed	2011 Unlisted
Bonds, notes and other fixed-interest securities	561,329	0	515,422	0
Shares and other variable-yield securities	286,705	201,360	201,897	219,835

(46) Volume of the securities trading book pursuant to § 22b of the Austrian Banking Act

in € thousand	2012	2011
Securities	2,019,047	1,602,608
Other financial instruments	157,927	140,572
Total	**2,176,974**	**1,743,180**

(47) Capital management and own funds pursuant to the Austrian Banking Act

Capital is a key dimension of bank management. The Austrian Banking Act prescribes regulatory values for Raiffeisen Centrobank based on relevant EU requirements. The internal control function of Raiffeisen Centrobank uses targets which comprise all risk categories (including trading book, foreign currency risk and operational risk).

Control is focused on capital and on the Tier 1 ratio. Additionally, a risk capacity based on the VaR ratio is calculated both for a going-concern scenario, using aggregate risk cover defined on the basis of the risk strategy, and for a liquidation scenario. For further information please see the risk report.

The regulatory own funds of Raiffeisen Centrobank in accordance with the stipulations contained in the Austrian Banking Act 1993/Amendment 2006 (Basel II) break down as follows:

in € thousand	2012	2011
Paid-in capital	47,599	47,599
Earned capital	30,721	30,721
Intangible fixed assets	(326)	(311)
Core capital (Tier 1 capital)	**77,994**	**78,009**
Deductions from Tier 1 capital (advance delivery)	0	0
Eligible Tier 1 capital (after deductions)	**77,994**	**78,009**
Long-term subordinated capital	20,000	20,000
Eligible supplementary capital (Tier 2 capital)	**20,000**	**20,000**
Deductions from supplementary capital	0	0
Eligible supplementary capital (after deductions)	20,000	20,000
Total own funds	**97,993**	**98,009**
Total own funds requirement	**61,199**	**51,187**
Excess own funds	36,794	46,822
Excess cover ratio in %	160.1%	191.5%
Core capital ratio (Tier 1) credit risk	39.8%	46.8%
Total Tier 1 ratio (incl. market and operational risk)	10.2%	12.2%
Own funds ratio in %	12.8%	15.3%

The core capital ratio is based on the risk-weighted basis of assessment pursuant to § 22 of the Austrian Banking Act.

The total own funds requirement is as follows:

in € thousand	31/12/2012	31/12/2011
Risk-weighted assessment base pursuant to § 22 of the Austrian Banking Act	**195,988**	**166,700**
of which 8 per cent minimum own funds for the credit risk pursuant to §§ 22a to 22h of the Austrian Banking Act	15,679	13,336
Own funds requirement for position risk in debt instruments, asset values and commodities	33,758	27,406
Own funds requirement for position risk in foreign currencies	933	845
Own funds requirement for operational risk	10,829	9,600
Total own funds requirement	**61,199**	**51,187**

(48) Average number of staff

The average number of staff employed during the financial year (full-time equivalents) breaks down as follows:

Full-time equivalents	2012	2011
Salaried employees	322	330
Wage employees	12	10
Total	**334**	**340**

Full-time equivalents	2012	2011
Austria	244	265
Other countries	90	75
Total	**334**	**340**

(49) Expenses on severance payments and retirement benefits

in € thousand	2012	2011
Members of the Executive Board and senior staff	1,741	393
Other employees	1,663	1,645
Total	**3,404**	**2,038**

The rise in expenses on severance payments and retirement benefits for members of the Executive Board and senior staff is on the one hand due to the takeover of employment contracts by Raiffeisen Bank International AG and a one-time payment related thereto and on the other hand to changes of the underlying calculation parameters.

Expenses on severance payments and retirement benefits for members of the Executive Board and senior staff in the amount of € 557 thousand were charged by Raiffeisen Bank International AG and are included in “Other administrative expenses”.

(50) Relations to key management

Remuneration of the Executive Board

The following remuneration was paid to the members of the Executive Board of Raiffeisen Centrobank AG:

in € thousend	2012	2011
Current remuneration	3,163	2,457

The table includes fixed and performance-based salary components, including bonuses and payments in kind. It does not include remuneration for membership on the Executive Board or Supervisory Board of subsidiaries. There are no contractual obligations regarding remuneration to previous members of the Executive Board. As to remuneration of the Executive Board € 540 thousand were charged by Raiffeisen Bank International AG (an associated company) and are included in "Other administrative expenses". Severance payments in the amount of € 2,415 thousand were paid to Executive Board members in the 2012 reporting year.

The members of the Supervisory Board received attendance fees totaling € 110 thousand for the period 2012 (previous year: € 110 thousand).

The relations of members of the Executive Board of Raiffeisen Centrobank AG to the Raiffeisen Centrobank Group are as follows (market values):

in € thousend	2012	2011
Sight deposits	1,805	770

The following table shows the relations of close family members of the Executive Board to the Raiffeisen Centrobank Group:

in € thousend	2012	2011
Sight deposits	48	60

There are no other relations between the Group and key management.

(51) Corporate bodies

Executive Board	Eva Marchart Alfred Michael Spiss Gerhard Grund Wilhelm Celeda	Chief Executive Officer Deputy Chief Executive Officer Member Member (since January1, 2013)
Supervisory Board	Herbert Stepic Chief Executive Officer Raiffeisen Bank International AG, Vienna	Chairman (since April 2012) Second Deputy Chairman (until April 2012)
	Walter Rothensteiner Chief Executive Officer Raiffeisen Zentralbank Österreich AG, Vienna	First Deputy Chairman (since April 2012) Chairman (until April 2012)
	Klemens Breuer Member of the Board Raiffeisen Bank International AG, Vienna	Second Deputy Chairman (since April 2012)
	Patrick Butler Member of the Board Raiffeisen Bank International AG, Vienna	First Deputy Chairman (until April 2012)
	Karl Sevelda Deputy Chief Executive Officer Raiffeisen Bank International AG, Vienna	Member
	Johann Strobl Member of the Board Raiffeisen Zentralbank Österreich AG und Raiffeisen Bank International AG, Vienna	Member
	Werner Kaltenbrunner Executive Director Raiffeisen Bank International AG, Vienna	Member
State Commissioners	Alfred Hacker Tamara Els	

Vienna, April 5, 2013
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

Auditor's report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Raiffeisen Centrobank AG, Vienna, for the year from 1 January 2012 to 31 December 2012. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2012. the consolidated statement of comprehensive income. the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2012 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the Group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing. issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion. which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2012 and of its financial performance and its cash flows for the year from 1 January to 31 December 2012 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

Pursuant to statutory provisions. the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, April 5, 2013
KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Bernhard Mechtler
(Austrian Chartered Accountant)

Wolfgang Höller
(Austrian Chartered Accountant)

Consolidation Range

List of fully-consolidated companies

Company, registered headquarters (country)	Subscribed capital in local currency		Share	of which indirectly[1]	Type[2]
Centrotrade Chemicals AG, Zug (CH)	5,000,000	CHF	100.0%		SU
Centrotrade Commodities Malaysia Sdn Bhd, Kuala Lumpur, (MY)	1,400,000	MYR	100.0%		SU
Centrotrade Deutschland GmbH, Eschborn (DE)	410,000	EUR	100.0%		SU
Centrotrade Holding AG, Vienna (AT)	3,000,000	EUR	100.0%		SU
Centrotrade Minerals & Metals Inc., Chesapeake (US)	2,000	USD	100.0%		SU
Centrotrade Singapore Pte. Ltd., Singapore (SG)	500,000	SGD	100.0%		SU
Raiffeisen Investment (Malta) Limited, Sliema (MT)	5,000	EUR	99.8%		FI
Raiffeisen Investment Aktiengesellschaft, Vienna (AT)	730,000	EUR	100.0%		FI
OOO Raiffeisen Investment, Moscow (RU)	47,904,192	RUB	50.1%		FI
Raiffeisen Investment Polska Sp.z.o.o., Warsaw (PL)	3,024,000	PLN	50.0%		FI
Raiffeisen Investment Romania SRL, Bucharest (RO)	159,130	RON	100.0%		FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	70,000	TRL	99.0%		FI
Raiffeisen Centrobank AG, Vienna (AT)	47,599,000	EUR	100.0%		KI

Other investments

Other companies not included in consolidation

Company, registered headquarters (country)	Subscribed capital in local currency		Share	of which indirectly[1]	Type[2]
Centro Asset Management Limited, St. Helier (JE)	10,000	GBP	100.0%		FI
MENARAI Holding GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
MIRA Beteiligungsholding GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
Raiffeisen Energy & Metals Beteiligungsverwaltungs GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
Raiffeisen Investment (Bulgaria) EOOD, Sofia (BG)	60,050	BGN	100.0%		FI
Raiffeisen Investment s.r.o., Prague (CZ)	200,000	CZK	100.0%		FI
TOV Raiffeisen Investment Ukraine, Kiev (UA)	3,733,213	UAH	100.0%		FI
RAISHOP Holding GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
RI Investments, Warsaw (PL)	500,000	PLN	100.0%		FI
SOPHIA PLAZA Holding GmbH (AT), Vienna	35,000	EUR	100.0%		SU
SORANIS Raiffeisen Portfolio Management GmbH, Vienna (AT)	35,000	EUR	100.0%		SU

Other interests

Company, registered headquarters (country)	Subscribed capital in local currency		Share	of which indirectly[1]	Type[2]
ACG Bor Glasworks, Bor City (RU)	418,956,270	RUB	7.4%	7.4%	SU
Österreichische Raiffeisen-Einlagensicherung reg. Gen. m.b.H., Vienna (AT)	3,100	EUR	3.2%		SU
Scanviwood Co. Ltd., Ho Chi Minh City (VN)	2,500,000	USD	6.0%		SU
Society for Worldwide Interbank Financial Telecommunication s.c., La Hulpe (BE)	13,923,125	EUR	0.0%		SU
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0%		SU

1 Shares held by companies that are not included in the consolidated financial statements (pro-rata share)

2 Company type

KI = Credit institution

FI = Financial institution

SU = Other companies

Management Report of Raiffeisen Centrobank AG for the 2012 financial year

In the summing-up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences. Information on percentage changes refers to the actual and not to the rounded-off figures. All designations that are used to refer to persons in this report apply equally to both genders unless reference is being made to a specific individual.

Economic Environment

Looking back, 2012 may prove to be the year that the end of the greatest financial market crisis of our time began. However, events during the year have already shown that it will not be a revolutionary process, but an evolutionary process with many uncertainties and setbacks – as during the reporting period – that can be mastered successfully. Especially this year has shown that successful steps can be taken to put the global economy back onto a path of growth even in an environment dominated by the sovereign debt and financial market crisis and the resulting economic weakness. As things stand now, the apparent resolution of the "Euro crisis" through a combination of monetary policy measures by the ECB and the beginning of closer coordination of the Eurozone countries to solve the spending issues behind the debt problems can be seen as a key success. In the second half of the year, this trend was accompanied by increasing hopes that the global economy would begin expanding again in the coming year, in part fueled by positive signals from the USA and recovering China. It is especially worth noting the steady economic solidification in our key region of Central and Eastern Europe (CEE), which has developed better than predicted by many experts from elsewhere in the world.

With risk premiums on liabilities from highly indebted states and the banking sector decreasing substantially, the financial markets saw a volatile but positive period overall. However, this trend did not bring increased business activity and revenue in our primary market of Austria and CEE. In fact, the key statistics for volume and transactions fell further. It must also be noted in this context that the conditions on the capital markets were better than the sentiment during the reporting period, and investors were reluctant as a result.

Financial markets

Despite the ongoing debt crisis and recession in the Eurozone and slowing economic activity in most parts of the world over the course of the reporting period, 2012 was a rather successful year for the majority of asset classes. This was especially true for the large established stock markets in Germany (DAX plus 29.1 per cent) and the USA (DJ 30 plus 5.9 per cent), as well as for the markets that are relevant for the Bank in Austria (ATX plus 26.9 per cent) and Central and Eastern Europe (CECE plus 26.6 per cent). This performance was not linear and was not seen in all markets. Instead, the global stock markets went through multiple phases during 2012. Significant price gains at the beginning of the year were followed in the spring by a marked correction that was caused in large part by the European sovereign debt crisis. Concerted action by the ECB to ease the debt crisis then brought many of the most important equity indices back to record highs for the year starting in the late summer and running through to September/October. This was followed by a minor setback until the middle of November stemming from uncertainty regarding the upcoming presidential elections in the USA and the approaching fiscal cliff. The exchanges then shot up again at the end of the year, bringing the previously mentioned good result for the year overall.

Top-rated government bonds had another good year, and yields on the German and American ten-year benchmark bonds fell by around 50 basis points to 1.8 and 1.3 per cent, respectively. The EUR/USD exchange rate fluctuated in a historically low range of 15 cents between EUR/USD 1.20 and EUR/USD 1.35. It closed the year at EUR/USD 1.32. As in the past years, exchange rates were driven by the euro debt crisis and the policies of the ECB and Federal Reserve Bank. In contrast, the Swiss franc moved little, being held by the Swiss National Bank at just above 1.20, while the Japanese yen depreciated drastically in the fourth quarter in anticipation of a radical easing of Japanese monetary policy. The long climb of gold weakened considerably in 2012, with the metal closing the year at US$ 1,674 – significantly below the previous year's peak. The oil price closed the year down by roughly seven per cent.

Commodity markets

After rising considerably at the beginning of the year and then remaining stable for a time, rubber prices began to fall substantially in May. The price bottomed out in the middle of August, and then climbed again through to the end of December. The price for natural rubber (TSR20) on the Singapore Exchange, an important indicator of the development of the price of the physical product, was at around US$ 3,300 per metric ton at the start of the year, and peaked at US$ 3,850 per metric ton in the first half of February. While the lowest price was recorded at US$ 2,400 per metric ton in August, the commodity climbed again and was back at US$ 3,000 per metric ton at the end of the year. Demand was somewhat decreased because of the prevailing economic conditions, but remained stable at a low level. There is still an adequate supply in the exporting countries. It is difficult to predict where the market will go in 2013 because there is no clear trend, and the overall economic environment is still uncertain.

The olefins that are traded by Centrotrade Chemicals correlate with the oil price, which rose in February and traded at a high level in March (Dated Brent: around US$ 125/bbl), but then came under pressure due to the market uncertainty and fell below US$ 100/bbl at the beginning of June. The price rose again noticeably at the start of the third quarter, and then remained within a consistent range until the end of the year.

Development of Business and Earnings in 2012

Mergers & Acquisitions

In the 39th Ordinary General Assembly on April 18, 2012 the take-over contract to carve out the "Mergers & Acquisitions" operations of Raiffeisen Investment AG and transfer them into Raiffeisen Centrobank AG was approved.

Pursuant to the take-over contract of April 18, 2012 the "Mergers and Acquisitions" operations were transferred retroactively as of December 31, 2011. The demerger was effected in accordance with § 17 in conjunction with §§ 22 Austrian Demerger Act and according to tax advantages pursuant to para VI Austrian Reorganization Tax Act applying the going-concern principle. The demerger was entered into the Commercial Register as of May 12, 2012.

In the course of the demerger the company took over assets and equity and liabilities in the amount of € 8,691 thousand. The demerging capital came up to € 1,510 thousand and was booked directly against the value of the investment in Raiffeisen Investment AG.

In the course of the demerger, 52 employees in Vienna and 10 employees in the representative offices, as well as the rental agreements in relation to the business premises in 1015 Vienna, Krugerstrasse 13, were taken over.

Development of Earnings

With an operating income of € 70.489 million and operating expenses of € 49.962 million, an operating result of € 20.527 million was generated in the 2012 financial year. Under consideration of net valuations and net proceeds in the amount of € - 0.433 million, the result on ordinary activities, based on the financial statements pursuant to the Austrian Banking Act and the Austrian Commercial Code, came to € 20.094 million The previous year result on ordinary activities which came off at € 22.830 million was undercut by € 2.736 million or 12 per cent.

in € million	2012	Change	2011
Operating income	**70.489**	**+12.1%**	**62.879**
Staff expenses	(32.251)	+15.5%	(27.933)
Other administrative expenses	(14.085)	+44.2%	(9.770)
Depreciation	(1.930)	+3.2%	(1.871)
Other operating expenses	(1.696)	+505.7%	(0.280)
Operating expenses	**(49.962)**	**+25.4%**	**(39.854)**
Operating result	**20.527**	**(10.8%)**	**23.025**
Value adjustments, net proceeds	(0.433)	+122.1%	(0.195)
Result on ordinary activities	**20.094**	**(12.0%)**	**22.830**
Taxes	(4.343)	(7.3%)	(4.684)
Net income for the year	**15.751**	**(13.2%)**	**18.146**
Reserves	0	0.0%	0
Net profit for the year	**15.751**	**(13.2%)**	**18.146**

Compared to the previous year, the operating income 2012 rose by 12.1 per cent or € 7.610 million, which is mainly due to a rise in net profit on financial trading activities and the integration of the operations of Raiffeisen Investment AG into Raiffeisen Centrobank AG, which was effected retroactively as at January 1, 2012.

In line with the Bank's strategic alignment the result 2012 is primarily attributable to the Securities Trading & Sales department which generated a positive contribution to the profit in the amount of € 27.263 million. In addition, the results of the FX department, which contributed € 4.762 million to the profit, the results of the Subsidiaries and Credit departments with profit contributions of € 3.738 million and € 1.403 million are particularly remarkable.

Despite the weak market environment, the M & A business segment, which had been integrated into RCB, recorded a positive profit contribution in the amount of € 0.479 million. This was mainly due to the conclusion of several major M & A transactions and the resulting rise in sales volume in the fourth quarter.

The Equity Capital Markets department is still facing a particularly challenging market environment.

Operating expenses came up to € 49.962 million and exceeded the previous year result of € 39.854 million by 25.4 per cent or € 10.108 million. The major share of this rise is due to the integration of the operations of Raiffeisen Investment AG, which was effected retroactively as at January 1, 2012, in the course of which the entire staff and expenses relating to the operative business were transferred to Raiffeisen Centrobank AG. Excluding calculatory costs of Raiffeisen Investment AG of roughly € 7.1 million in 2012, the previous year amount is surpassed by roughly € 3 million. This rise in expenses is mainly due to provisioning for impairment losses coming up to roughly € 0.6 million for Raiffeisen Investment AG subsidiaries, a rise in staff expenses of roughly € 0.5 million (see below), an increase in costs stemming from higher FMA dues of roughly € 0.4 million and costs related to the establishment of a sales office in New York of roughly € 0.4 million.

Staff expenses of € 32.251 million exceeded the previous year amount by € 4.318 million or 15.5 per cent. This rise is primarily attributable to the integration of Raiffeisen Investment AG employees whose share in costs comes up to roughly € 5.3 million. If staff expenses of Raiffeisen Investment AG were excluded pro forma, staff expenses would come off by roughly € 1.0 million below the 2011 figure. Since August 2012 costs for Executive Board members which are charged by RBI to RCB (roughly € 1.5 million) have been included in other administrative expenses. Without expenses relating to Raiffeisen Investment and the change in allocation, staff expenses would come up to roughly € 0.5 million. This increase is mainly due to an interest-related rise in provisions for staff expenses. Other administrative expenses amounted to € 14.085 million and grew by € 4.315 million or 44.2 per cent compared to 2011. The main part of this rise is attributable to other administrative expenses taken over from Raiffeisen Investment AG (roughly € 1.8 million) and to a change in allocation effective since August 2012 for costs for Executive Board members charged by RBI (roughly € 1.5 million). Moreover, costs stemming from higher FMA dues of roughly € 0.4 million fell due.

Despite the integration of the Raiffeisen Investment AG operations, depreciation came off at the previous year level.

The cost-income ratio, which amounted to 63.4 per cent in 2011, rose to 70.9 per cent due to the integration of the M & A business.

The result on ordinary activities 2012 amounted to € 20.094 million compared to € 22.830 million in the previous year. Due to tax expenses in the amount of € 4.343 million, made up of group taxation 2012 (€ 0.867 million), non-deductible input VAT (€ 1.774 million) and the Austrian banking tax which was again increased (€ 1.077 million), the net income for the year fell to € 15.751 million (2011: € 18.146 million).

Balance sheet development

The balance sheet total increased by roughly 21 per cent from € 2,144 million to € 2,598 million compared to December 2011. Calculatory risk-weighted assets increased by roughly 20 per cent from about € 640 million to about € 765 million, which was primarily attributable to a rise in the securities trading book of roughly 23 per cent.

On the asset side the most significant change compared to 2011 was in the item “Loans and advances to credit institutions“ (roughly 48 per cent of the balance sheet total on 31 December 2012 and roughly 42 per cent on 31 December 2011). The item which rose by roughly € 328 million to € 1,238 million contains unlisted bonds (roughly € 312 million), tradable money market deposits (roughly € 704 million) as well as collateral for securities transactions and securities lendings (roughly € 110 million). The change compared to December 2011 is attributable to tradable money market deposits, which, upon the request of RBI, was first used in the second half year 2011 and are deemed to substitute RBI zero bonds. Interbank deposits which declined by roughly € 46 million to roughly € 94 million compared to the previous year mainly comprise deposits in the amount of € 92 million at Raiffeisen Bank International (previous year: € 140 million). Collateral increased by roughly € 23 million, unlisted bonds decreased by roughly € 353 million.

Other increases included “Bonds, notes and other fixed-interest securities“ (roughly 19 per cent of the balance sheet total on 31 December 2012 and roughly 20 per cent on 31 December 2011). The increase by roughly € 71 million to roughly € 493 million is mainly due to a rise in foreign shares of roughly € 115 million.

The stocks, purchased options and zero bonds that are reported under other items serve as hedges for the issued certificates and warrants, or are part of the Bank's market maker activities.

The item "Other assets" (roughly 7 per cent of the balance sheet total on 31 December 2012 and roughly 7 per cent on 31 December 2011) increased by roughly € 23 million, mainly in listed options, to € 170 million.

Item "Bonds, notes and other fixed-interest securities" (roughly 19 per cent of the balance sheet total on December 31, 2012 and roughly 24 per cent on December 31, 2001) records a decline of roughly € 27 million to roughly € 488 million. This decline is due to a decrease in listed bonds which were substituted by tradable money market deposits.

The item "Loans and advances to customers" (roughly 5 per cent of the balance sheet total on 31 December 2012 and roughly 5 per cent on 31 December 2011) rose by roughly € 25 million to roughly € 136 million, largely as the result of a rise in the volume loans to corporate customers and private individuals.

The item "Bonds and notes issued by public bodies" (roughly 1 per cent of the balance sheet total on 31 December 2012 and 0 per cent on 31 December 2011) contains a bond issued by the Federal Republic of German which was acquired in June 2012.

Zero bonds, structured notes and tradable deposits purchased from RBI in relation to the issuing activities in the certificates segment are included in "Loans and advances to credit institutions", "Shares and other variable-yield securities" and in "Bonds, notes and other fixed-interest securities" and come up to a total of roughly € 1,512 million (December 2011: roughly € 1,288 million). In addition, the item "Other assets" includes OTC options acquired from RBI in the amount of roughly € 51 million.

On the equity and liabilities side "Other liabilities" (roughly 53 per cent of the balance sheet total on 31 December 2012 and roughly 49 per cent on 31 December 2011) rose by roughly € 325 million. The item "Liabilities to customers" (roughly 6 per cent of the balance sheet total on 31 December 2012 and roughly 1 per cent on 31 December 2011) recorded a rise by about € 144 million.

The increase in "Liabilities to credit institutions") by roughly € 144 million to roughly € 155 million is mainly due to higher money market deposits of Austrian banks, primarily RBI. The growth in "Other liabilities" by roughly € 325 million to roughly € 1,379 million is mainly due to an increased volume of shortsellings of shares of roughly € 44 million and listed options of roughly € 302 million. Shortsellings were effected in connection with the market making activities of Raiffeisen Centrobank in relation to pension plans and represent offsetting items to equity and equity index futures as well as to cash positions on the asset side of the balance sheet.

The decrease in "Liabilities to customers" (roughly 6 per cent of the balance sheet total on 31 December 2012 and roughly 7 per cent on 31 December 2011) by roughly € 7 million to roughly € 149 million is mainly due to lower liabilities of the Centrotrade Group.

"Securitized liabilities" (roughly 30 per cent of the balance sheet total on 31 December 2012 and roughly 36 per cent on 31 December 2011) decreased by roughly € 4 million to roughly € 768 million due to the termination of a private placement prior to maturity at the customer's request.

The decline in "Net profit for the year" (roughly 1per cent of the balance sheet total on 31 December 2012 and roughly 1 per cent on 31 December 2011) by roughly € 4.6 million to roughly € 26.7 million represents the balance of the dividend payment for the 2011 financial year coming up to € 20.3 million and the net income for the 2012 financial year in the amount of EUR € 15.8 million.

Key data

in € million	2012	2011
Subscribed capital	47.599	47.599
Capital reserve and committed retained earnings	7.682	7.682
Liability reserve	13.539	13.539
Free retained earnings	9.500	9.500
Profit carried forward	10.919	13.077
Equity	**89.239**	**91.397**
ROE before tax	**22.5%**	**25.0%**
Cost/income ratio	**70.9%**	**63.4%**
Core capital (tier 1)	77.993	78.009
Subordinated bond (tier 2)	20.000	20.000
Eligible own funds	**97.993**	**98.009**
Own funds requirement	61.199	51.187
Free equity	**36.794**	**46.822**
Own funds ratio*	**12.8%**	**15.3%**
Core capital ratio**	**10.2%**	**12.2%**

*) Calculation eligible own funds/ assessment basis to determine own funds requirement pursuant to Austrian Banking Act
**) Calculation core capital (tier 1)/ assessment basis to determine own funds requirement pursuant to Austrian Banking Act

Review of Business Segments

Segments of Raiffeisen Centrobank AG

Securities Trading & Sales and Treasury

Despite the difficult market conditions with further sales declines on the exchanges, a lack of primary market transactions and general investor caution, the result of the Securities Trading and Sales department was in line with the high expectations overall, but was below target in some areas because of the poor environment, especially the general development of revenue. Trading volume on the Vienna Stock Exchange fell by another 40 per cent in annual comparison, and is now 80 per cent below its peak in 2007. Conditions were similar on other exchanges in Central and Eastern Europe: Warsaw (WSE) minus 25 per cent, Budapest minus 35 per cent, and Prague minus 35 per cent. Trading with German stocks on Xetra also declined by nearly 20 per cent. All of this had a negative impact on gross income in customer business with stocks, as well as on market making and proprietary trading in general.

Despite this, the Securities Trading and Sales department achieved a satisfactory result of roughly € 27.2 million, coming close to its target and surpassing its performance from the previous year by six per cent. Business development was relatively homogeneous throughout the year, except for a somewhat weaker fourth quarter.

A breakdown of profit by units, products and regions shows that institutional brokerage remained weak during the reporting period. In contrast, sales in CEE grew nicely, with this region's share of total trading with structured products increasing from 24 per cent in 2011 to 40 per cent in 2012, and the share of stock trading with institutional investors rising from 17 per cent to 28 per cent. As far as the development of the result with regard to risk parameters is concerned, there were again no negative effects from market risk overall during the reporting period, and no extraordinary costs from credit and operational risk.

The share of total equities traded by the Bank on the Vienna Stock Exchange grew from 7.7 per cent in 2011 to 8.9 per cent in 2012. This puts Raiffeisen Centrobank in second place in terms of turnover on the exchange and makes it the largest domestic exchange participant. This improvement was of course mitigated to a certain extent by the decreased trading volumes on the European exchanges that are relevant for us. Business with exchange-traded Austrian derivatives developed similarly, with the number of traded contracts falling again by around 20 per cent in annual comparison. RCB was able to stabilize its market share, and is one of the leading Austrian banks on the forward market with a share of over 25 per cent. Together with trading in warrants and structured products with over 4,400 listed instruments at present RCB maintained its market leadership in the segment for equities derivatives in Austria.

The volume of placed RCB certificates was around 25 per cent higher in annual comparison at € 2.6 billion. However, annual revenue (€ 940 million) was roughly 13 per cent lower than in the previous year. Nearly 85 per cent of all revenue came from bonus, index and guarantee certificates. Underlyings were primarily Austrian assets, Eurostoxx and commodities. In addition to being admitted on the exchange in Vienna, all structured and derivative products issued by RCB are also admitted for trading on the leading European derivatives exchange in Stuttgart and Frankfurt, the main marketplace for these instruments, which provides the Bank with access to the important German market. In addition numerous certificates are also listed at the stock exchanges in Warsaw, Prague, Bucharest and Budapest.

Raiffeisen Centrobank was again at the head of the pack in trading Eastern European derivatives on the ÖTOB with a market share of roughly 40 per cent.

During this year's allocation of the specialist mandates on the Vienna Stock Exchange, RCB attained market leadership together with Erste Bank Group with a share of 42.5 per cent of the awarded mandates.

In equity sales, the continued adverse conditions on the stock markets and the further declines in customer business volume were actively countered with secondary market roadshow and presentation activities on the basis of sector reports and the presentation of individual companies. In addition, ongoing customer service was intensified further, especially by increasing the focus on new customer acquisition on the English-speaking markets. The Raiffeisen Centrobank sales team completed a number of activities in collaboration with Company Research to increase secondary stock trading: 52 company roadshows with 31 companies at 15 locations with a total of 240 institutional investors; 39 research roadshows with 11 reports at 16 locations with a total of 180 institutional investors; five reverse roadshows for four international investors – 22 companies were visited; and the Zürs conference with 60 companies that presented themselves to 120 institutional investors during 1,000 one-on-ones and group meetings.
Certificate issuance remained high, with the number of listed ISINs coming to 4,409 at the end of January 2012. A total of 46 new products were issued for subscription in 2012. Financial year 2012 was very positive for the Structured Products department. Highlights included a new subscription volume record in all important customer groups and an all-time high for the outstanding RCB certificate volume in the Austrian Raiffeisen sector (€ 700 million). All in all, Raiffeisen Centrobank's outstanding certificate volume rose by 25 per cent over the course of the year. This growth is even more impressive considering the very challenging conditions on the securities markets – total certificate sales came to just over € 940 million, 13 per cent lower than in 2011 – and enabled Raiffeisen Centrobank to again significantly expand its share of the domestic certificate market by 24 per cent (which corresponds to nine percentage points). Record revenue was generated in terms of subscription volume and private placements. The leading position of Raiffeisen Centrobank in the Austrian and international certificate business was underscored by the distinctions of "Certificate House of the Year" in Austria and "Best in CEE" conferred to it at the "Structured Products Europe Awards" in London. Additional highlights included new retail sales channels (premium and private banking) in the Czech Republic, Hungary and Poland combined with a 36 per cent increase in revenue in the region as a whole, the expansion of the product spectrum on all CEE exchanges, and a record listing of 200 new certificates on the Warsaw Stock Exchange as part of the largest marketing initiative ever in cooperation with the WSE.

As in past years, RCB generated the greatest sales of any market maker and specialist by far on the Vienna Stock Exchange. In 2012, roughly 50 per cent of all market maker trades were completed through RCB. On the Warsaw Stock Exchange, RCB is not only a market maker in equities; index options; warrants; index, turbo, discount and bonus certificates; and one of the most active market makers in trading with equity derivatives, but also landed one of the five super-market-maker mandates.

Equity Capital Markets (ECM)

Even though 2012 was a better year on the financial markets than 2011, especially in the final quarter but also overall, the noticeable reluctance of equity investors and companies to make investments prevented a resurgence of equity measures in Austria. As the Austrian financial market is influenced to a significant extent by the financial markets in neighboring countries, the cancellation of a number of important IPOs and the postponement of other key transactions, such as capital increases and block trades in Germany, had a negative impact on sentiment. There were only 13 IPOs in all of Europe, of which the largest was relatively small with a volume of only US$ 1.8 billion. Despite a lack of IPO transactions in Austria, Raiffeisen Centrobank's Equity Capital Markets department demonstrated its market leadership and concluded a total of nine equity transactions on its relevant markets.

Highlights here were involvement in the € 500 million capital increase completed by UNIQA Versicherungen AG the largest stock issue of the year on the Vienna Stock Exchange as joint global coordinator and participation in the sale of a 10 per cent stake in Turkey's Akbank worth over US$ 1.1 billion as co-lead manager and the only Austrian bank involved in the transaction.

Due to the difficult market conditions and the lack of IPOs, the department's focus shifted from IPOs and capital increases to other ECM products. Successful projects during the reporting period included a so-called block trade as part of an accelerated book building procedure (the sale of a stake in a listed company by an existing investor to other investors in just a few hours) and the issue of a convertible bond (an equity-linked product from conwert Immobilien Invest SE that runs until 2018, that pays a coupon over its term and that entitles the holders to convert their bonds into stock at the end of the term). Raiffeisen Centrobank was also commissioned for a public takeover (a legally required purchase offer to existing investors when a certain percentage of the overall shares in the company is exceeded) of Unternehmens Invest AG and to assist with a capital increase against a contribution in kind in connection with a corporate restructuring project. The renewed mandate from KTM AG to assist with its transactions – a capital increase against a contribution in kind, a re-listing of KTM (the inclusion of the company's stock in the third market of the Vienna Stock Exchange) and further cash capital increases – is proof of the high level of trust that long-term customers place in the Bank.

During difficult financial market phases like in the reporting period, a key service is informing customers of current developments, trends and future possibilities and advising them as part of an open dialog. Raiffeisen Centrobank engaged in extensive consultations outside of its core market of Austria, as well, in 2012 and marketed its expertise to several international groups through open and direct communication.

Because of its close ties with Western Europe, the CEE region was unable to escape the prevailing trends and saw no significant recovery – neither as a financial market nor in terms of equity capital measures. The course of the transaction for a Romanian privatization project was symptomatic of the market volatility and persistent investor uncertainty. After the mandate for the transaction was awarded and support was provided for extensive preparations, the transaction was postponed indefinitely shortly before the start of the marketing phase.

As a special market within CEE and one of the core markets of Raiffeisen Centrobank, Russia saw a higher level of issue preparations and better deal pipeline growth in 2012. Despite extensive preparations and planning and the organization and holding of investor education meetings (where research analysts meet with investors for initial discussions about companies that are planning capital market transactions) with a large number of Russian companies, none of the transactions could be completed. Overall, the active management of the customer relationships that Raiffeisen Centrobank has built on a solid foundation of trust puts the Bank in a good position to master the challenges of the coming months, continue effectively serving companies in Austria, Western Europe and CEE, and fill the capital market transaction pipeline for 2013, especially in Russia.

Mergers & Acquisitions (M&A)

Together with its Raiffeisen Investment network, Raiffeisen Centrobank is one of the leading investment advisors for mergers and acquisitions in Austria, Central and Eastern Europe and Turkey. Its clients include international companies and organizations as well as governments, all of which are advised in connection with mergers, acquisitions and privatization projects from the perspective of the buyer and the seller.

In 2012, the operations of the former RCB subsidiary Raiffeisen Investment AG were integrated into Raiffeisen Centrobank with the goal of applying the products of M & A and ECM in combination with the Bank's country and sector expertise for the benefit of its customers in a new, leaner structure. In order to be able to use the customer potential of the local Raiffeisen banks in the key countries of Russia and Poland, the advisory activities in these countries were integrated into joint ventures held with the local network banks of Raiffeisen Bank International AG.

The year 2012 was positive for Raiffeisen Centrobank and its Raiffeisen investment network in the M & A segment. Despite the continued year-on-year decline in M & A activity around the world, RCB performed well and successfully completed a total of 22 transactions. The volume of these deals came to € 5.4 billion, and the net commission volume rose considerably. A number of key milestones were reached in the business region despite the difficult economic environment. At the end of 2012, Russia's Inter RAO UES Group concluded its acquisition of a majority stake in the Turkish Trakya Elektrik. Raiffeisen Investment acted as the sole consultant of the Inter RAO UES Group together with the sector experts from its Group parent Raiffeisen Centrobank in Vienna during the takeover process, again demonstrating its outstanding expertise as an M & A advisor in the CEE region and Turkey.

Another milestone was the takeover of UC4 Software GmbH (UC4), the world's largest independent IT process automation software manufacturer, by EQT with a total transaction volume of € 220 million. The seller was Carlyle Europe Technology Partners. RCB was financial advisor to EQT together with its partner Lazard & Co.

Company Research

The Company Research department published 335 company updates in 2012. Of these, 210 were about companies that are listed on CEE exchanges. The department began covering Getin Noble Bank, NG2, S Immo, Atrium, Rostelecom, E.On Russia, Enel OGK-5, AmRest, Federal Grid Company, DIXY Group, Novatek, PZU and Petropavlovsk; coverage of AMAG, Zumtobel, OMV, OMV Petrom, Gedeon Richter, Egis, MOL, PKN and Lotos was resumed after an analyst change.

In February, the CEE Telecommunication Sector Report was published and contained analyses of Telekom Austria, Telefonica CR, TPSA, Magyar Telekom, Hrvatski Telekom, MTS, VimpelCom and Rostelecom; the focus here was issues such as market consolidation, data traffic and dividend sustainability. A roadshow with dates in Vienna, Stockholm, Geneva, Linz, Luxembourg, Tallinn, Helsinki and Paris was held in conjunction with this. At the beginning of March, the sector analysts from the research team released several reports on conjunction. One was the Polish Construction Report (Polimex-Mostostal, Mostostal-Warszawa, Budimex, PBG) and another was the Russian Steel Sector Report, which focused on the worsening demand situation in the emerging countries and the effects of this on the Russian raw materials industry (NLMK, Severstal, Evraz, MMK). The CEE Real Estate Report that was also released at this time included new coverage of S Immo and Atrium (Atrium, Conwert, Immofinanz, Polnord, CA Immo, Echo, GTC, S Immo, Warimpex). In addition to the presentation for Viennese investors, the subsequent roadshow brought the analysts to meetings with customers in Paris, Brussels, Geneva, London and Warsaw. A sector update about Polish banks was published at the beginning of April and focused on the increased investor risk appetite for banks with foreign currency loans (Getin Noble Bank, BRE Bank, Bank Millennium). In June, the comprehensive CEE Banking Sector Report was released and included our entire bank coverage universe (Erste Group, OTP, PKO BP, Bank Pekao, Komercni Banka, Bank Millennium, BRD-GSG, BRE Bank, BZ WBK, Getin Noble Bank, Banca Transilvania, Aik Banka, NKBM, Komercijalna). Analyst roadshow dates were already held in Poland in May. At the end of July, the Russian Food Retail Report (Magnit, X5, O'Key, Dixy Group) was published, and a reporting season review for Polish banks was released in the middle of August in the form of company updates on all covered banks (PKO BP, Bank Pekao SA, Bank Millennium, BRE Bank, BZ WBK, Getin Noble Bank). Roadshow dates for the Polish Consumer Sector Report were held in Warsaw, Vienna, Prague, Helsinki and Tallinn in November. Roadshow reports on Austrian industrial companies were presented in Warsaw in March and in Brussels and Geneva in July; on real estate stocks in Luxembourg and Brussels in June; and on IT companies in New York in July.

The Equity Navigator Poland January 2012 roadshow presentation was created and marketed in Vienna at the beginning of the year. Another roadshow was held in May for the Equity Navigator Poland May 2012, this time in Tallinn, Brussels, Geneva and Prague. The Equity Navigator Poland September 2012 was presented to investors in Vienna in September. The CEE Equity Navigator was distributed in March, June and December and covered current investment topics in the Bank's universe, top recommendations and an overview of all covered sectors.

Together with Raiffeisen Research, the Company Research department prepared the quarterly Strategy Austria & CEE.

At the annual flagship conference in Zürs, the Company Research department created separate company updates for all participating companies and fact sheets for companies that are not covered. The analysts were also booked for intense one-on-one meetings with investors.

The Company Research department participated in investor lunches for the companies Telekom Austria, Verbund, AMAG, New World Ressources, Wolford, Lenzing, Raiffeisen Bank International, STRABAG, Österreichische Post, Zumtobel, Kapsch TrafficCom, Semperit, Agrana and AT&S in 2012. Analysts from Company Research conducted credit research on AGRANA, conwert, Immofinanz, RHI, STRABAG and Palfinger for the Debt Capital Markets department of Raiffeisen Bank International Credit.

Stefan Maxian was appointed as the new department head at the end of February after his predecessor, Birgit Kuras, was appointed to the management board of the Vienna Stock Exchange.

Subsidiaries

Raiffeisen Investment AG Group

As the operations of the Raiffeisen Investment AG group were merged into Raiffeisen Centrobank in May 2012, and retroactively as at January 1, 2012, please refer to the information under Mergers & Acquisitions. In the business year 2012, the results of Raiffeisen Investment AG, which acts merely as a holding company, and its subsidiaries were slightly negative, even though companies in Turkey and the Czech Republic achieved substantial profit.

Commodity Trading

The subsidiaries of the Centrotrade Group operating under Centrotrade Holding AG, Vienna, are active in rubber trade and trading with olefins. The rubber trading subsidiaries operate under Centrotrade Holding AG.

The 2012 result of the rubber group was considerably poorer than in 2011, with the decline being attributable to the acquisition of a rubber trading company in Malaysia, which records a negative result in 2012. Aside from the difficult olefin trading environment, the other companies in the Group were largely on target.

To streamline the shareholder structure, the operating company Centrotrade Chemicals AG was merged with the former holding company Centrotrade Investment AG as of October 1, 2012.

Financial and Non-Financial Performance Indicators

Financial Performance Indicators

	2012	2011
Return-on-Equity before tax (in per cent)	22.5	25.0
Return-on-Equity after tax (in per cent)	17.7	19.9
Cost-income ratio (in per cent)	70.9	63.4

The lower profit before tax in annual comparison combined with higher average equity caused the return on equity before tax to fall from 25.0 per cent to 22.5 per cent. Accordingly, the return on equity after tax fell from 19.9 per cent to 17.7 per cent compared to the previous year.

As in annual comparison, operating expenses increased, the cost-income ratio rose from 63.4 per cent in 2011 to 70.9 per cent in 2012.

Non-Financial Performance Indicators

	2012	2011
Employees at year-end	259	207
Average number of employees	255	210
Stock exchange memberships	10	10
Number of newly issued warrants and certificates	3,207	2,371

Compared to December 2011 the number of employees rose by 52 persons to 259 as at 31 December 2012. An average of 255 employees, which represents an increase of 45 employees, worked for Raiffeisen Centrobank during the reporting period. The increase in mainly attributable to the integration of the M & A operations from RCB's subisidary Raiffeisen Investment AG in the business year 2012.

The stock exchange memberships came up to 10 and remained unchanged to the previous year. Despite the challenging market environment, the number of warrants and certificates issued by the Bank in 2012 rose by 35 per cent to 3,207.

Risk Management

Risk management principles

For Raiffeisen Centrobank active risk management means the identification, measurement, monitoring and management of economic risks. This process is designed to achieve profits by taking risks in a targeted, controlled manner. As a subsidiary of Raiffeisen Bank International, Raiffeisen Centrobank is integrated into the risk management processes of the RZB Credit Institution Group. The various risk management units operating at different management levels ensure that all major risks are monitored and limited and that business transactions are concluded under a risk/return perspective.

The risk management principles followed by Raiffeisen Centrobank are focused, above all, on the company's individual risk profile, which originates with the company's orientation toward the equity and equity derivatives business. All transactions are evaluated with respect to their risk content and earnings potential based on the type, scope and complexity of the transaction as well as the relevant regulatory requirements. The management activities of the Executive Board are supported by the risk management concept, which provides a coordinated process for the handling of market risk, credit risk, operational risk, equity participation risk and other risks. The basic principles and methods underlying risk management are defined by the bylaws for the Supervisory Board and the Executive Board as well as the bank's organisational guidelines and manuals. A comprehensive planning and controlling process enables the Executive Board to identify risks at an early stage, evaluate them and take appropriate countermeasures. Within the framework of its decision-taking authority the Executive Board determines the bank's risk management policies, authorizing the principles of risk management, the specification of limits for all relevant risks as well as the precise processes to monitor risks. The risk policy is an integral part of the risk management scheme of the bank as a whole, which systematically links the profit management and risk management of all business segments.

An independent risk management department, incorporated within the controlling department, supports the Executive Board in effectively fulfilling its duties. The department reports regularly to the Executive Board and evaluates the current risk situation by taking account of the risk capacity and risk limits. It supports the Executive Board in allocating a risk management budget and in managing risks. As a cross-divisional and enterprise-wide body, the department is responsible for the ongoing further development and implementation of methods to measure risks, to refine risk management instruments as well asto maintain and update the regulatory framework. The Risk Committee, which meets regularly, addresses all issues and regulations in the area of risk management, develops recommendations for the Executive Board as a whole, or prepares resolutions.

Members of the Risk Committee, along with the Executive Board are the heads of the Risk Management, Securities Trading & Sales and Treasury departments. The evaluation of interest rate changes and the balance sheet risks as well as liquidity risks takes place within the framework of the Asset Liability Committee.

Raiffeisen Centrobank employs innovative methods and schemes in its risk management activities. Risk management is based on a risk strategy that focuses on risk appetite and risk capacity. On this basis, a unified bank-wide limit system is used that distributes the desired risk exposure at various levels. The quantification of operational risk using a VaR- consistent parameter continues to be important. This enables Raiffeisen Centrobank to quantify this risk as well and appropriately take account of the operational risks in the bank's overall risk management led by the Executive Board by means of a Value-at-Risk (VaR) consistent risk measurement approach, along with the main risks to which the bank is subject, namely market risk and credit risk.

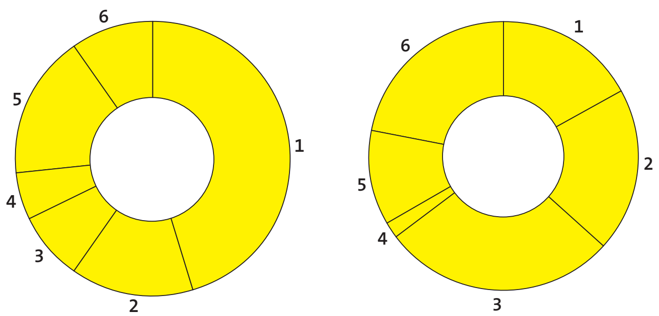
Risk capacity and risk management

Risk capacity denotes the capability of a bank to cover the risks arising from its transactions by furnishing equity capital and similar items. As banks cannot as a general rule completely preclude the incurring of risks, the losses arising from the realisation of these risks are to be defrayed by these funds, which are referred to as the risk coverage sum. The amount of this sum determines which risk-bearing activities – and the maximum exposure associated with them – are suitable for a bank.

The ability to bear risk thus significantly impacts on a bank's assumption of further risk. This, in turn, determines the focus and scope of the bank's transactions. The risk capacity analysis of the RZB Credit Institution Group is supplemented by scenarios adapted to the business model of Raiffeisen Centrobank which are used to verify whether or not potential losses (the risk potential) exceed the amount of the aggregate risk cover available at the time. Taking the going-concern perspective (calculated using a confidence interval of 95 per cent and a retention period of three months), the scenarios' thrust is the assuring that the potential losses ("risk potential") arising from transactions do not exceed the associated risk coverage sums. Also factored in are the liquidation perspective (bearing with it a confidence level augmented to 99.9 per cent) and the stress tests employed in the assessment of the effects of significant and negative alterations in the risk-causing factors which may possibly not be adequately depicted in the VaR models.

Securing capital adequacy is one of the primary goals of risk management at Raiffeisen Centrobank. The adequacy of capital is assessed every quarter on the basis of risk calculated according to internal modes. Capital requirements both from a regulatory perspective (going-concern perspective) and from an economic point of view (liquidation perspective) are taken into account, In both perspectives, all material risks are determined using a VaR model. Market risk constitutes the most significant risk from both perspectives. This accounts for roughly 46 per cent of total risk as at 31 December 2012 (2011: roughly 38 per cent).

Going-concern perspective 2012 // Liquidation perspective 2012



Going-concern perspective	31/12/2012	31/12/2011
1. Market risk	45.6%	37.5%
2. Credit risk	14.3%	12.7%
3. Operational risk	8.2%	9.0%
4. Business risk	5.4%	4.4%
5. Equity participation risk	16.9%	26.9%
6. Other risks	9.7%	9.5%

Liquidation perspective	31/12/2012	31/12/2011
1. Market risk	17.0%	16.6%
2. Credit risk	19.4%	14.3%
3. Operational risk	28.7%	29.7%
4. Business risk	2.0%	2.0%
5. Equity participation risk	11.3%	17.1%
6. Other risks	21.5%	20.4%

Market risk

The top priority of Raiffeisen Centrobank is to counteract market risk. Raiffeisen Centrobank defines market risk as incurring potential losses due to market changes, resulting from fluctuating or changing market prices (e.g. share, currency and securities prices) and parameters which affect prices (e.g. interest rates, volatilities). Comprehensive, real-time evaluations of market risk are developed, enabling the bank to combine this information with data on other risk factors to prepare an overall risk assessment.

Market risks primarily consist of share and warrant prices as well as interest rate fluctuation and exchange rate risks and are managed by the bank's Securities Trading & Sales and Treasury segment.

The main focus of the business activities of Raiffeisen Centrobank is in securities trading and the issue of equity-index oriented derivatives and structured products (certificates and guarantee bonds). Risk positions primarily result from the dynamic hedging of the warrants and certificates issued by Raiffeisen Centrobank. The market risk arising from the securities trading book of Raiffeisen Centrobank mainly refers to price risks resulting from trading book positions held in shares and derivatives.

Market risk also represents the most important overall risk for Raiffeisen Centrobank. In addition to volume and sensitivity limits, value-at-risk plays a key role in the management of market risk. The use of a Monte Carlo simulation adapted to reflect the Raiffeisen Centrobank business model ensures that decision-making also includes all market-relevant, non-linear risks resulting from the use of warrants.

Raiffeisen Centrobank measures, monitors and manages all market risks by setting a variety of limits which are defined by taking account of the risk capacity of the bank. Depending on the type of transaction, these limits can include volume, position and sensitivity limits (delta, gamma, vega and basis point value) as well as stop-loss limits that are embedded in a value-at-risk system that covers the entire company. Compliance and use of limits are monitored and reported to the Executive Board on a daily basis by Controlling Securities, within the context of a comprehensive reporting system.

Value-at-risk plays an important role. It furnishes forecasts on potential greater losses under normal market conditions and is contrasted against a particular limit. On the basis of the variance-covariance model which is calculated daily the value-at-risk for interest rate risk, currency risk and price risk is calculated with a confidence interval of 99 per cent and a retention period of one day. The market data for calculation of volatility and correlations are based on a one-year history.

The following table shows the one day value-at-risk (in accordance with the variance-covariance model) for the market risk arising from the trading books, depending on the type of risk:

in € thousand	31/12/2012	30/09/2012	30/06/2012	31/03/2012	31/12/2011
Interest rate risk	152	177	103	138	182
Foreign exchange risk	100	84	116	81	97
Price risk	1,774	1,181	1,442	1,429	1,980
Total	**2,026**	**1,442**	**1,661**	**1,648**	**2,259**

Comparative figures as at 31 December 2011:

in € thousand	31/12/2011	30/09/2011	30/06/2011	31/03/2011	31/12/2010
Interest rate risk	182	199	379	570	421
Foreign exchange risk	97	112	42	64	49
Price risk	1,980	1,638	1,457	1,523	995
Total	**2,259**	**1,949**	**1,875**	**2,157**	**1,465**

In the course of monitoring the overall banking risk (ICAAP) the value-at-risk is calculated using the statistically more precise Monte Carlo simulation. This practice permits the taking into account those non-linear risks resulting from the employment of options, and impacting upon market-related risks. The Monte Carlo simulation is based upon a full-scale valuation of the portfolio. The future development of this figure is the simulated by subjecting the portfolio to an array of randomly generated movements on exchanges. Whether or not random variables (risk factors) are realised is determined by applying a stochastic process (distributions and random walks) and parameters (for instance volatility correlations) incorporating historic data or predefined scenarios. This represents a significant increase in the flexibility of the risk measurement method, which is now able to incorporate new methods of valuation, non-normal distribution assumptions and such non-linear correlation models as copulas. Included in Raiffeisen Centrobank's portfolio are exotic options and path-dependent instruments. It is for that reason that the Monte Carlo simulation represents the most effective way of measuring risk borne by Raiffeisen Centrobank's portfolio. In a further benefit, the incorporation of stress tests enables the taking into account of extreme market variations, of catastrophic events, and of risks specific to individual countries and arising from concentration of operations.

The subsequent table shows the 3 months value-at-risk (according to the Monte Carlo model) for market risk in the going concern and liquidations perspective:

in € thousand	31/12/2012	30/09/2012	30/06/2012	31/03/2012	31/12/2011
Going-concern (95% confidence interval)	6,893	3,199	2,088	4,492	4,884
Liquidation (99.9% confidence interval)	8,993	5,582	3,529	6,628	7,408

Comparative figures as at 31 December 2011:

in € thousand	31/12/2011	30/09/2011	30/06/2011	31/03/2011	31/12/2010
Going-concern (95% confidence interval)	4,884	5,096	4,721	5,529	7,121
Liquidation (99.9% confidence interval)	7,408	7,221	6,420	9,537	10,914

Stress tests

In addition to value-at-risk, Raiffeisen Centrobank uses stress tests – primarily to evaluate market risk and credit risk, but also for operational and liquidity risk. The performance and analysis of stress tests represent a valuable addition to the value-at-risk model because of their focus on extreme events. The value-at-risk model cannot depict the full coverage of risk because it is based solely on historic data and only determines risks at a specific confidence interval (99 per cent). In contrast to the value-at-risk model, stress tests simulate the performance of the portfolio under abnormal market situations and atypical price movements.

These stress tests are used to identify possible weaknesses in the portfolio that have a significant potential to produce losses, and thereby allow for the planning of appropriate measures. Stress tests involve artificial changes to various risk factors in the Raiffeisen Centrobank portfolio in order to simulate the effects of unusual market situations.

The stress tests used by Raiffeisen Centrobank are based on historic data as well as criteria defined by management. Historic stress tests are based on significant past events on the relevant markets. The assumption is that the same or similar events will occur in the future, and are therefore pertinent to the risk situation of the company (e.g. Lehman default scenario).

Management-defined stress tests are designed to evaluate the effects of hypothetical events on the portfolio. The relevant scenarios are developed jointly by an expert team and the management. In this way, shifts in key risk factors – such as stock prices, CDS spreads and interest rate curves – can be calculated.

These stress tests enable the company to identify the occurrence of risks at an early point in time. Current results show a satisfactory picture.

Backtesting

Raiffeisen Centrobank uses a backtesting procedure for its trading portfolio to evaluate the accuracy of the value-at-risk calculations. This procedure involves the comparison of hypothetical daily profits and losses under the buy-and-hold assumptions with the amounts forecasted by the value-at-risk model. Risk Management discusses the results of backtesting on a regular basis, analyses the resulting value-at-risk movements and evaluates the quality of the forecasts produced by the value-at-risk model. The current results of backtesting confirm the validity of the model used by the company.

Required capital coverage for the securities trading book as defined in § 22 o of the Austrian Banking Act

The required trading book capital is calculated in accordance with § 22 o of the Austrian Banking Act. As at 31 December 2012, the required securities trading book capital amounted to € 34.70 million (31/12/2011: € 28.30 million).

Interest rate risk

The interest rate risk associated with the banking book is of secondary importance, and is calculated using the methods of analysis classically applied to capital and interest rate commitments. Interest rate risk is reported to supervisory authorities on a quarterly basis within the framework of interest rate statistics.

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2012 was as follows:

in € thousand	> 6m - 1y	> 1 - 2y	> 2 - 5y	> 5y
EUR	55,327	0	1	0
USD	(814)	0	0	0
Other	0	0	0	0

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2011 was as follows:

in € thousand	> 6m - 1y	> 1 - 2y	> 2 - 5y	> 5y
EUR	2,839	0	1	0
USD	3,098	0	0	0
Other	0	0	0	0

A positive interest maturity gap represents an asset surplus, while a negative interest maturity gap represents a liability surplus.

Credit risk

The credit risk represents default risk that arises from the inability of a customer to fulfil contractually agreed financial obligations, when services have been rendered (e.g. liquidity, securities, advisory services) or when unrealised profits from pending business transactions can no longer be recovered.

The traditional credit and loan business is of immaterial significance for Raiffeisen Centrobank due to the limited business volume and the company's strategic orientation. Additional credit risks primarily relate to acquired debt instruments and structured products which serve to hedge debt instruments and structured products issued by the company.

The limitation and measurement of risks is primarily carried out by setting nominal limits as well as by the value-at-risk figures for credit risk made available by RZB Credit Institution Group. The internal system for controlling credit risk encompasses all forms of monitoring that are directly or indirectly integrated into the work processes that require monitoring.

Against the backdrop of the capital adequacy framework for banks (Basel II) the ongoing management, controlling and monitoring of credit risk at the RZB Credit Institution Group are assured. The Group-wide rating and default database registers and evaluates customers and documents default processes. To measure risk internally, Raiffeisen Centrobank uses a modified version of the Basel II IRB approach, which enables the determination of a value-at-risk consistent risk value and, unlike the original IRB formula, includes the expected loss. The credit risk of Raiffeisen Centrobank is monitored and analysed on a loan-by-loan (employing a comprehensive and well-founded analysis of potential debtor's creditworthiness and collateral) and portfolio-wide basis. The methods of calculation employed yield a comprehensive depiction of the company's credit-incurred risks and reveal their relative (when compared to market-related risks) lack of importance.

As at 31 December 2012, Raiffeisen Centrobank in its individual financial statements had interest-bearing assets subject to credit risk as well as off-balance sheet volume amounting to € 1,899 million (31/12/2011: € 1,542 million) before deductions made for value adjustments.

As at 31 December 2012 the Credit VaR came up to € 5,351 million, and at 31 December 2011 to € 5,655 million. The calculation is based on a significance level of 95 per cent and a retention period of three months.

Asset volume in € thousand	**31/12/2012**		**31/12/2011**	
Bonds and notes issued by public bodies	35,983		0	
Loans and advances to credit institutions	1,238,164		910,552	
Loans and advances to customers	136,050		111,601	
Bonds	488,088		515,422	
	1,898,285		**1,537,575**	
Product-weighted off-balance sheet transactions	826		4.650	
	1,899,111	**100.0 %**	**1,542,225**	**100.0%**
Irrecoverable	110	0.0%	267	0.0%
Default potential	1,411	0.1%	0	0.0%
Requiring attention	36,776	1.9%	21,960	1.4%

The parent company of Raiffeisen Centrobank, Raiffeisen Bank International AG uses the IRB approach based on internal ratings to assess credit risk. Raiffeisen Centrobank AG applies the standard approach, for which the "permanent partial use" parameter has been approved.

Operational risks

In line with Basel II, 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. As is the case with other types of risk, the principle of ensuring a strict division of responsibilities between risk management and risk controlling is also applied to operational risk. Operational risk is analysed and managed on the basis of the Group's own regular self-risk assessments, the results of evaluating risk scenarios and the Group's historic loss data. The standardised approach, which is based on segment operating income, is used to determine the necessary capital coverage for operational risk as defined in Basel II. Provisions are made in order to meet pending legal risks in accordance with appraisals carried out of the potential economic losses resulting from court decisions. The calculation of value-at-risk consistent risk values is going to be carried out using the operating amounts determined by using the standard approach stipulated by Basel II for standard business lines. The method of quantification employed is derived from a large-scale empirical study on the advanced measurement approaches used in analysing databases chronicling operating losses as they relate to Basel II's standard approach. The data presented in the study forms the basis for the employment of empirical values and a reversed engineering approach in the deriving of the parameters. The calculation of value-at-risk consistent risk values enables immediate and fully-intermeshing taking into account of the operational risks and of an assessment of its role within the bank's overall exposure to risk and the limits placed upon it. This value-at-risk consistent risk value (95 per cent confidence interval, 3-month retention period) amounted to € 1.23 million as at 31 December 2012 (31/12/2011: € 1.17 million).

Equity participation risks

Part of the banking book also encompasses risks derived from equity participations (all of which involve unlisted companies). As at 31 December 2012 the carrying amount of the equity participations of Raiffeisen Centrobank totalled € 14.07 million (31/12/2011: € 15.5 million). The resulting share of these equity participations in the capital requirements of Raiffeisen Centrobank is thus 1.84 per cent (31/12/2011: 2.43 per cent). The focal point of the bank's efforts to mitigate and control equity participation risks is the limits set for the trading subsidiaries of Raiffeisen Centrobank. Financial and trading limits are approved by the internal credit committee or, when specified limits are to be exceeded, by the Supervisory Board of Raiffeisen Centrobank. On this basis a standardised and comprehensive spectrum of reports are put together, sometimes on a daily basis but on a monthly basis at a minimum, including risk reports for performance risk, financial risk and position risk.

The limits are monitored at various levels: by the subsidiaries themselves, by the controlling subsidiaries department of Raiffeisen Centrobank and by the economic controls imposed by the company's credit department within the context of the supervision of capital loans to subsidiaries. The information provided by all companies in which Raiffeisen Centrobank has an equity stake are merged into one single report each month and conveyed to the Executive Board of Raiffeisen Centrobank and also on a quarterly basis to the Supervisory Board.

Risk assessment operations distinguish between participatory items per se and all other exposures associated with these items ("participatory-similar items"). The items' quantification is undertaken, as a general rule, using, in line with the procedure applied to loan-related risk, a modification of the IRB approach.

Direct equity participations are quantified using a procedure similar to the PD/LGD approach (§§ 72. 77 (4) of the Austrian Solvability Regulation ("Solvabilitätsverordnung"). Participatory-similar items are categorised on an item-by-item basis as either participations or loans

Other risks

Other subordinate types of risk (e.g. business, FX and reputation risk) will be encompassed in the risk capacity analysis by means of risk buffers and risk surcharges.

Internal Control System as Relevant for the Accounting Process

Raiffeisen Centrobank and its governing bodies are committed to ensuring balanced and complete financial reporting. A fundamental requirement in this is compliance with all relevant legal regulations. In connection with the accounting process, the Executive Board is responsible for designing and installing an internal control and risk management system that meets the requirements of the Company. The object of this internal control system is to support the management by making certain that effective internal controls are applied to the accounting process and that these controls are enhanced whenever appropriate. The control system is designed to assure compliance with guidelines and regulations, as well as to create optimal conditions for specific control measures.

The financial statements are prepared on the basis of the pertinent Austrian laws, above all the Banking Act (BWG) in connection with the Austrian Commercial Code (UGB), which governs the preparation of annual financial statements for credit institutions.

The accounting department is responsible for the bank's accounting system. Accounting and financial reporting are directly subordinated to the Executive Board. The department is responsible for dealing with all accounting issues and has the authority to provide for safeguarding the application of uniform standards. Organisational instructions and guidelines, which are comprised in a manual, have been set up for support.

Accounting according to the Austrian Banking Act and Austrian Commercial Code is effected via a central IT system applying the PAGORO/400 system, which is protected by the restricted assignment of access authorisations. The table of accounts is tailored to the bank's individual requirements. Transactions are registered both automatically and manually. Accounting vouchers are then filed systematically and chronologically.

Monthly balance sheets are created and passed on to the Executive Board and the senior management by means of a standardised financial reporting system. At least once per quarter the Supervisory Board is informed in the course of the Supervisory Board meetings of the current course of business including the bank's operative planning and medium-term strategy. The Executive Board evaluates and monitors material risks in connection with the accounting process. In this, the focus is placed on the risks that are typically found to be material. The annual evaluation of the internal control measures applied by each of the responsible units is based on a riskoriented approach. The risk of faulty financial reporting is assessed on the basis of a number of different criteria. For example, complex accounting principles can increase the risk of errors.

Different principles for the measurement of assets and complex or changing business conditions can also cause substantial errors in the financial reporting. Estimates must regularly be made during the preparation of the financial statements. In all of these cases, there is an inherent risk that the actual developments may deviate from these estimates. This especially applies to the parameters in valuation models that are used to determine the fair values of financial instruments for which there is no current price quotation as well as to social capital, the outcome of legal disputes, the collectability of laons and advances, and the impairment of equity participations and inventories. In some cases, external experts are involved or publicly available information sources used to minimise the risk of incorrect estimates. In addition to the Executive Board, the general control framework also includes middle management (the department heads). All control measures are applied to the daily business processes to ensure that potential errors or deviations in the financial reporting are prevented or discovered and corrected. The control measures that are applied at regular intervals range from the review of the periodic results by the management to the specific reconciliation and coordination of accounts and the analysis and further optimisation of accounting processes. The Internal Audit department is also involved in the monitoring process. Its activities are based on the Austrian Financial Market Authority's minimum standards for internal auditing and international best practices. The Internal Audit department reports directly to the Executive Board.

The Controlling and Reporting Department is responsible for drafting the notes to the annual financial statements set up according to the Austrian Banking Act and the Austrian Commercial Code. In addition, a management report is drawn up which explains the results in line with statutory requirements. The annual financial statements and the management report are forwarded to and reviewed by the Audit Committee of the Supervisory Board and are then presented to the Supervisory Board for its acceptance. The annual financial statements are published on the company's website, the Federal Gazette to the Wiener Zeitung, and are also filed with the Austrian Company Register. Key employees and the Executive Board review the annual financial statements prior to their distribution to the Supervisory Board. Moreover, analyses of the annual financial statements are prepared for especially for the senior management.

Human Resources

The clear success we achieved in the 2012 financial year would not have been possible without the competence and dedication of our staff. In the wake of the intergration of the operations of Raiffeisen Investment AG, the number of employees in Raiffeisen Centrobank rose from 207 on December 31, 2011 to 259 on 31 December 2012.

A strategic focus on the CEE markets is a key element of the Group's personnel policy. A focused approach to personnel recruiting and selection has contributed to expanding and deepening market and customer expertise in the CEE growth markets. This cultural diversity is also reflected in the large number of different nationalities and native languages of our employees. A wide range of internal language courses also aims at facilitating effective external and internal communication within the Bank.

Flexibility and mobility are also key personnel factors in a volatile environment with rapidly changing requirements. To this end, several different initiatives have been completed to promote the flexibility and mobility of all employees. One example is the career and training model that was developed for advisory staff, which explicitly includes international project experience and experience abroad. A talent pool was also set up for junior M & A staff to increase the efficiency and flexibility of resource use in the various industry sector teams and especially to offer junior employees a wide range of on-the-job learning and development opportunities.

Another key project in 2012 was the introduction and implementation of the Raiffeisen Centrobank remuneration guidelines according to CRD III. Especially the introduction of the performance management process allows a structured approach to objective agreement and assessment meetings, and puts employee development at the focus of the dialog with supervisors. The performance of an individual employee is seen as the output of results, actions and competences, measured according to qualitative and quantitative criteria and assessed as part of the performance management process.

Outlook for 2013

The year 2013 will again be dominated by the European economic and sovereign debt crisis, though the outlook is more positive than it was one year ago. GDP is expected to contract slightly by 0.1 per cent in the Eurozone and to grow by a moderate 0.5 per cent in Austria, but the projections for the peripheral European countries are consistently positive. The structural reforms are gradually having an effect, and the economies in these countries are expected to start growing in the second half of 2013. Italy with its surprising election results is a source of uncertainty. Inflation is also easing, and is expected to fall in two major steps, at the beginning of the year and in the third quarter, in Europe as well as in the USA.
As a result, net exports (boosted by falling inflation) and private consumption may start contributing to economic growth again. The Eurozone's GDP should expand gradually, by 0.1 per cent (per quarter) in the first quarter, and then by 0.4 per cent (per quarter) starting in the third quarter. GDP growth is expected to increase from 0.2 per cent (in the first quarter) to 0.5 per cent (in the third quarter).

GDP projections for the countries of Central and Eastern Europe are declining, however. Even though the Eurozone debt crisis only affected Southeastern Europe at first, the downturn is now spreading rapidly throughout Central Eastern Europe through the decline in net exports.
Russia is feeling the effects of the downswing the least because a private lending boom is supporting domestic consumption. GDP growth of at least three per cent is projected for Russia in 2013.

The outlook for the stock markets that are most relevant for the direct business activities of Raiffeisen Centrobank is positive. The stock price climb that began in 2012 is expected to continue in 2013. This also includes the Russian MICEX, which will continue to attract investors with low valuations and rising dividend payments, the Polish WIG 20, the Austrian ATX (index target of 2,650 points for the end of 2013) and the Czech PX. This trend should also restore investor confidence in the region and not only boost stock turnover, but also allow the Equity Sales and Equity Capital Markets departments of RCB to improve their operating figures in 2013 after the substantial declines suffered over the past years. The expected signals from the equity markets should fuel takeover speculations and also have a positive effect on the Mergers & Acquisitions department. It is expected that RCB will be able to further improve its positive result in the segment in 2013. Business for the Equity Capital Markets department is expected to develop similarly as the number of capital market transactions increases gradually. Rising prices and in comparison to yields on corporate bonds attractive dividend yields should convince investors that stocks are again becoming an attractive investment instrument. This will allow the Securities Trading and Sales department to develop well and to grow further in 2013. Further growth is also expected in RCB's equity- and commodity-based certificate business, which performed very well in 2012.

Even though the market conditions are likely to remain highly challenging because of the difficult macroeconomic conditions, as discussed above, the good position that the Group occupies within RBI Group and in the core markets of Austria and Central and Eastern Europe should allow the Bank to achieve sustainable success in its central business areas of securities trading, capital market transactions and mergers and acquisitions in 2013.

Events after the Balance Sheet Date

No material events occurred after the reporting date

Research and Development

Because its business focuses on investment banking, Raiffeisen Centrobank does not engage in research and development.

Distribution of the Profit 2012

The 2012 financial year closed with a net income for the year of € 15,751,446.48. Including the profit carried forward of € 10,918,527.06 the net profit for the year amounted to € 26,669,973.54.

The Executive Board of Raiffeisen Centrobank recommends to the Supervisory Board that a dividend of € 21.00 per share be distritubted from the net profit as at December 31, 2012. This corresponds to a total dividend amounting to € 13,755,000 for 655,000 shares. The Executive Board further recommends to carry forward the remaining profit of € 12,914,973.54.

Vienna, April 5, 2013
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

Statement of Legal Representatives pursuant to § 82 Stock Exchange Act

We confirm to the best of our knowledge that the annual financial statements give a true and fair view of the assets, liabilities, financial position 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, April 5, 2013
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

Individual Financial Statements of Raiffeisen Centrobank AG as at 31 December 2012 according to the Austrian Banking Act

Balance sheet as at December 31, 2012

Assets	31/12/2012 €	31/12/2012 €	31/12/2011 in € thousand	31/12/2011 in € thousand
1. Cash in hand and deposits with central banks		5,522,660.36		4,125
2. Bonds and notes issued by public bodies eligible for refinancing with central banks bonds and notes issued by public bodies and similar securities		35,982,778.04		0
3. Loans and advances to credit institutions				
a) payable on demand	129,160,144.28		93,034	
b) other loans and advances	1,109,003,654.11	1,238,163,798.39	817,518	910,552
4. Loans and advances to customers		135,940,073.55		111,334
5. Bonds, notes and other fixed-interest securities				
a) issued by public bodies	12,907,326.29		14,847	
b) issued by other borrowers	475,180,812.30	488,088,138.59	500,575	515,422
6. Shares and other variable-yield securities		492,702,056.46		421,733
7. Equity participations		5,153,969.61		5,154
8. Shares in affiliated companies		8,911,516.79		10,368
9. Intangible fixed assets		326,117.00		311
10. Tangible fixed assets		16,075,797.64		16,764
thereof land and buildings used by the credit institution for own purposes: € 12,511,858.52 previous year: € 12,805 thousand				
11. Other assets		169,659,510.33		146,946
12. Prepayments and other deferrals		1,441,388.67		1,080
Total assets		**2,597,967,805.43**		**2,143,788**
Off-balance sheet items				
1. Foreign assets		626,866,002.20		407,211

Equity and liabilities	31/12/2012 €	31/12/2012 €	31/12/2011 in € thousand	31/12/2011 in € thousand
1. Liabilities to credit institutions				
a) repayable on demand	7,120,124.54		10,211	
b) with agreed maturity dates or periods of notice	148,137,541.09	155,257,665.63	1,370	11,580
2. Liabilities to customers				
a) repayable on demand	122,247,472.95		104,010	
b) with agreed maturity dates or periods of notice	26,735,304.25	148,982,777.20	51,703	155,713
3. Securitised liabilities (other securitised liabilities)		768,302,607.10		772,333
4. Other liabilities		1,378,558,487.15		1,053,621
5. Accruals and deferred items		184,750.92		166
6. Provisions				
a) for severance payments	5,016,354.75		5,592	
b) for retirement benefits	448,791.83		2,011	
c) other provisions	15,710,704.77	21,175,851.35	12,748	20,351
7. Subordinated liabilities		20,515,625.00		20,481
8. Subscribed capital		47,598,850.00		47,599
9. Capital reserves (committed)		6,651,420.71		6,651
10. Retained earnings				
a) legal reserve	1,030,936.83		1,031	
b) other reserves	9,500,000.00	10,530,936.83	9,500	10,531
11. Liability reserve pursuant to Article 23 para 6 Austrian Banking Act		13,538,860.00		13,539
12. Net profit for the year		26,669,973.54		31,223
Total equity and liabilities		**2,597,967,805.43**		**2,143,788**
Off-balance sheet items				
1. Contingent liabilities arising from guarantees and assets pledged as collateral security		1,151,741.08		3,380
2. Credit risks		22,693,526.81		26,325
3. Commitments arising from fiduciary business transactions		7,091,124.47		7,091
4. Eligible own funds pursuant to Article 23 para 14 Austrian Banking Act		97,993,950.54		98,009
5. Own funds requirement pursuant to Article 22 para 1 Austrian Banking Act thereof: own funds requirement pursuant to Article 22 para 1 nos. 1, and 4 Austrian Banking Act: € 26,542,000.00, previous year: € 22,936 thousand		61,199,000.00		51,187
6. Foreign equity and liabilities		216,792,927.74		228,572

Income statement for the 2012 financial year

	2012 €	2012 €	2011 in € thousand	2011 in € thousand
1. Interest and interest-like income		16,732,834.64		21,064
thereof fixed-interest securities	6,121,799.10		6,182	
2. Interest and interest-like expenses		(14,039,277.61)		(17,096)
I. Net interest income		**2,693,557.03**		**3,968**
3. Income from securities and financial investments				
a) Income from shares, share rights and other variable-yield securities	11,920,871.83		12,893	
b) Income from shares in affiliated companies	4,240,432.33	16,161,304.16	4,957	17,850
4. Fee and commission income		27,136,882.87		19,025
5. Fee and commission expenses		(18,869,036.64)		(13,264)
6. Net profit on financial trading activities		41,994,312.57		33,681
7. Other operating income		1,371,860.04		1,619
II. Operating income		**70,488,880.03**		**62,879**
8. General administrative expenses		(46,335,778.67)		(37,703)
a) staff expenses				
aa) wages and salaries	24,015,862.56		21,872	
bb) expenses for statutory social contributions and compulsory contributions related to wages and salaries	4,970,380.74		4,164	
cc) other social expenses	435,347.24		384	
dd) expenses for pensions and assistance	695,490.32		401	
ee) provisions for retirement benefits	302,887.26		251	
ff) expenses for severance payments and contributions to severance funds	1,830,628.08		861	
	32,250,596.20		27,933	
b) other administrative expenses	14,085,182.47		9,770	
9. Value adjustments on asset items 9 and 10		(1,930,330.39)		(1,871)
10. Other operating expenses		(1,695,664.76)		(280)
III. Operating expenses		**(49,961,773.82)**		**(39,854)**
IV. Operating result		**20,527,106.21**		**23,025**

	2012 €	2012 €	2011 in € thousand	2011 in € thousand
IV. Operating result (= amount carried forward)		**20,527,106.21**		**23,025**
11. Loan loss provisions and expenditures arising from the valuation of loans and advances and disposal of securities held as other current assets		(629,680.00)		(228)
12. Income arising from the valuation of loans and advances and disposal of securities held as other current assets		196,788.49		33
V. Result on ordinary activities		**20,094,214.70**		**22,830**
13. Income taxes (thereof passed on from parent company: € 866,566.09 (previous year: € (1,819) thousand)		(1,491,667.21)		(2,344)
14. Other taxes unless included in item 13		(2,851,101.01)		(2,340)
VI. Net income for the year		**15,751,446.48**		**18,146**
15. Profit carried forward		10,918,527.06		13,077
VII. Net profit for the year		**26,669,973.54**		**31,223**

Development of fixed assets in the 2012 financial year

Amounts in €	Cost of acquisition Balance as at 1/1/2012	Cost of acquisition Demerger additions	Cost of acquisition Additions	Cost of acquisition Demerger disposals
I. Intangible fixed assets				
Software licenses	**3,472,096.19**	**15,747.92**	**229,511.10**	**0.00**
II. Tangible fixed assets				
1. Land and buildings used by the credit institution for own purposes thereof value of property: € 3,066,200.92; previous year: € 3,066 thousand	14,789,785.11	0.00	0.00	0.00
2. Office furniture and equipment	21,775,038.28	231,168.36	781,394.01	0.00
	36,564,823.39	**231,168.36**	**781,394.01**	**0.00**
III. Financial investments				
1. Shares in affiliated companies thereof in credit institutions: € 0.00	13,216,512.84	0.00	4,677,940.91	1,510,035.85
2. Equity participations thereof credit institutions: € 0.00	5,154,405.61	0.00	0.00	0.00
	18,370,918.45	**0.00**	**4,677,940.91**	**1,510,035.85**
Total	**58,407,838.03**	**246,916.28**	**5,688,846.02**	**1,510,035.85**

Cost of acquisition Disposals	Cost of acquisition Balance as at 31/12/2012	Accumulated depreciation	Carrying amount 31/12/2012	Carrying amount 31/12/2011	Depreciation in the financial year 2012
43,572.58	**3,673,782.63**	**3,347,665.63**	**326,117.00**	**311,052.00**	**230,194.02**
0.00	14,789,785.11	2,277,926.19	12,511,858.92	12,804,949.92	293,091.00
5,317,725.89	17,469,874.76	13,905,936.04	3,563,938.72	3,958,921.72	1,407,045.37
5,317,725.89	**32,259,659.87**	**16,183,862.23**	**16,075,797.64**	**16,763,871.64**	**1,700,136.37**
6,933,715.11	9,450,702.79	539,186.00	8,911,516.79	10,367,552.64	49,186.00
0.00	5,154,405.61	436.00	5,153,969.61	5,153,969.61	0.00
6,933,715.11	**14,605,108.40**	**539,622.00**	**14,065,486.40**	**15,521,522.25**	**49,186.00**
12,295,013.58	**50,538,550.90**	**20,071,149.86**	**30,467,401.04**	**32,596,445.89**	**1,979,516.39**

Financial Statements as at December 31, 2012

Notes

A. Accounting Policies

General principles

The financial statements of Raiffeisen Centrobank for the 2012 financial year have been prepared in accordance with the general accounting principles stipulated in the Austrian Commercial Code and the specific sectoral regulations as specified by the Austrian Banking Act. The balance sheet as well as the income statement have been structured according to Appendix 2 of the forms contained in Article 43 Austrian Banking Act. The structure of the income statement in regards to ensuring an adequate representation of the commodity trading activities of Raiffeisen Centrobank have been expanded to include a sub-item entitled "Net profit on commercial trading activities".

Changes in the accounting and valuation methods have not been made compared to the 2011 financial statements.

Mergers & Acquisitions

In the 39th Ordinary General Assembly on April 18, 2012 the take-over contract to carve out the "Mergers & Acquisitions" operations of Raiffeisen Investment AG and transfer them into Raiffeisen Centrobank AG was approved.

Pursuant to the take-over contract of April 18, 2012 the "Mergers and Acquisitions" operations were transferred retroactively as of December 31, 2011. The demerger was effected in accordance with § 17 in conjunction with §§ 22 Austrian Demerger Act and according to tax advantages pursuant to para VI Austrian Reorganization Tax Act applying the going-concern principle. The demerger was entered into the Commercial Register as of May 12, 2012.

In the course of the demerger the company took over assets and equity and liabilities in the amount of € 8,691 thousand. The demerging capital came up to € 1,510 thousand and was booked directly against the value of the investment in Raiffeisen Investment AG.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are reported at the middle rates of exchanges fixed by the European Central Bank on the balance sheet date. Amounts denominated in currencies for which the European Central Bank published no rates are converted at the middle rates of exchange published by Raiffeisen Bank International AG on the balance sheet date.

Currency futures and options transactions in foreign currencies are capitalized at the forward exchange rates. Any differences in rates resulting from currency conversion are reported as a profit or loss in the income statement.

Trading portfolio – valuation of securities, futures and options

A daily market price system is applied for the valuation of securities held for trading purposes or as other current assets. In terms of securities held for trading purposes or as other current assets, the company's portfolio of shares in publicly-listed companies as well as fixed-interest securities is reported at the share price prevailing on the balance sheet date.

If no quotes or share prices are available the value is determined by means of valuation models.

Certificates acquired based on a share price-related or index-related performance are valued with the share prices prevailing on the balance sheet date, and if no share prices are available, with the assistance of valuation models to illustrate stochastic development processes.

Bonds issued by borrowers from Eastern European markets as well as shares issued by Eastern European companies held by the company for trading purposes are valued at the market rates announced by other credit institutions and brokers, or as quoted by Reuters, or valuation models, provided that share prices for these securities are not available or do not provide sufficient information. If no such market rates are available, prices for primary financial instruments are calculated on the basis of the net present value method. This method is based on an interest rate curve which comprises money market, futures and swap rates without spreads. In order to determine the value of unlisted bank bonds depreciation or parameter adjustments are considered to reflect market liquidity risks within these evaluation methods.

Options on securities of publicly-listed companies and options on security indices (i.e. sold and bought calls and puts, primarily OeTOB and EUREX options) as well as futures held for trading purposes are valued according to the market prices prevailing on the balance sheet date.

Various models are used for the valuation of OTC options, depending on the type of option. For plain-vanilla options (American and European style), the Black-Scholes model and the binomial pricing model according to Cox-Ross-Rubinstein are applied. The Curran approximation is applied to Asian options, whereas barrier options use Heynen-Kat and spread options rely on the Kirk model.

Loans and advances to credit institutions and customers

Loans and advances to credit institutions and customers are shown at their nominal value. Individual loan loss provisions are made in the case of an identifiable recognizable risk of default on the part of borrowers.

Equity participations and shares in affiliated companies

Equity participations and shares in affiliated companies are principally capitalized according to the principle of "going concern" (the ability to continue functioning as a business entity) at their cost of acquisition. Depreciation is carried out when, in all probability, permanent impairment has taken place.

Intangible and tangible fixed assets

The valuation of intangible fixed assets as well as tangible fixed assets (i.e. land and buildings, office furniture and equipment as well as other tangible fixed assets) is carried out at the cost of acquisition less their scheduled, linear depreciation.

Depreciation rates applied are 33.3% and 14.3% p.a. for intangible fixed assets, 2.5% and 10.0% p.a. for immovable fixed assets, and 10% - 33% for movable fixed assets. A full year's depreciation is taken in the case of additions made during the first half of the financial year, whereas half-year depreciation applies to additions in the second half of the financial year. Assets with an extremely low value (cost of acquisition per item less than € 0.4) are fully depreciated in the year of acquisition.

Liabilities to credit institutions and customers

Liabilities to credit institutions and customers are reported at the amount of repayment, taking into consideration the principle of financial prudence.

Securitized liabilities

Securitized liabilities (the majority of which are structured capital guaranteed bonds, whose rate of interest depends on the share price or share price index performance) are valuated according to the present value method, or according to common option value methods for the option component.

Provisions for severance payments

The provisions for severance payments are designed to fulfill legal demands, as well as those arising from individual or collective contractual agreements. Provisions are calculated in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method and assuming a calculatory interest rate of 3.50% (previous year: 4.50%), as well as an unchanged annual salary increase amounting to 3.0%.
The AVÖ (Austrian actuaries' association) 2008-P-basis for calculating retirement pension insurances – Pagler & Pagler for salaried employees was taken as biometric basis for calculation. The underlying presumption is a decreasing fluctuation rate in connection with the earliest possible retirement date, at the age of 60 for women and 65 for men, taking into account the changes to Austria's General Social Security Law in accordance to the Budgetary Amendment 2003. The premium reserve amounts to 68.11% of the statistical termination benefit obligations on the balance sheet date.

Provisions for retirement benefits

Provisions for retirement benefits are calculated in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method and assuming a calculatory interest rate of 3.50% (previous year: 4.50%), an unchanged 2% increase in the probable profit sharing rate, and a retirement age of 65 years. The AVÖ (Austrian actuaries' association) 2008-P-basis for calculating retirement pension insurances – Pagler & Pagler for salaried employees was taken as biometric basis for calculation. In 2005, pension commitments were allocated to a specified group of eligible employees. The cash value of the pension plan reinsurance concluded for future beneficiaries is reported as other assets.

Other provisions

Other provisions have been made according to expected demands. They comprise identifiable risks and liabilities, the extent of which has not yet been determined.

B. Notes to the Financial Statements

I. Cash in hand and deposits with central banks

The balance sheet item A 1, which encompasses cash in hand and deposits with the Austrian National Bank, is reported as € 5,523 thousand (31/12/2011: € 4,125 thousand). Prevailing regulations pertaining to liquidity and minimum reserves were observed.

II. Loans and advances

II.1. Classification of loans and advances other than those payable on demand according to their term to maturity

31/12/2012 in € thousand	0-3 months	3-12 months	1-5 years	>5 years	Total
Bonds and notes issued by public bodies	0	0	0	35,983	35,983
Loans and advances to credit institutions	23,722	578,942	495,840	10,500	1,109,004
Loans and advances to customers	6,229	614	26,228	11,644	44,715
Bonds, notes and other fixed-interest securities	89,274	102,754	290,056	6,004	488,088
	119,225	**682,310**	**812,124**	**64,131**	**1,677,790**

Comparative figures as at 31/12/2011

31/12/2011 in € thousand	0-3 months	3-12 months	1-5 years	>5 years	Total
Bonds and notes issued by public bodies	0	0	0	0	0
Loans and advances to credit institutions	282,612	299,325	183,417	52,164	817,518
Loans and advances to customers	8,997	2,561	13,045	4,253	28,856
Bonds, notes and other fixed-interest securities	0	65,251	439,400	10,771	515,422
	291,609	**367,137**	**635,862**	**67,188**	**1,361,796**

II.2. Loans and advances to affiliated companies and equity participations

31/12/2012 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50 %)	Loans and advances to equity participations (in which Raiffeisen Centrobank has a direct shareholding)
Loans and advances to credit institutions	1,076,150	0
Loans and advances to customers	45,359	514
Bonds, notes and other fixed-interest securities	428,147	0
Shares and other variable-yield securities	218,511	0
Other assets	54,194	9
	1,822,361	**523**

Comparative figures as at 31/12/2011

31/12/2011 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50 %)	Loans and advances to equity participations (in which Raiffeisen Centrobank has a direct shareholding)
Loans and advances to credit institutions	780,651	0
Loans and advances to customers	50,523	514
Bonds, notes and other fixed-interest securities	423,915	0
Shares and other variable-yield securities	240,670	0
Other assets	65,869	17
	1.561,628	**531**

III. Securities

Figures supplied pursuant to Article 64 para 1 no 10 and 11 Austrian Banking Act

31/12/2012 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds and notes issued by public bodies, A2	0	35,983	35,983	35,983
Bonds, notes and other fixed-interest securities, A5	0	488,088	488,088	488,088
Shares and other variable-yield securities, A6	213,436	279,266	492,702	492,702
Equity participations, A7	5,154	0	5,154	x
Shares in affiliated companies, A8	8,912	0	8,912	x

Comparative figures as at 31/12/2011

31/12/2011 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds and notes issued by public bodies, A2	0	0	0	0
Bonds, notes and other fixed-interest securities, A5	0	515,422	515,422	515,422
Shares and other variable-yield securities, A6	219,835	201,897	421,732	421,732
Equity participations, A7	5,154	0	5,154	x
Shares in affiliated companies, A8	10,368	0	10,368	x

The fair value of securities held as other current assets exceeded the purchase price by € 17 thousand as at December 31, 2012 (31/12/2011: € 69 thousand).

As at December 31, 2012 balance sheet items A 2 and A 4 include fixed-interest securities amounting to € 524,071 thousand (31/12/2011 balance sheet item A 5: € 515,422 thousand) of which € 192,028 thousand (31/12/2011: € 65,251 thousand) will fall due in the forthcoming year.

Balance sheet items A 7 and A 8 were valued according to the moderate lower of cost or market principle.

IV. Equity participations and shares in affiliated companies

The following list contains information on companies in which the bank directly held a minimum 20% shareholding on the balance sheet date.

Figures as at 31/12/2012

in € thousand **Name** **Domicile**	**Shareholding in %**	**Equity**	**Annual results 2012**
1 Centrotrade Holding AG Vienna	100	6,636 *)	3,042 *)
2 Centrotrade Investment AG Zug	-	0**)	0**)
3 Centrotrade Chemicals AG Zug	100	8,285	174
4 Raiffeisen Investment AG Vienna	100	669 *)	(500) *)
5 Centro Asset Management Ltd. Jersey	100	1,010 *)	293 *)
6 Syrena Immobilien Holding AG Spittal/Drau	21	29,475 *)	133 *)

*) unaudited figures
**) was merged with Centrotrade Chemicals AG, Zug

Comparative figures as at 31/12/2011

in € thousand **Name** **Domicile**	**Shareholding in %**	**Equity**	**Annual results 2011**
1 Centrotrade Holding AG Vienna	100	3,436 *)	(86) *)
2 Centrotrade Investment AG Zug	100	6,239	-3
3 Raiffeisen Investment AG Vienna	100	2,625	(2,601)
4 Centro Asset Management Ltd. Jersey	100	1,967 *)	627 *)
5 Syrena Immobilien Holding AG Spittal/Drau	21	29,335 *)	93 *)

*) unaudited figures

V. Fixed assets

The composition and development of fixed assets is contained in the table outlining the development of fixed assets.

VI. Other assets

Balance sheet item A 11 "Other assets" amounting to € 169,660 thousand (31/12/2011: € 146,946 thousand) primarily refers to purchase contracts from trading in derivative financial instruments reported at fair value as at 31/12/2012 in the amount of € 157,072 thousand (31/12/2011: € 139,534 thousand) as well as loans and advances on tax authorities of € 545 thousand (31/12/2011: € 324 thousand).

VII. Liabilities

VII.1. Classification of liabilities other than those repayable on demand according to their time to maturity

31/12/2012 in € thousand	0 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Liabilities to credit institutions	148,138	0	0	0	148,138
Liabilities to customers	15,373	11,362	0	0	26,735
Securitized liabilities	98,370	138,533	525,456	5,944	768,303
	261,881	**149,895**	**525,456**	**5,944**	**943,176**

Comparative figures as at 31/12/2011

31/12/2011 in € thousand	0 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Liabilities to credit institutions	1,111	250	0	9	1,370
Liabilities to customers	28,742	22,961	0	0	51,703
Securitized liabilities	30,733	46,491	616,183	78,926	772,333
	60,586	**69,702**	**616,183**	**78,935**	**825,406**

VII.2. Liabilities to affiliated companies and equity participations

31/12/2012 in € thousand	Liabilities to affiliated companies (direct/indirect >50 %)	Liabilities to equity participations
Liabilities to credit institutions	64,498	0
Liabilities to customers	12,826	0
Other liabilities	34,842	0
	112,166	**0**

Comparative figures as at 31/12/2011

31/12/2011 in € thousand	Liabilities to affiliated companies (direct/indirect >50 %)	Liabilities to equity participations
Liabilities to credit institutions	636	0
Liabilities to customers	47,012	19
Other liabilities	24,308	0
	71,956	**19**

VII.3. Securitized liabilities

The balance sheet item P 3 contains own issues totaling € 236,904 thousand (31/12/2011: € 77,224 thousand), which will fall due in the course of 2013.

VII.4. Other liabilities

The balance sheet item P 4 "Other liabilities" amounting to € 1,378,558 thousand (31/12/2011: € 1,053,621 thousand) primarily refers to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments of € 1,370,246 thousand (31/12/2011: € 1,048,295 thousand).

VII.5. Subordinated liabilities

Subordinated liabilities refer to a subordinated bond amounting to € 20,000 thousand issued in 2008 to strengthen the own funds of Raiffeisen Centrobank pursuant to Supervisory Board requirements. The balance sheet item relates to this subordinated bond including all interest accrued as at 31/12/2012 amounting to € 20,516 thousand. The bond has an indefinite time to maturity, granting a right to termination of five years. The interest rate equals EURIBOR + 100 bp.

VIII. Share capital

The share capital is comprised of 655,000 no-par-value shares.

The shares in Raiffeisen Centrobank are owned by the companies:

	%	Shares
RBI IB Beteiligungs GmbH, Vienna	100.00	654,999
Lexxus Services Holding GmbH, Vienna	0.00	1
	100.00	**655,000**

IX. Provisions

Other provisions

The balance sheet item P6 c) "Other provisions" amounting to € 15,711 thousand (31/12/2011: € 12,748 thousand) includes the following:

in € thousand	31/12/2012	31/12/2011
Bonuses	6,195	6,470
Litigation risks	3,247	3,247
Overdue vacation	1,593	1,951
Legal, auditing and consulting expenses	469	292
Provisions for credit risks	630	0
Provisions for the Securities Trading & Sales Department	264	175
Provisions for M & A projects	1,408	0
Provisions for outstanding invoices	777	276
Provisions for charged costs for Executive Board members	734	0
Management fees	83	183
Others	311	154
Total	**15,711**	**12,748**

Compared to December 2011, "Other provisions" increased mainly due to a rise in provisions from M & A advisory services.

X. Obligations arising from the use of tangible fixed assets not recognized in the balance sheet

The rental and leasing expenses during the period under review amounted to € 1,068 thousand (2011: € 577 thousand), thereof € 245 thousand (2011: € 207 thousand) to affiliated companies. For the 2013 financial year, rental costs are expected to total € 1,125 thousand and € 5,627 thousand for the 2013-2017 financial years, of which the rental costs to affiliated companies will total € 266 thousand and € 1,332 thousand, respectively.

XI. Supplementary data

Assets and liabilities in foreign currencies

The following amounts are contained in the balance sheet in foreign currencies:

Current value in € thousand	31/12/2012	31/12/2011
Assets	460,386	282,020
Liabilities	348,271	135,172

Unsettled futures and options contracts according to the VERA scheme[1]

At the balance sheet date, the following futures and options transactions (banking and trading book) had not yet been settled:

in € thousand	31/12/2012	31/12/2011
Purchase contracts		
Interest rate futures	0	25,500
Currency and interest rate swaps in a single currency	20,760	21,591
Options on interest-rate instruments	500	500
Forward exchange contracts/gold contracts	43,084	84,943
Index future contracts	649,499	553,875
Options on asset values and equity index options	785,482	834,667
Precious metals and commodity future contracts	24,481	22,476
Commodity options	49,880	56,240
Sales contracts		
Interest rate futures	55,600	2,000
Currency and interest rate swaps in a single currency	20,760	21,591
Forward exchange contracts/gold contracts	51,338	92,122
Index future contracts	161,150	43,162
Options on asset values and equity index options	1,680,581	1,546,297
Commodity futures	328	571
Commodity options	213,013	121,101

[1)] The chart is in line with the reporting guidelines VERA of the Austrian National Bank (Part A 1a unconsolidated statement of assets)

Securities trading book

A securities trading book is maintained pursuant to Article 22 o of the Austrian Banking Act. On the balance sheet date the trading volume at fair values (derivatives on shares, commodities, precious metals and gold with delta values) amounts to:

in € thousand	31/12/2012	31/12/2011
Shares/ mutual funds	(304,298)	(363,764)
Listed options	(6,100)	19,152
Futures	466,186	587,489
Warrants/ certificates	(423,394)	(229,781)
OTC options	115,309	242,146
Purchased bonds	1,811,629	1.487,889
Issued guarantee bonds	(767,099)	(769,483)
Total	**892,233**	**973,648**

Data on transactions with derivative financial instruments

Stock market trading in derivative financial instruments focuses on shares and equity/index futures and options. The financial instruments issued by Raiffeisen Centrobank can be classified as warrants, certificates mainly on shares and share indices (Turbo, Discount, Bonus and Open-End Certificates), and guarantee bonds with a payment structure related to equity or equity indices.

Listed derivatives are reported in the balance sheet at the listed market price. Unlisted derivatives are reported in the balance sheet with synthetic market prices. In both cases, adjustments in value are recognized through profit or loss in the income statement. The synthetic market prices are determined according to the bank's own evaluation methods, which are examined and approved by the risk management teams and which are based on recognized option-theoretical models.

For plain vanilla options (American and European style), the Black-Scholes model and the binomial pricing model according to Cox-Ross-Rubinstein are applied. The Curran approximation is applied to Asian options, whereas barrier options use Heynen-Kat and spread options rely on the Kirk model.

The volume of derivative financial instruments in the banking book relates to an OTC product to hedge interest rate risks and to FX forwards to hedge currency risks. FX forward transactions are primarily concluded to hedge currency risks of the commodity trading subsidiaries. The transactions are valued at fair value applying observable market parameter. Currency derivatives as at 31 December 2012 come up to a fair value of € 37 thousand (31/12/2011: € - 154 thousand).

The underlying transaction in an interest rate derivative are loans and advances to customers and liabilities to credit institutions. The derivative is recognized in the balance sheet as valuation unit with the hedged item at acquisition costs. The interest rate hedge has been concluded until the underlying transaction matures in 2016. The effectiveness of the hedge relations is determined according to the "critical term match". No provision for losses was made, neither on 31 December 2012 nor on 31 December 2011, due to the effectiveness of the hedge relation. The fair value as at 31 December 2012 came up to € - 397 thousand (31/12/2011: € - 383 thousand).

Volumes of derivative financial transactions according to the VERA scheme[1] are as follows:

in € thousand 31/12/2012	Nominal amount Banking book	 Trading book	Positive fair value Banking book	 Trading book	Negative fair value Banking book	 Trading book
1. Interest rate contracts	**12,690**	**84,930**	**(397)**	**611**	**397**	**76,195**
1.1. OTC products	**12,690**	**29,330**	**(397)**	**611**	**397**	**(611)**
Interest rate swaps	12,190	29,330	(397)	611	397	(611)
Options on interest-rate instruments	500	0	0	0	0	0
1.2. Products traded on stock exchange	**0**	**55,600**	**0**	**0**	**0**	**76,806**
Interest rate futures	0	55,600	0	0	0	76,806
2. Foreign exchange contracts	**19,653**	**74,768**	**37**	**30,310**	**(37)**	**29,343**
2.1. OTC products	**19,653**	**0**	**37**	**0**	**(37)**	**0**
Forward exchange contracts	19,653	0	37	0	(37)	0
2.2. Products traded on stock exchange	**0**	**74,768**	**0**	**30,310**	**0**	**29,343**
Currency futures	0	74,768	0	30,310	0	29,343
3. Equity contracts	**0**	**3,564,413**	**0**	**755,129**	**0**	**907,530**
3.1. OTC products	**0**	**1,574,526**	**0**	**67,519**	**0**	**66,837**
Equity-based options- purchased	0	660,446	0	67,519	0	0
Equity-based options- sold	0	914,081	0	0	0	66,837
3.2. Products traded on stock exchange	**0**	**1,989,887**	**0**	**687,610**	**0**	**840,693**
Share and other equity/ index options and future contracts	0	1,679,889	0	661,042	0	705,837
Commodities/ precious metals	0	287,702	0	26,568	0	112,906
Certificates (Reverse Convertibles)	0	22,296	0	0	0	21,951
Total OTC products	**32,343**	**1,603,856**	**(360)**	**68,130**	**360**	**66,226**
Total listed products	**0**	**2,120,254**	**0**	**717,921**	**0**	**946,842**
Total	**32,343**	**3,724,111**	**(360)**	**786,050**	**360**	**1,013,068**

[1] The chart is in line with the reporting guidelines VERA of the Austrian National Bank (Part A 1a unconsolidated statement of assets)

C. Notes to the Income Statement

I. Interest and similar income

in € thousand	2012	2011
for liabilities to credit institutions	4,788	3,942
for liabilities to customers	3,272	4,418
for securitized liabilities	8,673	12,704
	16,733	**21,064**

II. Interest and similar expenses

in € thousand	2012	2011
for liabilities to credit institutions	(1,679)	(1,965)
for liabilities to customers	(508)	(868)
for securitized liabilities	(11,852)	(14,263)
	(14,039)	**(17,096)**

III. Fee and commission income

in € thousand	2012	2011
from securities business	13,568	13,306
from M & A transactions	11,308	0
from ECM transactions	709	4,103
from credit business	173	154
from payment transactions	208	247
from other banking services	1,171	1,215
	27,137	**19,025**

IV. Fee and commission expenses

in € thousand	2012	2011
from securities business	(14,612)	(12,820)
from M & A transactions	(3,140)	0
from ECM transactions	(3)	0
from payment transactions	(202)	(155)
from other banking services	(912)	(289)
	(18,869)	**(13,264)**

V. Net profit on financial trading activities

in € thousand	2012	2011
from the valuation and sale of certificates and shares	(94,025)	138,230
from the valuation and sale of OTC options and warrants	0	38,667
from the valuation and sale of other options and futures	135,247	(143,594)
from the valuation of spot and futures positions	772	379
	41,994	**33,682**

VI. Other operating income

The item includes mainly income from charging-ons and non-banking transactions. Income in the amount of € 78 thousand (2011: € 83 thousand) from commodity trading stems from the fulfillment of offset obligations.

VII. General administrative expenses

in € thousand	2012	2011
Office space expenses (maintenance, operation, administration, insurance)	(1,536)	(802)
Office supplies, printed matter, literature	(394)	(177)
IT costs	(2,058)	(2,019)
Communication costs	(1,109)	(887)
Information services	(2,486)	(2,132)
Car expenses and travelling expenses	(1,061)	(725)
Advertising and promotional expenses	(1,194)	(1,418)
Legal, advisory and consultancy services	(1,080)	(679)
Contributions to associations	(658)	(324)
Sundry	(2,509)	(607)
	(14,085)	**(9,770)**

The rise in "General administrative expenses" is attributable to costs for Executive Board members charged by RBI since August 2012 in the amount of € 1,096 thousand as well as to a rise in expenses for office space in the wake of taking over the "Mergers & Acquisitions" operations and a rise in costs for contributions paid to the Austrian Financial Market Authority and a sales office which was set up in New York.

VIII. Other operating expenses

"Other operating expenses" amounting to € 1,696 thousand (2011: € 280 thousand) primarily relates to loan loss provisions in relation to commission business in the amount of € 1,023 thousand.

IX. Income taxes
Income taxes are comprised of the following:

in € thousand	2012	2011
Passed on from the parent company for the business year	867	1,819
Adjustment of Group taxation - previous years	(18)	0
Not recognized as foreign withholding tax	643	525
	1,492	**2,344**

X. Deferred tax
The bank did not exercise its right to capitalize deferred tax. The capitalizable amount of about € 357 thousand was calculated on the basis of non tax-deductible expenses for the 2012 financial year and previous years.

XI. Subordinated capital
Expenses related to subordinated capital amounted to € 559 thousand (2011: € 519 thousand) for the period under review.

XII. Expenses for auditing the financial statements
Expenses for auditing the financial statements split into expenses for auditing and for tax consultancy services are contained in the consolidated financial statements.

D. Other Disclosures

Contingent liabilities
The breakdown of contingent liabilities arising from guarantees and assets pledged as security totaling € 1,152 thousand (31/12/2011: € 3,380 thousand) consists of the following:

in € thousand	2012	2011
Letters of credit	419	2,785
Guarantees	732	595
	1,152	**3,380**
thereof for affiliated companies	419	2,785

In accordance with Article 93 Austrian Banking Act, the bank is legally obliged to provide for a proportionate deposit insurance as part of its membership in a professional association. Raiffeisen Centrobank AG is a member of the Fachverband der Raiffeisenbanken (professional association of the Raiffeisen Banking Group). This also entails an affiliation with Österreichischen Raiffeisen Einlagensicherung reg, GenmbH., Vienna (the deposit insurance arm of the Raiffeisen Banking Group, registered as a limited liability company). In the financial year the theoretical claim on this insurance is limited to a rate of 1.5% of the assessment basis in accordance with Article 22 para 2 Austrian Banking Act at the balance sheet date, plus the weighted items of the securities trading book, also in accordance with Article 22 Austrian Banking Act. These contingent liabilities are reported at a market value of € 0.07.

Commitments shown under the balance sheet
Commitments shown under the balance sheet amounting to € 22,694 thousand (31/12/2011: € 26,325 thousand) refer exclusively to irrevocable credit lines and standby facilities.

Other financial obligations

Due to the demerger effected in the course of the business year 2012, there are guarantee obligations pursuant to § 15 Austrian Demerger Act. The companies involved in the merger are liable severally in the amount of the transferred net assets for the liabilities of the transferring company until the entry of the dermerger. Long-term liabilities relate exclusively to liabilities vis-á-vis employees who were transferred as at the dermerger date being December 31, 2011. They include entitlements to pension payments in the amount of € 379 thousand and severance payments coming up € 436 thousand. As at December 31, 2011 net assets in the amount of € 1,510 thousand were transferred.

In addition, there is a liability relating to an obligation up to PLN 1,500 thousand (letter of comfort for repayment of a loan to Raiffeisen Investment Polska Sp.z.o.o., Warsaw).

Other contractual bank guarantee obligations

The following assets were pledged as security for obligations as of December 31, 2012:

Item A 2 Loans and advances to credit institutions

in € 122,269 thousand	(31/12/2011: € 99,602 thousand) Collateral deposited with banks and stock exchanges for the securities and options business

Item A 5 Fixed-interest securities

in € 104,604 thousand	(31.12.2011: € 110,107 thousand) Collateral deposited with banks and stock exchanges for the securities and options business

Item A 6 Shares and other variable-yield securities

in € 10,900 thousand	(31.12.2011: € 18,442 thousand) Collateral deposited with banks and stock exchanges for the securities and options business

Letters of comfort

As at the balance sheet date a non-binding letter of comfort towards an associated company was in existence. No circumstances were known which would have involved a provision for contingent losses.

Trustee transactions

Trustee transactions not included in the balance sheet refer to one equity participation held in trust.

Own funds

The own funds of Raiffeisen Centrobank pursuant to Article 23 Austrian Banking Act (Tier 1) are comprised of the following:

in € thousand	31/12/2012	31/12/2011
Subscribed capital	47,599	47,599
Capital reserve	6,651	6,651
Legal reserve	1,031	1,031
Reserve pursuant to Austrian Banking Act	13,539	13,539
Other reserves	9,500	9,500
	78,320	**78,320**

Number of staff

	31/12/2012	Annual average	31/12/2011	Annual average
Salaried employees (including Executive Board)	250	245	197	200
thereof part-time	25	23	19	15
Wage employees	9	10	10	10
thereof part-time	2	1	3	3
Total	**259**	**255**	**207**	**210**

Advances and loans to members of the Executive Board and Supervisory Board

At the balance sheet date no advances and loans had been granted to members of the Executive Board.

No advances, loans or guarantees were granted to members of the Supervisory Board.

Expenses for severance payments and retirement benefits

Expenses for severance payments and retirement benefits (including contributions to pension funds and staff retirement benefit plans, as well as provisions for severance payments) amounted to € 1,150 thousand (2011: € 342 thousand) for members of the Executive Board and to € 1,679 thousand (2011: € 1,171 thousand) for other employees. Payment to pension funds came up to € 203 thousand (2011: € 166 thousand).

The rise in expenses on severance payments and retirement benefits for members of the Executive Board and senior staff is due to the takeover of employment contracts by Raiffeisen Bank International AG and a one-time payment related thereto.

Expenses on severance payments and retirement benefits for members of the Executive Board and senior staff in the amount of € 557 thousand were charged by Raiffeisen Bank International AG and are included in "Other administrative expenses".

Premium paid for reinsurance for retirement benefits amounted to € 158 thousand (2011: € 270 thousand). In the reporting year the income resulting from the increase in the surrender value of the insurance came up to € 162 thousand (2011: € 322 thousand).

Remuneration for members of the Executive Board and Supervisory Board

In the 2012 financial year remuneration for three Executive Board members totaled € 3,163 thousand (2011: € 2,457 thousand). As to the remuneration of the Executive Board € 540 thousand were charged by Raiffeisen Bank International AG (an associated company) and are included in "Other administrative expenses". Severance payments in the amount of € 2,415 thousand were paid to Executive Board members in the 2012 reporting year. Unchanged to the previous year in 2012 attending fees in the amount of € 110 thousand were paid to members of the Supervisory Board.

Group relations

The company is an affiliated company of Raiffeisen-Landesbanken-Holding GmbH, Vienna, and is integrated in its consolidated financial statements, as well as in the consolidated financial statements of Raiffeisen Bank International AG, Vienna which provides the consolidated financial statements for the least number of companies required.

Raiffeisen Centrobank itself is considered to be a parent company pursuant to Article 30 para 1 Austrian Banking Act. Provisions pertaining to the exempting consolidated financial statements pursuant to Article 245 para 5 Austrian Commercial Code are not applicable, due to the fact that securities issued by the company are traded on an organized stock exchange as stipulated in Article 2 (37) Austrian Banking Act. For this reason, the company draws up its own consolidated financial statements for its subgroup in accordance with International Financial Reporting Standards. These consolidated financial statements are available at the relevant parent company as well as at the Commercial Court of Vienna.

Since December 17, 2008, the company has been a member of the corporate group Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB) pursuant to Article 9 Austrian Corporation Tax Act. The application submitted by the company to become a group member of the corporate group RZB as of the business year 2008 pursuant to Article 9 Austrian Corporation Tax Act was notified to the financial authorities on December 19, 2008 and was approved by notice on April 22, 2009.

The taxable results of the members of the group are attributed to the parent company. Any tax adjustments between the parent company and the individual members of the corporate group are regulated in the form of a tax allocation agreement.

Members of the Executive Board, the Supervisory Board and State Commissioners

Executive Board	Eva Marchart	Chief Executive Officer
	Alfred Michael Spiss	Deputy Chief Executive Officer
	Gerhard Grund	Member
	Wilhelm Celeda	Member (since January1, 2013)
Supervisory Board	Herbert Stepic Chief Executive Officer Raiffeisen Bank International AG, Vienna	Chairman (since April 2012) Second Deputy Chairman (until April 2012)
	Walter Rothensteiner Chief Executive Officer Raiffeisen Zentralbank Österreich AG, Vienna	First Deputy Chairman (since April 2012) Chairman (until April 2012)
	Klemens Breuer Member of the Board Raiffeisen Bank International AG, Vienna	Second Deputy Chairman (since April 2012)
	Patrick Butler Member of the Board Raiffeisen Bank International AG, Vienna	First Deputy Chairman (until April 2012)
	Karl Sevelda Deputy Chief Executive Officer Raiffeisen Bank International AG, Vienna	Member
	Johann Strobl Member of the Board Raiffeisen Zentralbank Österreich AG und Raiffeisen Bank International AG, Vienna	Member
	Werner Kaltenbrunner Executive Director Raiffeisen Bank International AG, Vienna	Member
State Commissioners	Alfred Hacker	
	Tamara Els	

Vienna, April 5, 2013
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

Auditor’s report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of

Raiffeisen Centrobank AG, Vienna,

for the fiscal year from 1 January 2012 to 31 December 2012. These financial statements comprise the balance sheet as of 31 December 2012, the income statement for the fiscal year ended 31 December 2012, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company’s management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance for the year from 1 January to 31 December 2012 in accordance with Austrian Generally Accepted Accounting Principles.

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, April 5, 2013
KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Bernhard Mechtler
(Austrian Chartered Accountant)

Wolfgang Höller
(Austrian Chartered Accountant)

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